

Alltek Technology Corp. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Alltek Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Alltek Technology Corp. and its subsidiaries (collectively, the “Group”) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 12 and 13 to the consolidated financial statements, the financial statements of some subsidiaries and associates included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, combined total assets of these subsidiaries were NT\$3,138,950 thousand and NT\$3,077,482 thousand, respectively, representing 15% and 11%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$1,962,078 thousand and NT\$2,015,234 thousand, respectively, representing 12% and 8%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income of these subsidiaries were NT\$(858) thousand and NT\$(33,643) thousand, respectively, representing (0.37%) and (32%), respectively, of the consolidated total comprehensive income. As of March 31, 2024 and 2023, the investments accounted for using the equity method were NT\$492,653 thousand and NT\$490,713 thousand, respectively; for the three months ended March 31, 2024 and 2023, the share of comprehensive income of associates accounted for using equity method was NT\$7,819 thousand and NT\$5,179 thousand, respectively.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the subsidiaries and associates as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Liu Ming-Hsien and Meng-Chieh Chiu.

Ming-Hsien Liu Meng-Chieh, Chiu

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 7, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 477,721	2	\$ 445,379	2	\$ 622,137	2
Financial assets at fair value through profit or loss - current (Note 7)	-	-	7,240	-	-	-
Financial assets at amortized cost - current (Notes 9 and 28)	6,000	-	11,870	-	37,770	-
Notes receivable, net (Note 10)	6,760	-	2,933	-	20,703	-
Trade receivables, net (Notes 10, 26, 27 and 28)	4,539,638	22	3,644,398	19	5,807,407	20
Other receivables (Notes 10 and 27)	1,886,469	9	3,081,346	16	6,919,440	24
Inventories (Note 11)	11,592,263	57	9,811,440	52	14,049,547	49
Other current assets	79,718	1	104,867	1	93,921	-
Total current assets	18,588,569	91	17,109,473	90	27,550,925	95
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	90,355	-	90,373	-	84,461	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	5,004	-	5,004	-	5,000	-
Investments accounted for using the equity method (Note 13)	492,653	2	475,813	3	490,713	2
Property, plant and equipment (Notes 15 and 28)	1,052,987	5	1,055,843	6	626,128	2
Right-of-use assets (Notes 15 and 27)	96,621	1	92,865	-	73,724	-
Intangible assets	1,369	-	1,609	-	2,103	-
Deferred tax assets (Note 4)	130,770	1	133,747	1	98,450	1
Refundable deposits	36,795	-	29,300	-	29,542	-
Other non-current assets	-	-	-	-	5,004	-
Total non-current assets	1,906,554	9	1,884,554	10	1,415,125	5
TOTAL	\$ 20,495,123	100	\$ 18,994,027	100	\$ 28,966,050	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 28)	\$ 4,263,400	21	\$ 3,436,025	18	\$ 3,453,812	12
Short-term bills payable (Note 16)	2,660,000	13	1,615,000	9	1,090,000	4
Contract liabilities (Notes 21 and 27)	348,656	2	282,770	1	719,987	3
Notes payable, net	13,940	-	13,527	-	4,267	-
Trade payables, net (Note 27)	4,967,819	24	5,187,953	27	15,383,004	53
Other payables (Notes 18 and 27)	902,082	4	477,511	3	1,334,211	5
Current tax liabilities (Note 4)	243,562	1	233,991	1	413,579	1
Lease liabilities - current (Notes 15 and 27)	42,499	-	46,015	-	53,592	-
Current portion of long-term borrowings (Notes 16, 17 and 28)	116,466	1	110,970	1	16,363	-
Other current liabilities (Note 18)	587,504	3	386,499	2	638,184	2
Total current liabilities	14,145,928	69	11,790,261	62	23,106,999	80
NON-CURRENT LIABILITIES						
Bonds payable (Notes 17 and 26)	-	-	-	-	188,767	1
Long-term borrowings (Notes 16 and 28)	1,006,761	5	1,704,267	9	880,483	3
Deferred tax liabilities (Note 4)	411,009	2	360,426	2	334,284	1
Lease liabilities - non-current (Notes 15 and 27)	55,839	-	48,438	-	22,366	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	21,110	-	21,654	-	21,339	-
Deposits received	97,019	1	93,312	1	27,899	-
Total non-current liabilities	1,591,738	8	2,228,097	12	1,475,138	5
Total liabilities	15,737,666	77	14,018,358	74	24,582,137	85
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	2,324,310	11	2,322,643	12	2,291,110	8
Capital surplus	868,440	4	856,732	5	792,448	3
Retained earnings						
Legal reserve	580,405	3	580,405	3	471,566	2
Special reserve	-	-	-	-	130,743	-
Unappropriated earnings	613,230	3	960,208	5	466,597	1
Total retained earnings	1,193,635	6	1,540,613	8	1,068,906	3
Other equity						
Exchange differences on translating the financial statements of foreign operations	185,555	1	73,950	-	39,311	-
Unrealized gains or losses on investments at fair value through other comprehensive income	(5,000)	-	(5,000)	-	-	-
Total other equity	180,555	1	68,950	-	39,311	-
Total equity attributable to owners of the Company	4,566,940	22	4,788,938	25	4,191,775	14
NON-CONTROLLING INTERESTS	190,517	1	186,731	1	192,138	1
Total equity (Note 20)	4,757,457	23	4,975,669	26	4,383,913	15
TOTAL	\$ 20,495,123	100	\$ 18,994,027	100	\$ 28,966,050	100

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 27)	\$ 10,791,081	100	\$ 15,402,958	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>(10,244,764)</u>	<u>(95)</u>	<u>(14,870,530)</u>	<u>(96)</u>
GROSS PROFIT	<u>546,317</u>	<u>5</u>	<u>532,428</u>	<u>4</u>
OPERATING EXPENSES (Notes 22 and 27)				
Selling and marketing expenses	(123,173)	(1)	(116,340)	(1)
General and administrative expenses	(114,255)	(1)	(102,149)	(1)
Research and development expenses	(30,237)	(1)	(27,408)	-
Expected credit loss	<u>(352)</u>	<u>-</u>	<u>(1,926)</u>	<u>-</u>
Total operating expenses	<u>(268,017)</u>	<u>(3)</u>	<u>(247,823)</u>	<u>(2)</u>
PROFIT FROM OPERATIONS	<u>278,300</u>	<u>2</u>	<u>284,605</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	1,679	-	8,636	-
Other income (Notes 22 and 27)	19,539	-	7,879	-
Other gains and losses (Note 22)	(43,455)	-	(15,079)	-
Finance costs (Notes 22 and 27)	(104,264)	(1)	(112,709)	(1)
Share of profit or loss of associates (Note 13)	<u>6,390</u>	<u>-</u>	<u>5,690</u>	<u>-</u>
Total non-operating income and expenses	<u>(120,111)</u>	<u>(1)</u>	<u>(105,583)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	158,189	1	179,022	1
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(36,753)</u>	<u>-</u>	<u>(57,334)</u>	<u>-</u>
NET PROFIT FOR THE PERIOD	<u>121,436</u>	<u>1</u>	<u>121,688</u>	<u>1</u>

(Continued)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 139,391	1	\$ (20,318)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	1,787	-	(638)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(29,573)	-	3,730	-
Other comprehensive (loss) income for the period, net of income tax	111,605	1	(17,226)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 233,041	2	\$ 104,462	1
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 117,650	1	\$ 124,025	1
Non-controlling interests	3,786	-	(2,337)	-
	\$ 121,436	1	\$ 121,688	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 229,255	2	\$ 106,799	1
Non-controlling interests	3,786	-	(2,337)	-
	\$ 233,041	2	\$ 104,462	1
EARNINGS PER SHARE (Note 24)				
Basic	\$ 0.51		\$ 0.56	
Diluted	\$ 0.50		\$ 0.53	

