

Anli-KY Thermal module parts supplier

Anli-KY

2024/12/20 Investor Conference

5223.TW

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Anli-KY Crafting to Perfection

On the future pathway towards sustainable development, Anli will uphold the business philosophy of ethics as its core, and through endless learning and innovation, it strengthens the ability in product development, efficiency in production and extends its reach to 3C consumer electronics, semiconductor and automotive parts and components from the current single production line of heat sinks

Anli-KY Thermal module parts supplier

Date of foundation	June, 2010 in Cayman Islands
Raised capital	The paid-in capital amount to NT\$445,498 thousand
Date of listing in TPEx	July, 2018 (Stock code:5223)
Core production process	Precision metal die-casting components, metal stamping parts, and metal structural components integrated with subsequent CNC precision machining processes and complemented by surface treatment techniques for thermal module parts .
Product applied	Major brand Notebook computers, Game consoles, Servers, Automobile devices and Handheld communication devices
Location	Taiwan 、 China Kunshan 、 Chongqing 、 Huzhou
Customer	Nidec 、 CCI 、 DELTA 、 AURAS 、 SUNON 、 Quanta 、 Wistron...more than 90% are well-known listed companies



Huzhou Anli Site Map 73,000 m²



- **New Factory Location:** The new factory is located in the South Taihu High-Tech Industrial Park, Wuxing District, Huzhou City, Zhejiang Province.
- **Total Investment:** Approximately 80 million USD.
- **Products:** The factory will serve as a production base for computer, automotive, and mobile phone metal components. In addition to existing die-casting, CNC, and stamping processes, surface treatment processes will be added to enhance service capabilities. This will enable the factory to offer a one-stop product manufacturing service to clients. Mass production is scheduled for the end of 2024.
- **Land Area:** 73,361 square meters
- **Building Area:** 107,401 square meters
- **Industry Layout:** **Thermal Management Applications / New Energy Vehicles / Semiconductor Precision Processing**
- **New Processes:** Surface Treatment (Precision Cleaning Line, Electroplating Coating Line, Etching Line)



ANLI Kunshan Site Map 22,000m²



- **Establishment Date:** January 2000
- **Factory Address:** No. 99-88, Electromechanical Branch Road, Shipu Industrial and Commercial Management Area, Qiandeng Town, Kunshan City, Jiangsu Province, China
- **Main Products:** : Precision metal forming components, special material forming, various mechanical parts, and exterior metal products
- **System Standards and Certifications:** ISO-9001 Quality Management System, ISO 14000 Environmental Management System, QC080000, IATF 16949 Automotive System, ISO 14064 Carbon Footprint Verification (SGS Certification)
- **Chairman:** Hsu,Cheng-Kun
- **General Manager:** Lin,Chih-Kun