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

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests (Note 20)	Total Equity
	Share Capital	Capital Surplus (Note 20)	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income			
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 2,179,081	\$ 542,552	\$ 471,566	\$ 130,743	\$ 1,165,757	\$ 56,537	\$ -	\$ 4,546,236	\$ 194,475	\$ 4,740,711
Appropriation of 2022 earnings	-	-	-	-	(823,185)	-	-	(823,185)	-	(823,185)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-
Convertible bonds converted to ordinary shares	112,029	249,896	-	-	-	-	-	361,925	-	361,925
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	124,025	-	-	124,025	(2,337)	121,688
Other comprehensive loss for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	(17,226)	-	(17,226)	-	(17,226)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	124,025	(17,226)	-	106,799	(2,337)	104,462
BALANCE AT MARCH 31, 2023	<u>\$ 2,291,110</u>	<u>\$ 792,448</u>	<u>\$ 471,566</u>	<u>\$ 130,743</u>	<u>\$ 466,597</u>	<u>\$ 39,311</u>	<u>\$ -</u>	<u>\$ 4,191,775</u>	<u>\$ 192,138</u>	<u>\$ 4,383,913</u>
BALANCE AT JANUARY 1, 2024	\$ 2,322,643	\$ 856,732	\$ 580,405	\$ -	\$ 960,208	\$ 73,950	\$ (5,000)	\$ 4,788,938	\$ 186,731	\$ 4,975,669
Appropriation of 2023 earnings	-	-	-	-	(464,628)	-	-	(464,628)	-	(464,628)
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	8,663	-	-	-	-	-	8,663	-	8,663
Conversion of convertible corporate bonds	1,667	3,045	-	-	-	-	-	4,712	-	4,712
Net profit (loss) for the three months ended March 31, 2024	-	-	-	-	117,650	-	-	117,650	3,786	121,436
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	111,605	-	111,605	-	111,605
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	117,650	111,605	-	229,255	3,786	233,041
BALANCE AT MARCH 31, 2024	<u>\$ 2,324,310</u>	<u>\$ 868,440</u>	<u>\$ 580,405</u>	<u>\$ -</u>	<u>\$ 613,230</u>	<u>\$ 185,555</u>	<u>\$ (5,000)</u>	<u>\$ 4,566,940</u>	<u>\$ 190,517</u>	<u>\$ 4,757,457</u>

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

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 158,189	\$ 179,022
Adjustments for:		
Depreciation expense	21,197	20,156
Amortization	240	222
Expected credit loss on trade receivables	352	1,926
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(882)	17
Finance costs	104,264	112,709
Interest income	(1,679)	(8,636)
Loss (gain) on disposal of property, plant and equipment	2	(9)
Share of profit of associates	(6,390)	(5,690)
Loss on disposal and write-down of inventories	5	111,762
Net loss on foreign currency exchange	49,664	35,510
Gain on lease modification	(115)	-
Changes in operating assets and liabilities		
Notes receivable	(3,827)	(11,380)
Trade receivables	(883,790)	275,104
Other receivables	1,194,877	(4,804,368)
Inventories	(1,821,386)	(4,166,535)
Other current assets	25,149	(29,553)
Financial assets at amortized cost - current	5,870	568,730
Contract liabilities	65,886	154,314
Notes payable	413	910
Trade payables	(278,544)	7,568,166
Other payables	(21,162)	(28,787)
Other current liabilities	200,832	202,723
Net defined benefit liabilities - non-current	(544)	(31)
Cash generated from (used in) operations	(1,191,379)	176,282
Interest received	1,679	8,636
Interest paid	(122,168)	(132,357)
Income tax paid	(4,980)	(3,786)
Net cash generated from (used in) operating activities	<u>(1,316,848)</u>	<u>48,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(29,263)
Proceeds from sale of financial assets at fair value through comprehensive income	8,140	-
Payments for property, plant and equipment	(1,450)	(14,488)
Proceeds from disposal of property, plant and equipment	-	10
(Increase) decrease in refundable deposits	(7,495)	22,027

(Continued)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Payments for intangible assets	\$ -	\$ (1,155)
Decrease in prepayments for equipment	<u>-</u>	<u>1,483</u>
Net cash used in investing activities	<u>(805)</u>	<u>(21,386)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	9,223,093	7,496,383
Repayments of short-term borrowings	(8,410,609)	(7,741,780)
Proceeds (repayments) of short-term bills payable	1,045,000	(30,000)
Proceeds from long-term borrowings	2,518,634	1,762,399
Repayments of long-term borrowings	(3,205,914)	(1,495,402)
Proceeds from guarantee deposits received	3,707	137
Repayments of the principal portion of lease liabilities	<u>(17,487)</u>	<u>(17,032)</u>
Net cash (used in) generated from financing activities	<u>1,156,424</u>	<u>(25,295)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>193,571</u>	<u>(29,164)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,342	(27,070)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>445,379</u>	<u>649,207</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 477,721</u>	<u>\$ 622,137</u>

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

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Alltek Technology Corp. (the “Company”) was incorporated in April 1991 as a company limited by shares under the Company Law of the Republic of China (ROC). The Company mainly business operations:

- a. Telecommunications equipment, computer peripherals, and trading in electronic components and test equipment (other than licensing business).
- b. Technology transfer of related products above.
- c. Trading and import and export of radio equipment.
- d. Import and export trade of related products.
- e. Acting as the agent for the relevant products and tendering business of domestic and foreign manufacturers.

The Company’s shares have been traded on Taipei Exchange, formerly known as the GreTai Securities Market since March 2004. In November 2008, the Company’s shares have been listed on the Taiwan Stock Exchange (“TWSE”).

The functional currency of the Company is the New Taiwan dollar. The consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Company’s board of directors on May 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IFRS 18 “Presentation and Disclosure of Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the comparative periods shall not be restated, and recognize any effect as an recognition in the cumulative amount of translation differences in retained earnings or equity and the affected assets and liabilities therein.

IFRS 18 will replace IAS 1 “Presentation of Financial Statements,” with major changes including

- The income statement should categorize revenue and expenses into operating, investing, financing, tax, and discontinued operations.
- The income statement should report operating profit, profit before financing and tax, as well as subtotals and totals of profit and loss.
- Providing guidance to enhance aggregation and disaggregation requirements: Consolidated entities must identify assets, liabilities, equity, revenue, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring that each significant line item in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. Consolidated entities should only label such items as “other” when a more informative name cannot be found.
- Increasing disclosure of performance measures defined by management: In addition to financial statements, when communicating with users of financial statements regarding a specific aspect of the overall financial performance of the consolidated entity, consolidated entities should disclose information related to performance measures defined by management in a single note to the financial statements. This includes a description of the measure, how it is calculated, adjustments to subtotals or totals defined by IFRS accounting standards, and the tax and non-controlling interest effects of related adjustments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through other comprehensive income/financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 12, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) That the entity on the balance sheet date does not have in substance the right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

Material accounting judgments and key sources of estimation uncertainty used in the consolidated financial statements Refer to the 2023 annual consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,045	\$ 1,077	\$ 1,074
Checking accounts and demand deposits	389,316	385,929	542,842
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	71,360	58,373	78,221
Repurchase agreements	<u>16,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 477,721</u>	<u>\$ 445,379</u>	<u>\$ 622,137</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	<u>\$ -</u>	<u>\$ 7,240</u>	<u>\$ -</u>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Foreign unlisted shares	\$ 90,346	\$ 90,346	\$ 84,256
Derivative financial assets			
Redeemable options of convertible bonds (Note 17)	<u>9</u>	<u>27</u>	<u>205</u>
	<u>\$ 90,355</u>	<u>\$ 90,373</u>	<u>\$ 84,461</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Domestic unlisted shares	<u>\$ 5,004</u>	<u>\$ 5,004</u>	<u>\$ 5,000</u>

The Group invested in domestic unlisted ordinary shares for medium to long-term strategic purposes and expected to make profits through long-term investments. Accordingly, the management of the Group elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged bank deposits	<u>\$ 6,000</u>	<u>\$ 11,870</u>	<u>\$ 37,770</u>

Refer to Note 28 for information relating to other financial assets pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 6,760	\$ 2,933	\$ 20,703
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,760</u>	<u>\$ 2,933</u>	<u>\$ 20,703</u>
Notes receivable - operating	\$ 6,760	\$ 2,933	\$ 20,703
Notes receivable - non-operating	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,760</u>	<u>\$ 2,933</u>	<u>\$ 20,703</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,499,856	\$ 3,633,084	\$ 5,821,942
Less: Allowance for impairment loss	<u>(22,095)</u>	<u>(21,290)</u>	<u>(19,816)</u>
	2,477,761	3,611,794	5,802,126
At FVTOCI	<u>2,056,171</u>	<u>25,031</u>	<u>991</u>
	<u>\$ 4,533,932</u>	<u>\$ 3,636,825</u>	<u>\$ 5,803,117</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 5,706	\$ 7,573	\$ 4,290
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,706</u>	<u>\$ 7,573</u>	<u>\$ 4,290</u>
 <u>Other receivables</u>			
Factored trade receivables reclassified to other receivables (Note 26)	\$ 1,366,948	\$ 2,763,948	\$ 6,532,030
Receivables advance payment on behalf of others	424,282	171,812	-
Purchases returns or allowances receivable	83,699	128,080	226,528
Business tax refund receivables	9,564	15,448	21,683
Others	<u>1,976</u>	<u>2,058</u>	<u>201</u>
	<u>\$ 1,886,469</u>	<u>\$ 3,081,346</u>	<u>\$ 6,780,442</u>
 <u>Other receivables from related parties</u>			
Associates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,998</u> (Concluded)

Trade Receivables

a. At amortized cost

The average credit period of sales of goods ranged from 30-180 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does show significantly different loss patterns for different customer segments, the Group uses different provision matrixes based on customer segments by geographical region, and determines the expected credit loss rate by reference to past due days of accounts receivable and regional economic conditions.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables at amortized cost.

March 31, 2024

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%-0.78%	0%-5.30%	0%-100%	
Gross carrying amount	\$ 2,284,358	\$ 215,871	\$ 12,093	\$ 2,512,322
Loss allowance (Lifetime ECLs)	<u>(8,473)</u>	<u>(1,961)</u>	<u>(11,661)</u>	<u>(22,095)</u>
Amortized cost	<u>\$ 2,275,885</u>	<u>\$ 213,910</u>	<u>\$ 432</u>	<u>\$ 2,490,227</u>

December 31, 2023

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%-0.70%	0.51%-5.83%	100%	
Gross carrying amount	\$ 3,074,779	\$ 558,240	\$ 10,571	\$ 3,643,590
Loss allowance (Lifetime ECLs)	<u>(9,617)</u>	<u>(1,102)</u>	<u>(10,571)</u>	<u>(21,290)</u>
Amortized cost	<u>\$ 3,065,162</u>	<u>\$ 557,138</u>	<u>\$ -</u>	<u>\$ 3,622,300</u>

March 31, 2023

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%-0.08%	0%-5.30%	0%-100%	
Gross carrying amount	\$ 5,458,299	\$ 376,376	\$ 12,260	\$ 5,846,935
Loss allowance (Lifetime ECLs)	<u>(2,672)</u>	<u>(5,144)</u>	<u>(12,000)</u>	<u>(19,816)</u>
Amortized cost	<u>\$ 5,455,627</u>	<u>\$ 371,232</u>	<u>\$ 260</u>	<u>\$ 5,827,119</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 21,290	\$ 17,971
Less: Amounts written off	352	1,926
Foreign exchange gains and losses	<u>453</u>	<u>(81)</u>
Balance at March 31	<u>\$ 22,095</u>	<u>\$ 19,816</u>

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The following table details the loss allowance of trade receivables at FVTOCI.

March 31, 2024

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 2,056,171	\$ -	\$ -	\$ 2,056,171
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost at FVTOCI	<u>\$ 2,056,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,056,171</u>

December 31, 2023

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 25,031	\$ -	\$ -	\$ 25,031
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost at FVTOCI	<u>\$ 25,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,031</u>

March 31, 2023

	Not Past Due	1 to 120 Days	Over 121 Days	Total
Expected credit loss rate	0%	0%	100%	
Gross carrying amount	\$ 991	\$ -	\$ -	\$ 991
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost at FVTOCI	<u>\$ 991</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991</u>

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Merchandise	\$ 11,497,657	\$ 9,734,617	\$ 13,957,969
Finished goods	13,056	10,039	13,143
Work in progress	19,051	20,956	16,514
Raw materials	<u>62,499</u>	<u>45,828</u>	<u>61,921</u>
	<u>\$ 11,592,263</u>	<u>\$ 9,811,440</u>	<u>\$ 14,049,547</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended March 31	
	2024	2023
Cost of inventories sold	\$ 10,244,273	\$ 14,758,401
Inventory write-downs	-	111,757
Inventory disposal	5	5
Others	<u>486</u>	<u>367</u>
	<u>\$ 10,244,764</u>	<u>\$ 14,870,530</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Alltek Technology Corp.	Pantek Technology Corp.	Selling and marketing of communication components	100%	100%	100%	-
Alltek Technology Corp.	Alltek Marine Electronics Corp.	Designing and manufacturing of high quality AIS products	53%	53%	53%	-
Alltek Technology Corp.	Alltek Group Corp.	Investments	100%	100%	100%	Material subsidiary
Alltek Technology Corp.	Alltek Technology (H.K.) Limited	Selling and marketing of communication components	100%	100%	-	Material subsidiary (Note 1)
Alltek Technology Corp.	Alder Optomechanical Corp.	Manufacturing and selling lighting equipment	51%	51%	51%	-
Alltek Group Corp.	All Plus Co., Ltd.	Selling and marketing of communication components	100%	100%	100%	Material subsidiary
Alltek Group Corp.	All Pan Co., Ltd.	Investments	100%	100%	100%	-
Alltek Group Corp.	Alltek Technology (H.K.) Limited	Selling and marketing of communication components	-	-	100%	Material subsidiary (Note 1)
All Pan Co., Ltd.	YMY Co., Ltd.	Selling and marketing of communication components	100%	100%	100%	-
Alltek Technology (H.K.) Limited	Alltek Technology (Shenzhen) Ltd.	Selling and marketing of communication components	100%	100%	100%	-
Pantek Technology Corp.	Pantek Global Corp.	Selling and marketing of communication components	100%	100%	100%	-
Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	100%	100%	100%	-

Note 1: The Company directly held all the equity interests in Alltek Technology (H.K.) Limited in April 2023 in response to the organizational restructuring of the Group.

Note 2: Instead of AllteInstead of Alltek Group Corp., All Plus Co., Ltd. And Alltek Technology (H.K.) Limited are material subsidiaries; others financial statements have not been reviewed.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Investments in associates</u>			
Associates that are not individually material:			
Yuban Technology Co., Ltd.	\$ 360,082	\$ 348,790	\$ 371,578
General Life Biotechnology Co., Ltd.	129,790	124,242	119,135
Alltek Technology (S) Pte. Ltd.	<u>2,781</u>	<u>2,781</u>	<u>-</u>
	<u>\$ 492,653</u>	<u>\$ 475,813</u>	<u>\$ 490,713</u>

Aggregate Information of Associates That Are Not Individually Material

	<u>For the Three Months Ended March 31</u>	
	2024	2023
The Group's share of:		
Net profit for the year	\$ 6,390	\$ 5,690
Other comprehensive (loss) income	<u>1,429</u>	<u>(511)</u>
Total comprehensive income for the year	<u>\$ 7,819</u>	<u>\$ 5,179</u>

In September 2021, the Group acquired and held 15% of the outstanding shares of Yuban Technology Co., Ltd. The Group and its subsidiary, Pentek Technology Corp., hold more than 20% of the total voting shares of the investee; therefore, the equity method is used for the evaluation of investment transactions. Under the agreement between the Group and Yuban Technology Co., Ltd., the Company shall not transfer, pledge, create any security rights or dispose of the aforementioned ordinary shares within 3 years from the acquisition date.

Associates are accounted for using the equity method.

14. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Freehold land	\$ 777,179	\$ 777,179	\$ 406,136
Buildings	233,563	235,109	186,194
Machinery and equipment	16,876	17,144	5,672
Office equipment	8,265	8,726	9,193
Other equipment	8,401	9,062	11,438
Unfinished work and equipment to be inspected	<u>8,703</u>	<u>8,623</u>	<u>7,495</u>
	<u>\$ 1,052,987</u>	<u>\$ 1,055,843</u>	<u>\$ 626,128</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of property, plant and equipment during the three months ended March 31, 2024 and 2023. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	50 years
Others	2-10 years
Machinery and equipment	2-10 years
Office equipment	1-10 years
Other equipment	2-5 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 28.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Buildings	\$ 87,688	\$ 89,140	\$ 71,007
Transportation equipment	<u>8,933</u>	<u>3,725</u>	<u>2,717</u>
	<u>\$ 96,621</u>	<u>\$ 92,865</u>	<u>\$ 73,724</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 17,544</u>	<u>\$ 1,995</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 15,528	\$ 14,971
Transportation equipment		<u>1,187</u>	<u>991</u>
		<u>\$ 16,715</u>	<u>\$ 15,962</u>

Except for recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 42,499</u>	<u>\$ 46,015</u>	<u>\$ 53,592</u>
Non-current	<u>\$ 55,839</u>	<u>\$ 48,438</u>	<u>\$ 22,366</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.20%-4.75%	1.20%-4.75%	1.20%-4.75%
Transportation equipment	1.20%-4.75%	1.20%-4.75%	1.20%-4.75%

16. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 28)</u>			
Bank loans (1)	\$ 76,000	\$ 86,000	\$ 48,000
Transferred receivables (2)	<u>-</u>	<u>-</u>	<u>24,360</u>
	<u>76,000</u>	<u>86,000</u>	<u>72,360</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>4,187,400</u>	<u>3,350,025</u>	<u>3,381,452</u>
	<u>\$ 4,263,400</u>	<u>\$ 3,436,025</u>	<u>\$ 3,453,812</u>
<u>Interest rate interval</u>	<u>1.72%-6.40%</u>	<u>1.59%-6.84%</u>	<u>1.60%-6.53%</u>

Part of the short-term borrowings of the Group as of March 31, 2024, December 31, 2023 and March 31, 2023 have been jointly guaranteed by chairman of the Company.