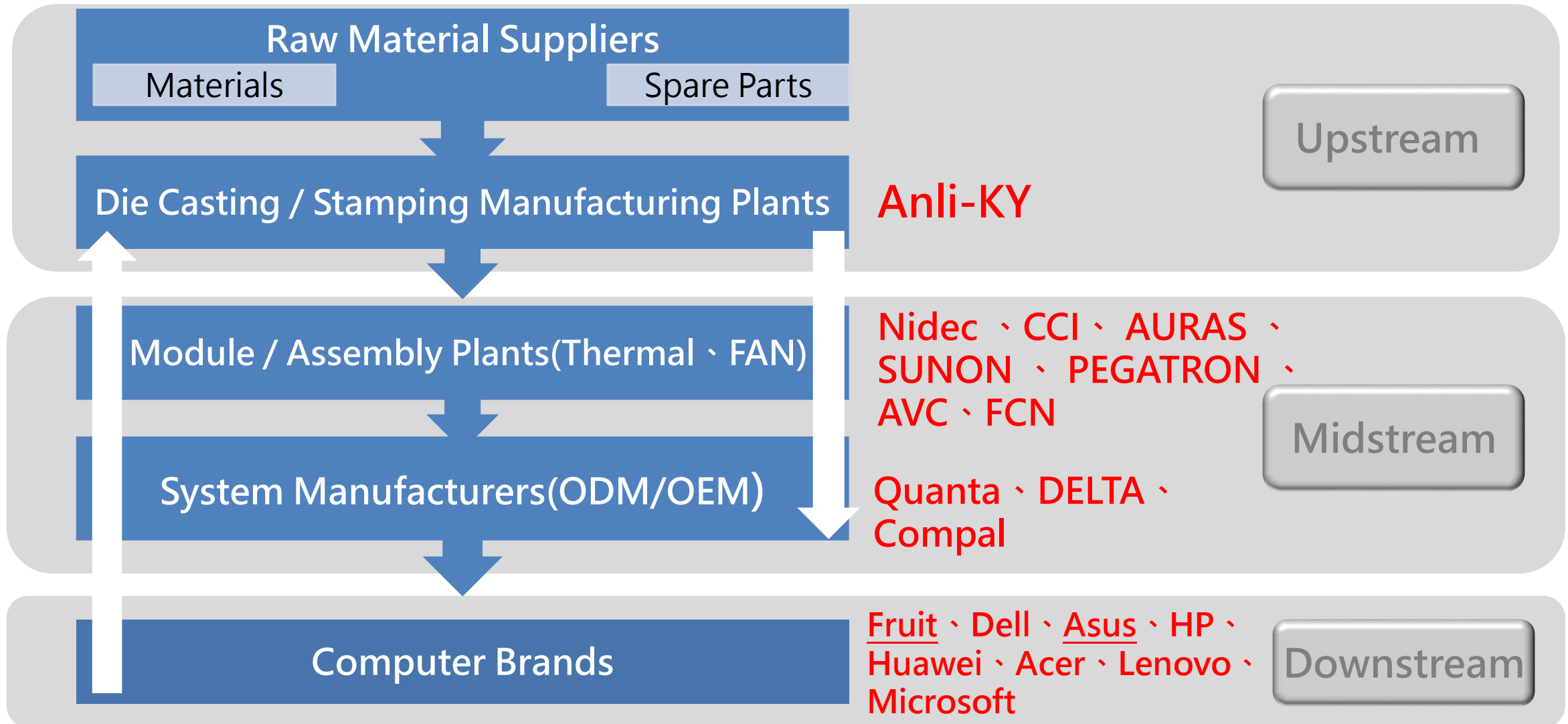
Gtek (Chongqing) Site Map 44,000m²



- **Establishment Date:** November 2011
- **Factory Address:** No. 199, Donglin Avenue, Bishan District, Chongqing City, China
- **Main Products:** Precision metal forming components, special material forming, precision die-casting parts, various mechanical parts, and exterior metal products
- **System Standards and Certifications:** ISO 9001 Quality Management System, ISO 14001 Environmental Management System, QC080000 Hazardous Substances Process Management System, IATF 16949 Automotive System, ISO 14064 Carbon Footprint Verification (SGS Certification)
- **Chairman:** Hsu, Cheng-Kun
- **General Manager:** Chang, I-Chang



Anli-KY The upstream of the chain



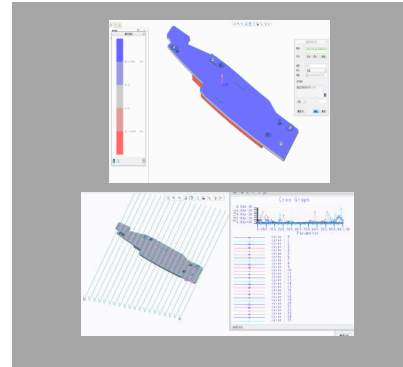
The management team of Anli-KY are all from Taiwan

Anli-KY(5223.TW)

- **Structure of the group** : KY → HK → CN
- **Shareholder composition** : All original shareholders are Taiwanese
- **Board of Directors** : Member of the board are Taiwanese
- **Management team** : Member of the management team are Taiwanese
- **Major customers** : More than 70% of customers are Taiwan listed companies

Anli-KY The competitive edge of the product development

The flow chart of the mold design



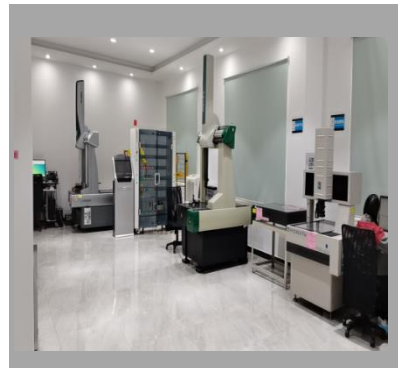
The analysis of product



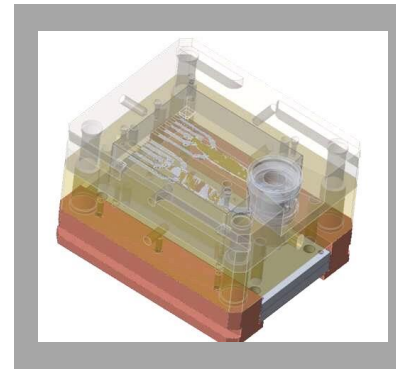
Demand of die casting



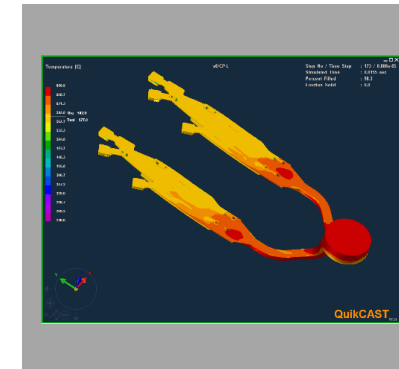
The level of mold workshop



Verification



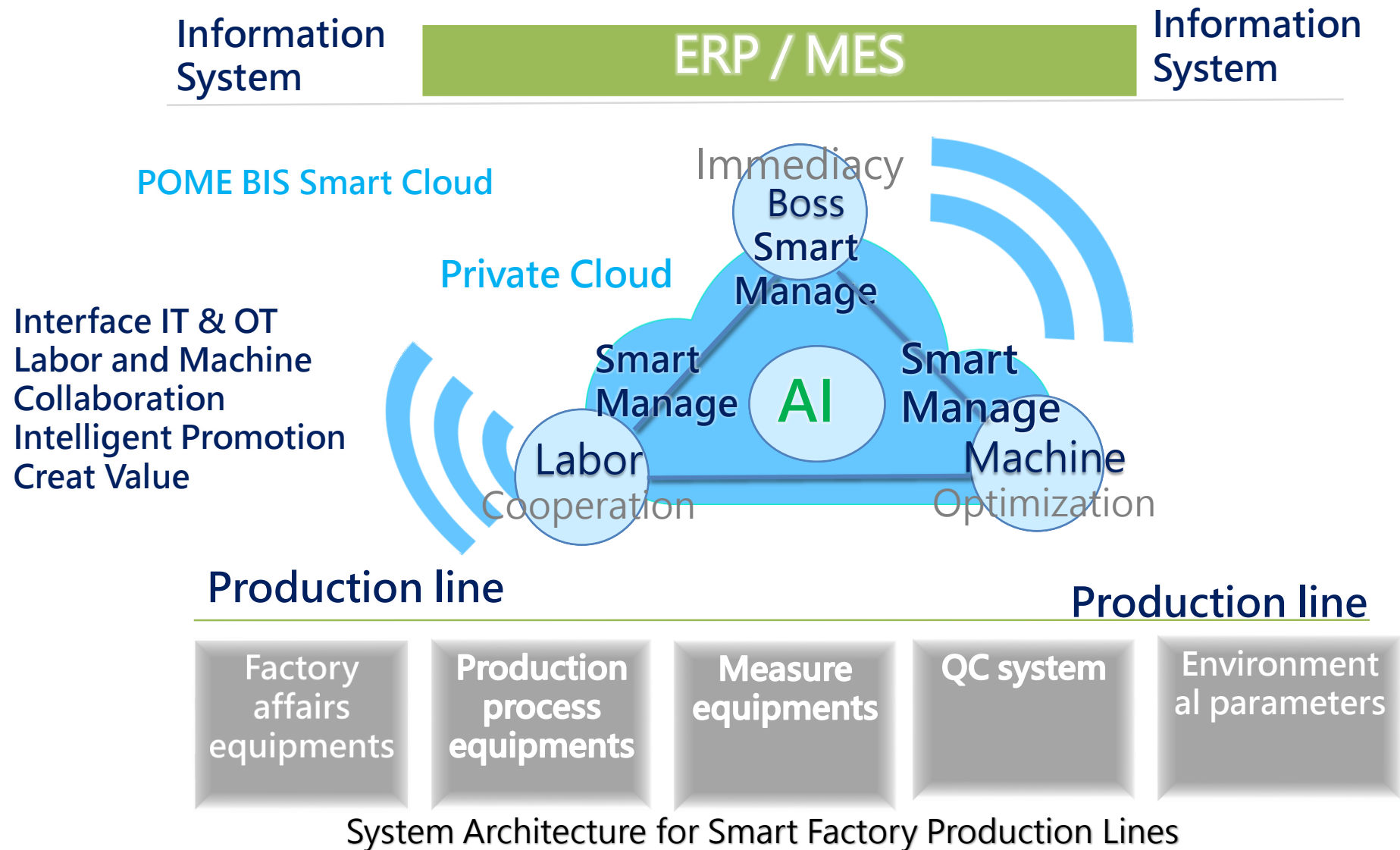
Structural design



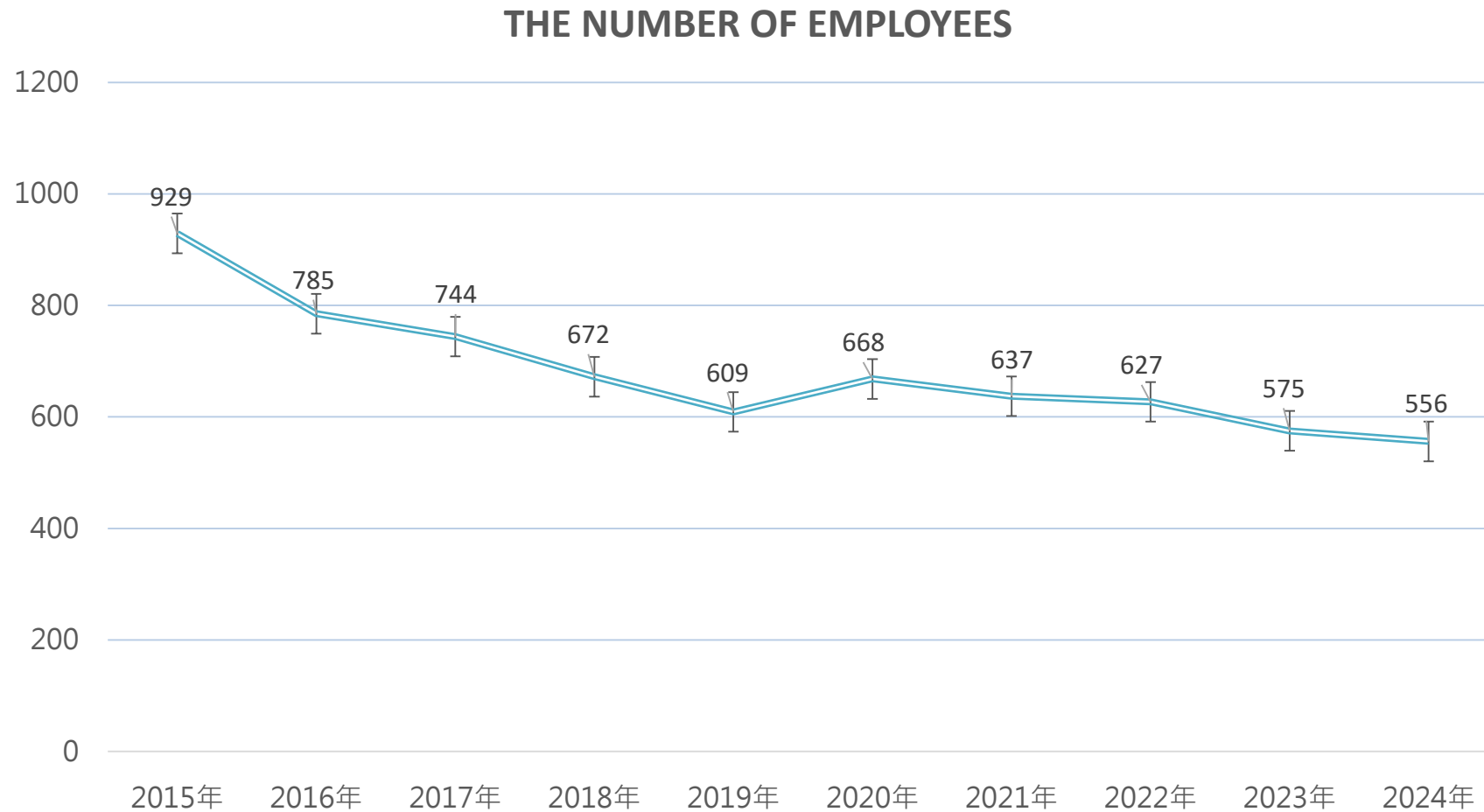
The analysis of moldflow



Anli-KY The competitive edge of automated manufacturing



The benefits of Automation



Anli-KY The main products for cooling-related

Notebook Computers

3C / Game console

Automobiles

5G Applications

Semiconductor Probe
Card Accessorie



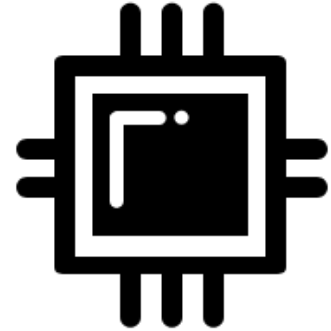
- Thermal Module Components
- Mechanical Components
- Rotational Shafts



- Automotive Optical Radar
- Automotive Mirrors
- Automotive Refrigerator Thermal Systems
- Automotive Central Control Panels
- Automotive Lighting Heat Dissipation
- Automotive Power Management Systems
- Automotive Hardware
- Automotive Shells



- 5G Base Stations
- Servers
- Smartphones
- Monitoring Devices



- Probe Card Precision Components Processing
- Probe Card Ceramic Drilling

Anli-KY The end customers / The direct customers

End
Customers



Direct
Customers



Geopolitical analysis

Geopolitical Impacts: Semiconductors Designated as National Strategic Industries Worldwide

Governments Accelerate Regional Semiconductor Supply Chain Development

EU Chips Act

Enhancing technological sovereignty to achieve a 20% share of the global market value by 2030..