- 1) Part of the secured borrowings of the Group as of March 31, 2024, December 31, 2023 and March 31, 2023 have been jointly guaranteed by time deposits and properties.
- 2) Transferred receivables were secured by a guarantee over a certain amount of the Group's trade receivables (refer to Note 9). The weighted average effective interest rates was 6.05% as of March 31, 2024.

b. Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper	\$ 2,660,000	\$ 1,615,000	\$ 1,090,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,660,000</u>	<u>\$ 1,615,000</u>	<u>\$ 1,090,000</u>
Interest rate interval	1.38%-1.83%	1.35%-1.83%	0.95%-1.86%

c. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 29)</u>			
Bank loans	\$ 1,012,475	\$ 1,718,067	\$ 889,538
<u>Unsecured borrowings</u>			
Bank loans	<u>21,291</u>	<u>3,200</u>	<u>7,308</u>
	1,033,766	1,721,267	896,846
Less: Current portion	<u>(27,005)</u>	<u>(17,000)</u>	<u>(16,363)</u>
Long-term borrowings	<u>\$ 1,006,761</u>	<u>\$ 1,704,267</u>	<u>\$ 880,483</u>
Interest rate interval	2.08%-3.70%	2.15%-2.60%	2.15%-2.60%

Portion of the long-term borrowings of the Group as of March 31, 2024, December 31, 2023 and March 31, 2023 have been jointly guaranteed by chairman of the Company.

- 1) In March 2020 and April 2021, the Company's subsidiaries provided freehold land and building as collateral for bank borrowings to fund its operating capital. The rates of the above loans ranged from 2.28% with maturities of March and April in 2035.
- 2) The Group signed a long-term syndicated loan contract with the bank secured by the Company's freehold land and building to fund its operating capital as follows:
 - a) Credit period: Calculated from the date of first utilization (December 25, 2023) to the expiration date of 5 years
 - b) Total credit line: US\$155,000 thousand dollars.
 - c) Loan Item:
 - i. Syndicated loan A: Alltek Technology Corp. and Subsidiaries is borrower, the credit line is US\$155,000 thousand dollars or facility amount, and revolving credit
 - ii. Syndicated loan B: Alltek Technology (H.K.) Limited is borrower, the credit line is US\$62,000 thousand dollars, and revolving credit.
 - iii. The credit balance of syndicated loan A and B, the total amount cannot exceed the syndicated loan agreement's total credit line
 - d) Commitments: During the period of the credit facility agreements, the consolidated financial statements compliance with the following financial ratios and covenants is required.
 - i. Current ratio: Not lower than 100%.
 - ii. Liability ratio: Not higher than 100%.
 - iii. Interest coverage ratio: Not lower than 2 times.
 - iv. Net tangible assets: Not lower than \$1,500,000 thousand.

17. BONDS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured domestic bonds	\$ 89,461	\$ 93,970	\$ 188,767
Less: Current portion	<u>(89,461)</u>	<u>(93,970)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,767</u>

To repay the loan, the Group issued the 4th domestic unsecured convertible bonds with an aggregate principal amount of \$600,000 thousand and a face value of \$100 thousand per bond certificate. The issuance price is face value multiplied by 101%. At the end of third years from the bond issuance date, bondholders have the right to redeem the convertible bonds at face value plus interest compensation (the interest compensation is face value multiplied by 102.2669%, rate of return is 0.75% at expiration date) in cash. Fubon Securities Co., Ltd. is the trustee for the bondholders. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The terms and conditions of the bonds are as follows:

- a. Issuance date: July 21, 2022
- b. Coupon rate: 0%
- c. Issuance period: 3 years, and a circulation period from July 21, 2022 to July 21, 2025.
- d. Redemption of the convertible bonds

At the end of second years from the bond issuance date (July 21, 2024), bondholders have the right to request the Group to redeem the convertible bonds at face value plus interest compensation (the interest compensation is face value multiplied by 101.5056%, rate of return is 0.75% at expiration date) in cash.

- e. Redemption method
 - 1) Conversion subject: Subject is ordinary shares of the Company. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding ordinary shares.
 - 2) Conversion period:

The bonds are exchangeable into ordinary shares of the Company at any time on or after October 22, 2022 and prior to July 21, 2025 except during closed period.
 - 3) The conversion price of the bonds is set based on the arithmetic mean of the business day's closing share price multiplied by 102.03% premium rate before the effective date on July 1, 2022. As the Company's stock was ex-dividend in 2022, the conversion price was adjusted from NT\$38.2 per share to NT\$33 per share. As the Company's stock was ex-dividend on August 9, 2022, the conversion price was adjusted from NT\$33 per share to NT\$30 per share.

- 4) The convertible bonds contain both liability and equity components. The equity component was resented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 0.8947% per annum on initial recognition.

	For the Three Months Ended March 31	
	2024	2023
Liability component as of beginning of the period	\$ 93,970	\$ 549,664
Interest charged at an effective interest rate	203	1,028
Convertible bonds converted into ordinary shares	<u>(4,712)</u>	<u>(361,925)</u>
Liability component as end of the period	<u>\$ 89,461</u>	<u>\$ 188,767</u>

18. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Other payables</u>			
Salaries and bonuses	\$ 273,816	\$ 290,594	\$ 287,212
Payables for cash dividends	464,652	23	823,185
Payables for freight	14,445	14,769	22,692
Payable for annual leave	23,832	23,018	22,653
Interest payable	16,528	35,587	11,751
Others	<u>108,809</u>	<u>113,520</u>	<u>166,718</u>
	<u>\$ 902,082</u>	<u>\$ 477,511</u>	<u>\$ 1,334,211</u>
<u>Other liabilities</u>			
Refund liabilities	\$ 227,851	\$ 227,968	\$ 250,741
Receipts under custody	343,002	147,092	375,368
Others	<u>16,651</u>	<u>11,439</u>	<u>12,075</u>
	<u>\$ 587,504</u>	<u>\$ 386,499</u>	<u>\$ 638,184</u>

19. RETIREMENT BENEFIT PLANS

For the three months ended March 31 2024 and 2023, the pension expenses of defined benefit plans were \$129 thousand and \$137 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

20. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Shares authorized	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>232,431</u>	<u>232,264</u>	<u>229,111</u>
Shares issued	<u>\$ 2,324,310</u>	<u>\$ 2,322,643</u>	<u>\$ 2,291,110</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The 4th domestic unsecured convertible bonds had been converted into 167 thousand and 11,203 thousand ordinary shares in 2024 and 2023, respectively. And 167 thousand shares were recognized as share capital, with registration of changes in capital after issuance of new shares on the base date of capital increase in accordance with the law. The Company has not yet completed the registration of changes before the date of approval of issuance of the consolidated financial statements.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 851,786	\$ 848,655	\$ 782,697
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,884	3,884	3,884
<u>May be used to offset a deficit only (2)</u>			
Changes in percentage of ownership interests in subsidiaries	793	793	793
Changes in equity of associates and joint ventures accounted for using the equity method	8,663	-	-
Other	1,853	1,853	1,853
<u>May not be used for any purpose</u>			
Components of equity of convertible corporate bonds issued by the company	<u>1,461</u>	<u>1,547</u>	<u>3,221</u>
	<u>\$ 868,440</u>	<u>\$ 856,732</u>	<u>\$ 792,448</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
 - 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividends policy

Under the dividend policy to the Company, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for distribution of dividends and bonuses to shareholders. If all or part of the dividends and bonuses are to be paid in cash, the board of directors shall be authorized to make a special resolution and report to the shareholders in their meeting. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to employee benefits expense in Note 22(g).

The Company's dividend policy is designed to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. When there is no cumulative loss, the Company shall set aside share dividends at no less than 50% of the net profit. The way to distribute dividends could be either through cash or shares, and cash dividends shall not be less than 30% of the total dividends.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 proposed by the Company's board of directors on March 12, 2024 and approved in the shareholders' meetings on June 21, 2023, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 59,573	\$ 108,839
Special reserve	\$ -	\$ (130,743)
Cash dividends	\$ 464,628	\$ 823,185
Cash dividends per share (NT\$)	\$ 2	\$ 3.78

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on June 18, 2024.

In addition, the Company's board of directors resolved to distribute cash with capital surplus of \$23,231 thousand on March 12, 2024. And the proposal is subject to the resolution of the shareholders' meeting to be held on June 18, 2024.

21. REVENUE RECOGNITION

		For the Three Months Ended March 31	
		2024	2023
Revenue from contracts with customers			
Revenue from sale of goods		\$ 10,787,441	\$ 15,402,097
Others		<u>3,640</u>	<u>861</u>
		<u>\$ 10,791,081</u>	<u>\$ 15,402,958</u>
	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities - current			
Revenue from sale of goods	<u>\$ 348,656</u>	<u>\$ 282,770</u>	<u>\$ 719,987</u>

Refer to Note 32 for information about disaggregation of revenue.