❑ Total investment: **€43 billion**



Made in China 2025 + 14th Five-Year Plan (Phases 1 & 2)

Leveraging the domestic market to support semiconductor development, efforts are focused on enhancing self-reliance. Phase 2 of the National Fund strengthens core equipment R&D, while the 14th Five-Year Plan emphasizes the development of third-generation semiconductors. Chip self-sufficiency reached 40% in 2020 and is projected to reach 70% by 2025.

❑ Phase 1 of the National Fund:

130 billion RMB

❑ Phase 2 of the National Fund:

200 billion RMB

❑ Phase 3 of the National Fund:

300 billion RMB

Source: Compiled by MIC, April 2024



Semiconductor Superpower Strategy

Industry and government collaboration to establish a semiconductor superpower by 2030, creating the world's largest semiconductor supply chain and becoming the global leader in critical chip materials and equipment..

Investment of **510 trillion KRW** over the next 10 years.



Semiconductor and Digital Industry Strategy
Emergency Semiconductor Industry Strengthening Plan



Plans include subsidies for new wafer fabs, strengthening supply chain resilience, and advancing semiconductor R&D.

❑ Scale: Nearly **3 trillion JPY** in government subsidies.



5+2 Industrial Innovation and Six Core Strategic Industries: Semiconductor Innovation Program

❑ In March 2024, India announced three semiconductor investment plans with a total value of 1.25 trillion INR (approximately **15 billion USD**).

❑ This includes a wafer fab jointly developed by Tata Electronics and Powerchip, as well as two semiconductor packaging and testing plants, fully dedicated to building a semiconductor ecosystem.



Chips and Science Act

Provide subsidies for facility construction and tax incentives to establish advanced logic chip production capacity and a resilient supply chain.



❑ The total scale is \$52.7 billion, including \$39 billion for factory subsidies, \$11 billion for R&D grants, and \$2.7 billion for defense, technology security, and talent development.

❑ A 25% investment tax credit for capital expenditures on semiconductor manufacturing and related equipment.

- Risks such as the pandemic, trade wars, canal blockages, chip shortages, and natural disasters have highlighted the importance of **resilient supply chains**. Under geopolitical influences, **semiconductors** have been elevated to national **strategic industries** globally. Governments worldwide are implementing semiconductor policies to support **domestic** manufacturing and **enhance international collaboration** in the semiconductor sector.
- In addition to subsidies for **facilities and equipment and tax incentives**, investments in advanced semiconductor **technology R&D** remain a key focus for countries worldwide.

U.S. customers require Taiwan supply chain to diversify risks

Server : Supply chain capacity outside China is growing rapidly



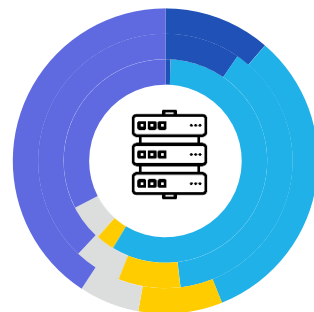
American cloud service providers such as Amazon, Microsoft, Google, and Meta were the first to require the splitting of their production lines due to accepting US government tenders. The boarding and assembly of the products they provide must be carried out in areas other than mainland China.



Server brand

U.S. server brands such as Dell, HPE, Supermicro, etc. require suppliers to develop non-Chinese production capacity to cope with the de-China demand of the U.S. market

Proportion of production bases in Taiwan' s server industry from 2018 to 2025



2018 2022 2025(f)

■ Taiwan ■ China ■ North America ■ Western Europe ■ Others

Based on proximity to the final market and tariff considerations, Mexico was chosen as the main assembly location; Southeast Asia, such as Thailand and Malaysia, has cost advantages.

NB : Supply chains move out of China in stages

After the US-China trade war

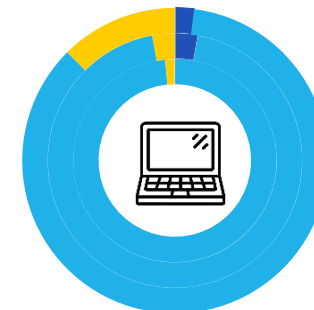
Since notebook are not listed as tariff-controlled items, only some product categories that have security concerns or are subject to U.S. government bids have been moved to Taiwan for production, but the overall proportion is still low.

Geographical disputes continue and the risk of supply chain disruption increases

American brand customers require ODM factories to disperse production bases

- Dell announced a phased "de-China" approach in March 2023
- Products sold to the U.S. market will be 100% produced in factories outside mainland China in 2027
- Phased out the purchase of products produced by mainland Chinese IC companies in domestic and overseas wafer fabs
- Apple will promote "Made in Vietnam" from 2022

Proportion of production bases in Taiwan' s notebook industry from 2018 to 2025



2018 2022 2025(f)

■ Taiwan ■ China ■ Others

Vietnam is the first choice of factory location due to cost and geographical location considerations; Mexico has become a secondary option for setting up production lines due to its proximity to the North American market.

Geopolitics affects customers' supply chain strategies, and manufacturers must adjust accordingly

American cloud service provider



focus

1

Require suppliers to develop non-Chinese production capacity and ensure that products are produced in non-Chinese regions

2

Focus on seizing U.S. cloud bids and assisting the U.S. government in building a government cloud

3

In response to increased market restrictions in Europe, it is urgent to cooperate with local companies

American server brand



focus

1

Set decentralization goals and slowly shift the supply chain

2

Change the past cooperation model with Chinese enterprises and release equity of Chinese investment companies

3

Set up assembly lines directly in the EU market and enter the manufacturing of supercomputers

Impact on Taiwan's industries :

- At the request of U.S.-based cloud service providers and server brands, Chinese foundries must accelerate the development of non-Mainland China production capacity to cope with the de-Chinese demand of the U.S. market. Returning to Taiwan to set up production lines, Central and South America and Southeast Asia have become the current important layout Target

Supply chain restructuring, from cost reduction to risk reduction



- After the U.S.-China tech war and Covid-19, major international manufacturers' thinking on production capacity layout has shifted from cost reduction to risk reduction.
- In the process of supply chain reorganization, semiconductors will be returned to the home country, and the rest will be produced in a decentralized model.

NB Analysis

Analysis of Factors Affecting 4Q24 NB Shipments - Supply Side

Impact Factor	Impact Item	Analysis	Impact on Shipments
Operating System	AI Application Introduction	Apple Intelligence launches macOS 15.1 officially, while Microsoft introduces Copilot Studio's self-developed agent functionality.	↑ ★ Generative AI applications may drive AI NB demand
Processor	New Processor Release	Qualcomm unveils Snapdragon X Plus for 8-core notebooks, and Apple launches new MacBook Pro with M4 Pro and M4 Max processors.	↑ ★ The release of new processors could drive demand for new NB models.
Memory/Storage	DDR5/SSD Pricing	DDR5 and SSD prices are expected to stabilize in Q4, shifting downward.	↑ ★ Lower DDR5 and SSD prices reduce NB costs, stimulating market demand.

Source: DIGITIMES Research, October 2024

This table is professionally translated and concise, suitable for formal use. Let me know if further refinements are needed!

Analysis of Factors Affecting 4Q24 NB Shipments - Demand Side

Impact Factor	Analysis	Impact on Shipments
Consumer Market	Consumer sentiment remains weak due to Middle East and Eastern European wars, as well as U.S. election uncertainties. Mature markets rely on established channels, but Q4 demand is expected to decline.	↓ ★★ Consumer device demand is expected to decrease by nearly 5%.
Business Market	Despite slight Q3 recovery, traditional IT investments in manpower and equipment remain stable. High prices for AI PCs with unclear demand impact refresh cycles.	↑ ★ Business NB shipments will grow by a low single-digit percentage compared to the previous quarter.
Education Market	North America education tenders remain subdued, while Japan's NEXT GIGA education initiative and emerging market tenders may contribute to shipment growth.	↑ ★ Education NB shipments will grow by a low single-digit percentage quarter-over-quarter.

Note: Impact on shipments refers to comparisons with the previous quarter. Down arrows indicate negative impact, stars indicate degree of impact.

Source: DIGITIMES Research, October 2024

Some mature market distributors have responded to rising NB shipment prices and freight costs by pulling in goods ahead of schedule in Q3, raising the shipment baseline for consumer devices during that period. Microsoft anticipates ending support for Windows 10 updates in November 2025. Historically, a large-scale refresh cycle for business devices would occur about one year prior; however, in 2024, corporate spending has been constrained by inflationary pressures and competing investments in AI, delaying the refresh cycle for business devices and simultaneously reducing demand for higher-spec models.