22. NET PROFIT AND OTHER COMPREHENSIVE INCOME

Net profit was attributable to:

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	<u>\$ 1,679</u>	<u>\$ 8,636</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Government grants	\$ 13	\$ 1,449
Others	<u>19,526</u>	<u>6,430</u>
	<u>\$ 19,539</u>	<u>\$ 7,879</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Fair value change of financial assets		
Non-derivative financial assets held for trading	\$ 882	(17)
Net foreign exchange (losses) gains	(33,689)	(1,972)
Bank charges	(9,405)	(12,603)
Others	<u>(1,243)</u>	<u>(487)</u>
	<u>\$ (43,455)</u>	<u>\$ (15,079)</u>

d. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on loans/convertible bonds	\$ 103,312	\$ 112,002
Interest on lease liabilities	<u>952</u>	<u>707</u>
	<u>\$ 104,264</u>	<u>\$ 112,709</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 247	\$ 396
Operating expenses	<u>20,950</u>	<u>19,760</u>
	<u>\$ 21,197</u>	<u>\$ 20,156</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 240</u>	<u>\$ 222</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 4,799	\$ 4,702
Defined benefit plans (Note 20)	<u>129</u>	<u>137</u>
	4,928	4,839
Other employee benefits	<u>183,270</u>	<u>171,815</u>
Total employee benefits expense	<u>\$ 188,198</u>	<u>\$ 176,654</u>

(Continued)

	For the Three Months Ended March 31	
	2024	2023
An analysis of employee benefits expense by function		
Operating costs	\$ 8,886	\$ 10,186
Operating expenses	<u>179,312</u>	<u>166,468</u>
	<u>\$ 188,198</u>	<u>\$ 176,654</u>

(Concluded)

g. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the three months and three months ended March 31, 2024 and 2023 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	3.85%	1.11%
Remuneration of directors	0.64%	0.31%

Amount

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	<u>\$ 6,000</u>	<u>\$ 1,800</u>
Remuneration of directors	<u>\$ 1,000</u>	<u>\$ 500</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022 that were resolved by the board of directors on March 12, 2024 and March 14, 2023, respectively, are as shown below:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	<u>\$ 42,000</u>	<u>\$ 72,000</u>
Remuneration of directors	<u>\$ 6,765</u>	<u>\$ 22,960</u>

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employee and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gains	\$ 657,652	\$ 780,007
Foreign exchange losses	<u>(691,341)</u>	<u>(781,979)</u>
	<u>\$ (33,689)</u>	<u>\$ (1,972)</u>

23. INCOME TAXES

a. Major components of tax expense recognized in profit or loss are as follows:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 12,309	\$ 76,771
Adjustments for prior year	457	-
Deferred tax		
In respect of the current year	<u>23,987</u>	<u>(19,437)</u>
Income tax expense recognized in profit or loss	<u>\$ 36,753</u>	<u>\$ 57,334</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	<u>\$ 29,573</u>	<u>\$ (3,730)</u>

c. Income tax assessments

The income tax returns through 2022 have been assessed by the tax authorities; the Company and its subsidiaries Alltek Marine Electronics Corp. in Taiwan provided their income tax to be assessed by the tax authorities.

The income tax returns through 2021 have been assessed by the tax authorities; its subsidiaries Alder Optomechanical Corp. in Taiwan provided their income tax to be assessed by the tax authorities.

The income tax returns through 2020 have been assessed by the tax authorities; its subsidiaries Pantek Technology Corp. in Taiwan provided their income tax to be assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share		
Basic earnings per share	\$ <u>0.51</u>	\$ <u>0.56</u>
Diluted earnings per share		
Diluted earnings per share	\$ <u>0.50</u>	\$ <u>0.53</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Three Months Ended March 31	
	2024	2023
Earnings used in the computation of diluted earnings per share	\$ 117,650	\$ 124,025
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>163</u>	<u>822</u>
Earnings used in the computation of diluted earnings per share	\$ <u>117,813</u>	\$ <u>124,847</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	March 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share (Note)	232,353	222,761
Effect of potentially dilutive ordinary shares:		
Convertible bonds	3,083	11,995
Bonus to employees	<u>1,090</u>	<u>1,489</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>236,526</u>	<u>236,245</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interest).

The Group is subject to the requirements and restrictions on the current ratio, financial liability ratio and interest protection ratio of the loan agreements with the banks.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

	March 31, 2024		December 31, 2023		March 31, 2023	
	Carry Amount	Fair Value	Carry Amount	Fair Value	Carry Amount	Fair Value
<u>Financial liabilities</u>						
Financial liabilities at amortized cost						
Convertible bonds	\$ 89,461	\$ 103,197	\$ 93,970	\$ 106,680	\$ 188,767	\$ 231,217

b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 90,346	\$ 90,346
Derivative financial instruments				
Redeemable options of convertible bonds	-	-	9	9
	\$ -	\$ -	\$ 90,355	\$ 90,355
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	\$ -	\$ -	\$ 5,004	\$ 5,004
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 2,056,171	\$ 2,056,171

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative instruments				
Foreign listed shares	\$ 7,240	\$ -	\$ -	\$ 7,240
Foreign unlisted shares	-	-	90,346	90,346
Derivative financial instruments				
Redeemable options of convertible bonds	<u>-</u>	<u>-</u>	<u>27</u>	<u>27</u>
	<u>\$ 7,240</u>	<u>\$ -</u>	<u>\$ 90,373</u>	<u>\$ 97,613</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,004</u>	<u>\$ 5,004</u>
Investments in debt instruments				
Trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,031</u>	<u>\$ 25,031</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative instruments				
Foreign unlisted shares	\$ -	\$ -	\$ 84,256	\$ 84,256
Derivative financial instruments				
Convertible options	<u>-</u>	<u>-</u>	<u>205</u>	<u>205</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,461</u>	<u>\$ 84,461</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Investments in debt instruments				
Trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 991</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	Instruments at FVTPL	Instruments at FVTOCI	Total
	Non-derivative Instruments	Equity Instruments	
Balance at January 1, 2024	\$ 90,373	\$ 30,035	\$ 120,408
Recognized in profit or loss	(18)	-	(18)
Net change in accounts receivable	-	2,031,140	2,031,140
Balance at March 31, 2024	\$ 90,355	\$ 2,061,175	\$ 2,151,530
Balance at January 1, 2023	\$ 55,215	\$ 5,242	\$ 60,457
Purchases	29,263	-	29,263
Recognized in profit or loss	(17)	-	(17)
Net change in accounts receivable	-	749	749
Balance at March 31, 2023	\$ 84,461	\$ 5,991	\$ 90,452

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Foreign unlisted shares were determined using the market approach. The comparable company method of market approach is based on the profitability at the end of the year to select the market multiplier of comparable companies. The redemption right of convertible corporate bonds was evaluated according to the binary tree model. The valuation method is chosen by the Group after careful evaluation. Therefore, the fair value measurement is reasonable. However, the use of different evaluation models or fair value may lead to different evaluation results.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 4,850,853	\$ 7,145,447	\$ 13,384,783
Financial assets at FVTPL			
Financial assets mandatorily classified as at FVTPL - current	-	7,240	-
Financial assets mandatorily classified as at FVTPL - non-current	90,355	90,373	84,461
FVTOCI			
Equity investments	5,004	5,004	5,000
Debt investments	2,056,171	25,031	991
<u>Financial liabilities</u>			
Amortized cost (2)	13,632,820	12,231,641	22,041,042

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial asset at amortized cost, trade receivables and other receivables.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, trade payables, bonds payable and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investment, trade receivables, trade payables, bonds payable, borrowings and short-term bills payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rates (refer to (b) below).

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 3% increase and decrease in the New Taiwan dollar (the functional currency) against the U.S. dollar. Sensitivity rate of 3% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthen 3% against the relevant currency. For a 3% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollars Impact	
	For the Three Months Ended	
	March 31	
	2024	2023
Profit or loss	\$ (29,284)	\$ (56,347)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 87,360	\$ 58,373	\$ 78,221
Financial liabilities	6,272,082	6,426,575	5,121,558
Cash flow interest rate risk			
Financial assets	395,021	397,684	580,497
Financial liabilities	1,872,883	534,140	583,825

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 20 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 20 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$(739) thousand and \$(2) thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign unlisted equity securities. Equity investments are held for strategic rather than for trading purposes. The Group does not actively trade these investments. Additionally, the Group was exposed to equity price risk through its investments in listed equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

If fair value of equity instruments had been 3% higher/lower, the pre-tax profit or loss for the three months ended March 31, 2024 and 2023 would increase/decrease by \$2,711 thousand and \$2,534 thousand, respectively, the pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increase/decrease by \$150 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from carrying amount of the respective recognized financial assets as stated in the balance sheets.