Analysis of Factors Influencing 4Q24 Notebook Shipments - Brand Trends

Brand	Analysis	Impact on Shipments
HP	In the fourth quarter, shipments of mid-to-high-end consumer notebooks are projected to experience a more significant decline. Meanwhile, shipments of commercial notebooks are also expected to decrease slightly. However, specific product categories, such as gaming and AI notebooks, are anticipated to demonstrate relatively stronger performance.	↓★★ Shipments are expected to decrease by approximately 650,000 units quarter-on-quarter..
Lenovo	In the fourth quarter, shipments in the European and American consumer markets are expected to weaken. However, the Chinese market will benefit from the "Double 11" shopping event, driving the activation of aggressive promotional strategies. Meanwhile, the Japanese NEXT GIGA education market will serve as a key focus for shipments in Q4.	↓★ Shipments are expected to decline by over 200,000 units quarter-on-quarter...
Dell	In the fourth quarter, shipments of commercial notebooks are expected to slightly outperform the previous quarter. However, shipments in the consumer market are anticipated to weaken compared to the prior quarter. Overall, the combined performance is projected to remain largely flat quarter-on-quarter.	Shipments are expected to remain flat compared to the previous quarter.
Apple	The new high-end MacBook Pro models equipped with M4, M4 Pro, and M4 Max chips feature significant hardware and software upgrades compared to the previous generation. Shipments in the fourth quarter are expected to see a notable quarter-on-quarter increase.	↑★ Shipments are expected to increase by more than 350,000 units quarter-on-quarter.
ASUS	In the third quarter, ASUS actively boosted shipments of gaming and budget consumer notebooks. However, with relatively higher channel inventory levels in the fourth quarter, shipment momentum is expected to slow down significantly.	↓★★ Shipments are expected to decrease by over 400,000 units quarter-on-quarter...
Acer	Due to early stockpiling by European and American channel customers in the third quarter, Acer is entering the fourth quarter with a relatively high base. Additionally, the fourth quarter coincides with the off-season for North American education tenders, which is expected to result in a significant decline in Acer's shipments.	↓★★ Shipments are expected to decline by more than 450,000 units quarter-on-quarter.
Huawei	In the third quarter, Huawei experienced a significant decline in shipments due to processor supply issues, resulting in a relatively low base. However, the fourth quarter is expected to see a rebound in shipments, driven by the "Double 11" online shopping festival in the Chinese market.	↑★ Shipments are expected to increase by over 200,000 units quarter-on-quarter..

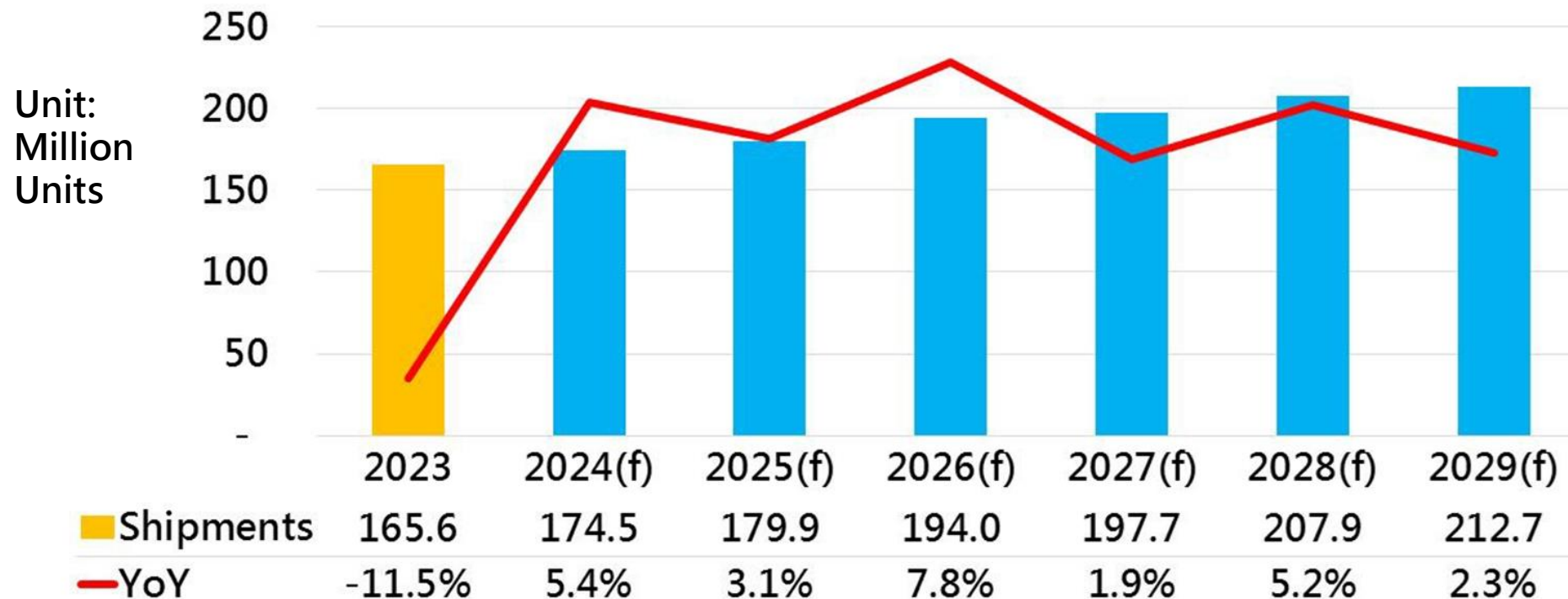
Note: The impact on shipments is measured in comparison to the previous quarter. ↓ indicates negative impact, ↑ indicates positive impact, and the more ★ symbols, the greater the level of impact.