In addition, the credit risk was limited because the counterparty of working capital and derivative financial instruments were banks with good credit.

The customers of trade receivables were scattered in different geographical areas. The Group continuously evaluated the financial condition of the customers of trade receivables. The concentration of credit risk by geographical location was mainly in Taiwan and China.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,180,771	\$ 2,642,023	\$ 1,043,778	\$ 17,269
Lease liabilities	6,009	10,657	28,972	59,618
Debt instruments	<u>3,950,134</u>	<u>1,124,290</u>	<u>1,975,341</u>	<u>1,114,652</u>
	<u>\$ 6,136,914</u>	<u>\$ 3,776,970</u>	<u>\$ 3,048,091</u>	<u>\$ 1,191,539</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 45,638</u>	<u>\$ 59,618</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,815,136	\$ 1,598,814	\$ 234,992	\$ 30,049
Lease liabilities	5,726	11,045	32,149	52,242
Debt instruments	<u>2,903,606</u>	<u>938,246</u>	<u>1,498,158</u>	<u>1,736,330</u>
	<u>\$ 6,724,468</u>	<u>\$ 2,548,105</u>	<u>\$ 1,765,299</u>	<u>\$ 1,818,621</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 48,920</u>	<u>\$ 52,242</u>

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 11,149,043	\$ 5,209,024	\$ 335,783	\$ 27,632
Lease liabilities	5,769	11,401	38,849	26,179
Debt instruments	<u>2,118,749</u>	<u>1,396,725</u>	<u>679,538</u>	<u>816,125</u>
	<u>\$ 13,273,561</u>	<u>\$ 6,617,150</u>	<u>\$ 1,054,170</u>	<u>\$ 869,936</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	<u>\$ 56,019</u>	<u>\$ 26,179</u>

b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Secured borrowing			
Amount used	\$ 3,101,525	\$ 2,717,530	\$ 1,461,898
Amount unused	<u>3,300,800</u>	<u>3,119,772</u>	<u>1,596,140</u>
	<u>\$ 6,402,325</u>	<u>\$ 5,837,302</u>	<u>\$ 3,058,038</u>
Unsecured borrowing			
Amount used	\$ 4,881,691	\$ 4,081,225	\$ 3,991,760
Amount unused	<u>1,902,000</u>	<u>4,214,851</u>	<u>4,129,292</u>
	<u>\$ 6,783,691</u>	<u>\$ 8,296,076</u>	<u>\$ 8,121,052</u>

e. Transfers of financial assets

Factored trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

Counterparties	Receivables Sold	Amounts Reclassified to Other Receivables (Note 10)	Amounts Not Yet Advanced	Advances Received at Year-end
<u>March 31, 2024</u>				
Financial Institutions	<u>US\$ 124,815</u>	<u>US\$ 42,717</u>	<u>US\$ 19,195</u>	<u>US\$ 82,098</u>
<u>December 31, 2023</u>				
Financial Institutions	<u>US\$ 273,925</u>	<u>US\$ 90,017</u>	<u>US\$ 47,728</u>	<u>US\$ 183,908</u>
<u>March 31, 2023</u>				
Financial Institutions	<u>US\$ 234,457</u>	<u>US\$ 214,517</u>	<u>US\$ 189,332</u>	<u>US\$ 19,940</u>

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes were borne by the Group, while losses from credit risk were borne by the banks.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the interest rates on advances received were 1.83%-6.14%, 1.83%-6.59% and 5.35%-5.66%, respectively.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the credit line was US\$414,000 thousand, US\$437,525 thousand and US\$375,488 thousand, respectively.

During the three months ended March 31, 2024 and 2023, according to the contract, if the trade receivables are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as a secured borrowing (refer to Notes 16 and 28).

As of March 31, 2023, the carrying amount of the trade receivables that have been transferred but have not been derecognized amounted to \$27,067 thousand, and the carrying amount of the related liability was \$24,360 thousand.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship</u>
Hsu-huang Development Co., Ltd.	Related party in substance
General Life Biotechnology Co., Ltd.	Associate
Alltek Technology (S) Pte. Ltd.	Associate
Yuban Technology Co., Ltd.	Associate
Yuban Technology (Hong Kong) Ltd.	Associate

b. Sales

<u>Line Item</u>	<u>Related Party Type</u>	<u>For the Three Months Ended March 31</u>	
		<u>2024</u>	<u>2023</u>
Sales	Associates	<u>\$ 1,823</u>	<u>\$ 571</u>

The selling price was made at cost plus a fixed profit for related parties. The collection terms were net 60 days from the end of the month for related parties and net 30 to 60 days from the end of the month for third parties.

c. Purchases

<u>Line Item</u>	<u>Related Party Type</u>	<u>For the Three Months Ended March 31</u>	
		<u>2024</u>	<u>2023</u>
Purchase	Associates	<u>\$ -</u>	<u>\$ 19,903</u>

There were no significant differences in prices and payment terms between related parties and third parties.

d. Receivables from related parties

<u>Line Item</u>	<u>Type/Name of Related Party</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Receivables	Associates	<u>\$ 5,706</u>	<u>\$ 7,573</u>	<u>\$ 4,290</u>
Other receivables	Associates Yuban Technology Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,998</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (not include loans from related parties)

Line Item	Related Party Type	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	Associates	\$ <u> -</u>	\$ <u> 2,578</u>	\$ <u> 19,939</u>
Other payables	Associates	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 6,783</u>

f. Lease arrangements

Item in the Accounts	Type/Name of Related Party	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Related party in substance Hsu-huang Development Co., Ltd.	\$ <u> 432</u>	\$ <u> 1,723</u>	\$ <u> 5,536</u>

Type/Name of Related Party	For the Three Months Ended March 31	
	2024	2023
<u>Interest expense</u>		
Related parties in substance Hsu-huang Development Co., Ltd.	\$ <u> 10</u>	\$ <u> 48</u>

The Group leased office and car park in May 2022 from related party Hsu-huang Development Co., Ltd. for a two-year term, which was based on the rental level of the adjacent office and car park.

g. Other transactions with related parties

Type of Related Party	March 31, 2024	December 31, 2023	March 31, 2023	Nature of Transaction
Associates	\$ <u> 45</u>	\$ <u> -</u>	\$ <u> -</u>	Other receipts in advance

Type of Related Party	For the Three Months Ended March 31		Nature of Transaction
	2024	2023	
Associates	\$ <u> -</u>	\$ <u> 3,180</u>	Other income
Associates	\$ <u> 32</u>	\$ <u> -</u>	Labor costs

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 14,878	\$ 13,501
Post-employment benefits	<u> 343</u>	<u> 332</u>
	\$ <u> 15,221</u>	\$ <u> 13,833</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and tariff guarantee:

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	\$ -	\$ -	\$ 24,360
Financial assets at amortized cost	6,000	11,870	37,770
Property and plant, net	<u>1,010,743</u>	<u>588,486</u>	<u>592,330</u>
	<u>\$ 1,016,743</u>	<u>\$ 600,356</u>	<u>\$ 654,460</u>

29. SIGNIFICANT CONTINGENT LIABILITIES

Although CKY Group Limited (CKY) filed a civil lawsuit in 2023 for the dispute over the amount of agency fees payable by the Company and some of its subsidiaries, the court challenged and required CKY to explain the contractual basis for the calculation method and payment ratio of the commission between the two parties according to the legal letter issued by the lawyer appointed by the Company and some of its subsidiaries. CKY's request for an application to call witnesses during the trial was also rejected by the Court. On March 20, 2024, CKY's counterclaim and the motion of provisional execution were rejected by the court, and CKY had not appealed during the period allowing to take an appeal.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 160,863	32.00 (USD:NTD)	\$ 5,147,615
JPY	15,264	0.21 (JPY:NTD)	3,228
EUR	295	34.46 (EUR:NTD)	10,167
<u>Financial liabilities</u>			
Monetary items			
USD	191,367	32.00 (USD:NTD)	6,123,750

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 170,550	30.705 (USD:NTD)	\$ 5,236,737
JPY	25,576	0.22 (JPY:NTD)	5,555
EUR	300	33.98 (EUR:NTD)	10,187

Financial liabilities

Monetary items			
USD	173,416	30.705 (USD:NTD)	5,324,751

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 279,213	30.45 (USD:NTD)	\$ 8,502,025
EUR	595	33.15 (EUR:NTD)	19,723

Financial liabilities

Monetary items			
USD	340,896	30.45 (USD:NTD)	10,380,269

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended March 31				
2024			2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	\$ (33,374)	1 (NTD:NTD)	\$ (8,142)
RMB	4.366 (RMB:NTD)	(320)	4.441 (RMB:NTD)	6,458
USD	31.448 (USD:NTD)	<u>5</u>	30.395 (USD:NTD)	<u>(288)</u>
		<u>\$ (33,689)</u>		<u>\$ (1,972)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)

- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)
 - 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
 - 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 - 9) Trading in derivative instruments. (None)
 - 10) Intercompany relationships and significant intercompany transactions. (Table 5)
- b. Information on investees: Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 4 and 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder g the period: None

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Alltek Technology Corp.
- Alltek Group Corp. and Alltek Technology (H.K.) Limited
- Pantek Technology Corp.
- Others

Segment Revenues and Results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenues		Segment Profit	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2024	2023	2024	2023
Alltek Technology Corp.	\$ 7,107,184	\$ 7,245,120	\$ 158,020	\$ 124,354
Alltek Group Corp and Alltek Technology (H.K.) Limited	3,219,816	7,404,057	107,839	177,322
Pantek Technology Corp.	427,178	723,521	1,911	(16,178)
Others	81,226	69,877	7,236	(3,808)
Profits from continuing operations	10,835,404	15,442,575	275,006	281,690
Less: Inter-segment revenues	(44,323)	(39,617)	-	-
Add: Inter-segment profits	-	-	3,294	2,915
Revenue profits from segment and external customers	<u>\$ 10,791,081</u>	<u>\$ 15,402,958</u>	278,300	284,605
Interest income			1,679	8,636
Other income			19,539	7,879
Other gains and losses			(43,455)	(15,079)
Finance costs			(104,264)	(112,709)
Shares of profits of associates accounted for using the equity method			6,390	5,690
Profit before income tax from continuing operations			<u>\$ 158,189</u>	<u>\$ 179,022</u>

Inter-segment revenues were accounted for according to market prices.

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses finance costs and share of profits of associates accounted for using the equity method. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits (Note 2)
													Item	Value		
0	Alltek Technology Corp.	Pantek Technology Corp.	Trade receivables from related parties	Yes	\$ 150,000	\$ 150,000	\$ -	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	\$ -	Operating turnover	\$ -	-	-	\$ 456,694 (Note 2)	\$ 2,283,470
		Alder Optomechanical Corp.	Trade receivables from related parties	Yes	30,000	30,000	-	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	-	Operating turnover	-	-	-	456,694 (Note 2)	2,283,470
1	Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Trade receivables from related parties	Yes	137,719	137,719	137,719	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	173,632 (Note 2)	173,632
2	All Plus Co., Ltd.	Alltek Technology Ltd.	Trade receivables from related parties	Yes	640,000	640,000	530,909	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,266,008 (Note 2)	1,266,008
		Alltek Technology (H.K.) Limited	Trade receivables from related parties	Yes	416,000	416,000	271,588	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,266,008 (Note 2)	1,266,008
		Alltek Technology (Shenzhen) Ltd.	Trade receivables from related parties	Yes	53,451	53,451	53,451	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,266,008	1,266,008
3	Alltek Technology (H.K.) Limited	Alltek Technology Ltd.	Trade receivables from related parties	Yes	1,280,000	1,280,000	469,506	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,372,983 (Note 2)	1,372,983
		Alltek Technology (Shenzhen) Ltd.	Trade receivables from related parties	Yes	48,457	37,825	37,825	N/A	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,372,983 (Note 2)	1,372,983
4	Alltek Marine Electronics Corp.	Pantek Technology Corp.	Trade receivables from related parties	Yes	22,400	22,400	-	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	-	Operating turnover	-	-	-	26,344 (Note 2)	131,720
5	Alltek Group Corp.	Alltek Technology (H.K.) Limited	Trade receivables from related parties	Yes	656,000	656,000	656,000	The highest loan rate borrowed from financial institution	Short-term accommodation of funds	-	Operating turnover	-	-	-	1,944,910 (Note 2)	1,944,910

Note 1: a. 0: Investors.
b. The investee companies are numbered in order by company, starting with the Arabic number 1.

Note 2: a. No. 0: Alltek Technology Corp.

The maximum amount for individual enterprise is \$4,566,940 (net worth as per latest financial report) × 10% = \$456,694
The aggregate financing limits is \$4,566,940 (net worth as per latest financial report) × 50% = \$2,283,470

b. No. 1: Pantek Global Corp.

The maximum amount for individual subsidiaries is \$173,632 (net worth as per latest financial report) × 100% = \$173,632
The aggregate financing limits is \$173,632 (net worth as per latest financial report) × 100% = \$173,632

c. No. 2: All Plus Co., Ltd.

The maximum amount for individual subsidiaries is \$1,266,008 (net worth as per latest financial report) × 100% = \$1,266,008
The aggregate financing limits is \$1,266,008 (net worth as per latest financial report) × 100% = \$1,266,008

(Continued)

d. No. 3: Alltek Technology (H.K) Limited

The maximum amount for individual subsidiaries is \$1,372,983 (net worth as per latest financial report) \times 100% = \$1,372,983
The aggregate financing limits is \$1,372,983 (net worth as per latest financial report) \times 100%=1,372,983

e. No. 4: Alltek Marine Electronics Corp.

The maximum amount for individual subsidiaries is \$263,440 (net worth as per latest financial report) \times 10% = \$26,344
The aggregate financing limits is \$263,440 (net worth as per latest financial report) \times 50% = \$131,720

f. No. 5: Alltek Group Corp.

The maximum amount for individual subsidiaries is \$1,944,910 (net worth as per latest financial report) \times 100% = \$1,944,910
The aggregate financing limits is \$1,944,910 (net worth as per latest financial report) \times 100% = \$1,944,910

Note 3: The above transactions have been eliminated on consolidation.

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorser/Guarantor	Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Alltek Technology Corp.	Alltek Technology (H.K.) Limited	c	\$ 11,417,350	\$ 3,113,600	\$ 3,113,600	\$ 168,544	\$ -	69	\$ 13,700,820	Y	-	-
		All Plus Co., Ltd.	c	11,417,350	224,000	224,000	-	-	5	13,700,820	Y	-	-
		Pantek Technology Corp.	b	11,417,350	1,537,000	1,537,000	660,800	-	34	13,700,820	Y	-	-
		Alder Optomechanical Corp.	b	11,417,350	30,000	30,000	18,333	-	1	13,700,820	Y	-	-
1	Pantek Technology Corp.	Pantek Global Corp.	c	1,290,476	64,000	32,000	11,264	-	5	1,613,095	Y	-	-

Note 1: a. 0: Investors.
b. The investee companies are numbered in order by company, starting with the Arabic number 1.

Note 2: a. Trading partner.
b. Subsidiaries directly held over 50% equity.
c. Company that directly or indirectly holds more 50% of the shares in investees.
d. Company where investees directly or indirectly holds of or exceeding 50% of its voting shares.
e. Guaranteed by the Company according to the construction contract.
f. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
g. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

Note 3: a. No. 0: Alltek Technology Corp.

Endorsement/guarantee given on direct/indirect voting rights over fifty percent (50%). The maximum amount for endorsement guarantee is \$4,566,940 (net worth as per latest financial report) × 250% = \$11,417,350
The maximum amount for endorsement guarantee is \$4,566,940 (net worth as per latest financial report) × 300% = \$13,700,820

b. No. 1: Pantek Technology Corp.

Endorsement/guarantee given on direct/indirect voting rights over fifty percent (50%). The maximum amount for endorsement guarantee is \$645,238 (net worth as per latest financial report) × 200% = \$1,290,476
The maximum amount for endorsement guarantee is \$645,238 (net worth as per latest financial report) × 250% = \$1,613,095

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Alltek Technology Corp.	<u>Foreign private company convertible finance bills</u> icClarity, Inc.	N	Financial assets at FVTPL - non-current	-	\$ -	-	\$ -	-
	<u>Foreign unlisted shares - preference shares</u> Kneron Holding Corporation	N	Financial assets at FVTPL - non-current	488,866	90,346	-	90,346	-
Alltek Marine Electronics Corp.	<u>Domestic unlisted shares - ordinary shares</u> Weltronics CO., LTD.	N	Financial assets at FVTOCI - non-current	500,000	-	4	-	-
	Successful Advanced Materials CO., LTD.	N	Financial assets at FVTOCI - non-current	417,000	5,004	6	5,004	-

Note: With respect to the information of subsidiaries, associates and joint ventures, please see Tables 6 and 7.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Trade Receivables		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
			Financial Statement Accounts	Ending Balance		Amount	Actions Taken		
All Plus Co., Ltd.	Alltek Technology (H.K.) Limited	Subsidiary of Alltek Technology Corp.	Other receivables	\$ 379,567	-	\$ -	-	\$ -	\$ -
Alltek Group Corp.	Alltek Technology (H.K.) Limited	Subsidiary of Alltek Technology Corp.	Other receivables	656,000	-	-	-	-	-
Alltek Technology (H.K.) Limited	Alltek Technology Corp.	Ultimate parent company	Other receivables	469,506	-	-	-	-	-
All Plus Co., Ltd.	Alltek Technology Corp.	Ultimate parent company	Other receivables	530,909	-	-	-	-	-
Pantek Technology Corp.	Pantek Global Corp.	Subsidiary company	Trade receivables	355,083	1.06	-	-	293,863	-
Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Subsidiary company	Other receivables	137,719	-	-	-	-	-
All Plus Co., Ltd.	Alltek Trade (Shenzhen) Co., Ltd.	Second-tier subsidiary of Alltek Technology Corp.	Trade receivables	62,085	2.70	-	-	3,200	-
	Alltek Trade (Shenzhen) Co., Ltd.	Second-tier subsidiary of Alltek Technology Corp.	Other receivables	53,451	-	-	-	-	-

Note: The above transactions have been eliminated on consolidation.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	Alltek Technology Corp.	All Plus Co., Ltd. Alltek Technology (H.K.) Limited	a a	Sales revenue	\$ 10,669	No significant difference	-
				Sales revenue	23,934	No significant difference	-
1	Alltek Technology Corp.	Alltek Technology (H.K.) Limited	c	Other receivables	656,000	-	3
2	All Plus Co., Ltd.	Alltek Technology Corp. Alltek Technology (H.K.) Limited Alltek Technology (H.K.) Limited Alltek Technology (H.K.) Limited Alltek Technology (H.K.) Limited Alltek Technology (Shenzhen) Ltd. Alltek Technology (Shenzhen) Ltd. Alltek Technology (Shenzhen) Ltd. YMY Co., Ltd. YMY Co., Ltd.	b c c c c c c c c c	Other receivables	530,909	-	3
				Sales revenue	19,043	No significant difference	-
				Commission income	39,624	-	-
				Accounts receivable	55,987	No significant difference	-
				Other receivables	379,567	-	2
				Sales revenue	21,658	No significant difference	-
				Accounts receivable	62,085	No significant difference	-
				Other receivables	53,451	-	-
				Sales revenue	17,261	No significant difference	-
				Accounts receivable	58,029	No significant difference	-
3	Alltek Technology (H.K.) Limited	Alltek Technology Corp. Alltek Technology Corp. All Plus Co., Ltd. Alltek Technology (Shenzhen) Ltd. Alltek Technology (Shenzhen) Ltd. Alltek Technology (Shenzhen) Ltd. YMY Co., Ltd. YMY Co., Ltd.	b b c c c c c c	Accounts receivable	469,506	-	2
				Interest revenue	17,092	-	-
				Sales revenue	82,443	No significant difference	1
				Accounts receivable	11,826	No significant difference	-
				Other receivables	21,241	No significant difference	-
				Other receivables	37,825	-	-
				Sales revenue	15,325	No significant difference	-
				Accounts receivable	75,845	No significant difference	-
4	Alltek Technology (Shenzhen) Ltd.	Alltek Technology (H.K.) Limited	c	Commission income	24,847	-	-
5	Pantek Technology Corp.	All Plus Co., Ltd.	b	Other receivables	40,640	-	-
6	Pantek Technology Corp.	Pantek Global Corp.	c	Accounts receivable	355,083	No significant difference	2
7	Pantek Global Corp.	Pantek Trade (Shenzhen) Co., Ltd.	c	Other receivables	137,719	-	1

Note 1: The intercompany transactions between each companies are identified and numbered as follow:

- a. Parent company: 0.
- b. Subsidiaries are started from 1 consecutively.

(Continued)

Note 2: Categories of transactions with related parties:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

Note 3: The above transactions have been eliminated on consolidation.

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
Alltek Technology Corp.	Pantek Technology Corp.	Taiwan	Distributor of electronic parts and components	\$ 588,132	\$ 588,132	53,200	100	\$ 633,897	\$ (18,372)	\$ (18,372)	Subsidiary
	Alltek Marine Electronics Corp.	Taiwan	Manufacturing of wireless communication machinery and equipment	171,622	171,622	10,429	53	149,491	17,480	9,312	Subsidiary
	General Life Biotechnology Co., Ltd.	Taiwan	Wholesale and manufacturing of medical devices and equipment	70,072	70,072	6,923	23	129,790	26,576	5,860	Associate
	Alltek Technology (S) Pte. Ltd.	Singapore	Distributor of electronic parts and components	3,570	3,570	200	40	2,781	-	-	Associate
	Alder Optomechanical Corp.	Taiwan	Wholesale and manufacturing of lighting equipment	101,200	101,200	8,872	51	61,933	(6,547)	(4,580)	Subsidiary
	Alltek Group Corp.	Seychelles	Investment and trading	71,477	71,477	1,000	100	1,944,708	46,849	46,849	Subsidiary
	Yuban Technology Co., Ltd.	Taiwan	Wholesale of electrical appliances, telecommunication equipment and information software	191,862	191,862	9,157	15	216,049	(1,853)	318	Associate
	Alltek Technology (H.K.) Limited	Hong Kong	Electronic components distributor	US\$ 28,759	US\$ 28,759	222,450	100	1,372,918	54,506	54,506	Subsidiary
Pantek Technology Corp.	Pantek Global Corp.	Seychelles	Electronic components distributor	US\$ 4,750	US\$ 4,750	-	100	171,316	886	N/A	Subsidiary
	Yuban Technology Co., Ltd.	Taiwan	Wholesale of electrical appliances, telecommunication equipment and information software, etc.	127,908	127,908	6,105	10	144,033	(1,853)	212	Associate
Alltek Group Corp.	All Plus Co., Ltd.	British Virgin Islands	Electronic components distributor	US\$ 251	US\$ 251	50	100	US\$ 39,563	US\$ 1471	N/A	Subsidiary
	All Pan Co., Ltd.	Seychelles	Investment and trading	US\$ 750	US\$ 750	750	100	US\$ 728	US\$ 23	N/A	Subsidiary

Note 1: With respect to the information of investee company in mainland China, please refer to Table 7.

Note 2: The above transactions have been eliminated on consolidation.

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024
						Outward	Inward						
Alltek Technology Corp.	Alltek Technology (Shenzhen) Ltd.	Selling and marketing of communication components	CNY 13,270	b, 1)	US\$ 250 (\$ 7,676)	\$ -	\$ -	US\$ 250 (\$ 8,000)	\$ 2,505	100	\$ 2,505	\$ (16,250)	\$ -
	YMY Co., Ltd.	Selling and marketing of communication components	US\$ 750	b, 2)	US\$ 500 (\$ 15,353)	-	-	US\$ 500 (\$ 16,000)	711	100	711	23,288	-
Pantek Technology Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	US\$ 4,500	b, 3)	US\$ 3,000 (\$ 92,115)	-	-	US\$ 3,000 (\$ 96,000)	358	100	358	(103,122)	-
Alltek Group Corp.	Pantek Trade (Shenzhen) Co., Ltd.	Selling and marketing of communication components	US\$ 4,500	b, 4)	US\$ 1,500 (\$ 46,058)	-	-	US\$ 1,500 (\$ 48,000)	358	-	-	-	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Alltek Technology Corp.	US\$ 750 (\$ 24,000)	US\$ 2,506 (\$ 80,192)	\$ 2,740,164
Pantek Technology Corp.	US\$ 3,000 (\$ 96,000)	US\$ 3,000 (\$ 96,000)	380,338
Alltek Group Corp.	US\$ 1,500 (\$ 48,000)	US\$ 1,500 (\$ 48,000)	1,166,946

Note 1: Investment types are classified as follows:

- a. The investment was made directly in China.
- b. The investment was made through a company registered in a third region:
 - 1) Reinvested by Alltek Technology (H.K.) Limited.
 - 2) Reinvested by All Pan Co., Ltd.
 - 3) Reinvested by Pantek Global Corp.
 - 4) Directly invested by Alltek Group Corp.
- c. Other types.

(Continued)

Note 2: Investment income or loss was recognized according to the financial statement without review.

Note 3: The total amount invested in mainland China shall not exceed 60% of the net worth of Alltek Technology Corp. partners.
 $\$4,566,940 \times 60\% = \$2,740,164$

The total amount invested in mainland China shall not exceed 60% of the net worth of Pantek Technology Corp. partners.
 $\$633,897 \times 60\% = \$380,338$

The total amount invested in mainland China shall not exceed 60% of the net worth of Alltek Group Corp. partners.
 $\$1,944,910 \times 60\% = \$1,166,946$

Note 4: The above transactions have been eliminated on consolidation.

(Concluded)

ALLTEK TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Trade Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%	
YMY Co., Ltd.	Sales	\$ 32,586	-	Cost plus a fixed profit	180 days after monthly closing	No significant differences	\$ 133,874	3	\$ 433
Alltek Technology (Shenzhen) Ltd.	Sales	33,484	-	Cost plus a fixed profit	180 days after monthly closing	No significant differences	83,326	2	-

Note: The above transactions have been eliminated on consolidation.