Source: DIGITIMES Research, October 2024.

Apple is expected to be the only brand among the top six to achieve quarter-on-quarter shipment growth in Q4. This is attributed to the new M4 processor platform, which offers notable improvements in performance and cost-effectiveness compared to its predecessor, as well as its relatively more successful promotion of generative AI consumer applications compared to Microsoft's Copilot+ PC.

The global notebook shipment CAGR from 2024 to 2029 is projected to be 4%

Forecast of Global Notebook Shipments and Growth Rates for the Next 5 Years

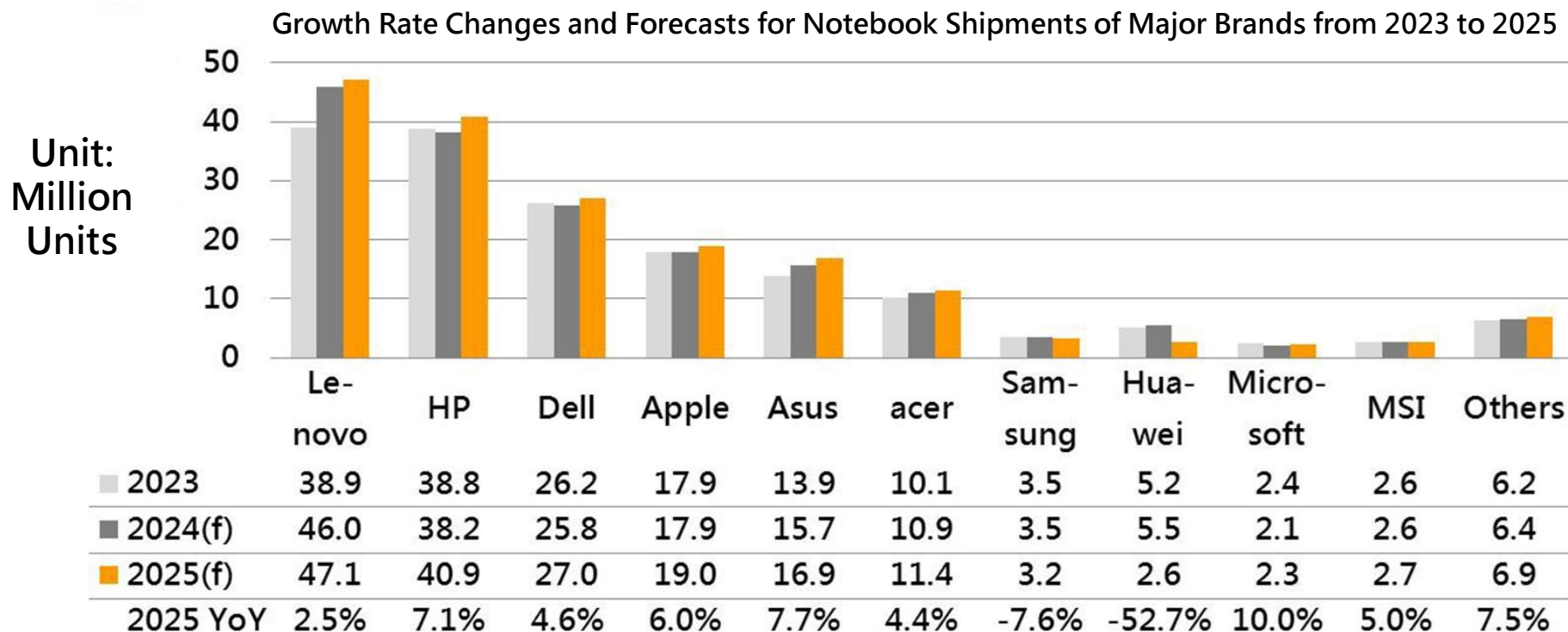


Note: DIGITIMES categorizes foldable devices as tablets; therefore, such products are not included in the notebook shipment statistics.

Source: DIGITIMES, November 2024.

Global notebook shipments in 2024 are expected to grow by 5.4% compared to 2023, marking the end of the downward market adjustments observed over the past two years in the post-pandemic era. The growth in 2024 will primarily come from the education market (19% growth) and the consumer market (5.2% growth). Key drivers include widespread device replacements in U.S. primary and secondary schools, strong demand for gaming notebooks, Apple's return to a growth trajectory, and brands' investments in AI notebooks, all contributing to a notable recovery. In 2025, global notebook shipments are anticipated to continue growing, albeit at a slower pace. Potential risks include a renewed focus on tariffs under the Trump administration in the U.S., leading to another wave of supply chain restructuring, as well as lingering inflationary pressures. These factors contribute to a less certain market outlook for 2025.

In 2025, ASUS, HP, and Apple are expected to demonstrate stronger shipment performance



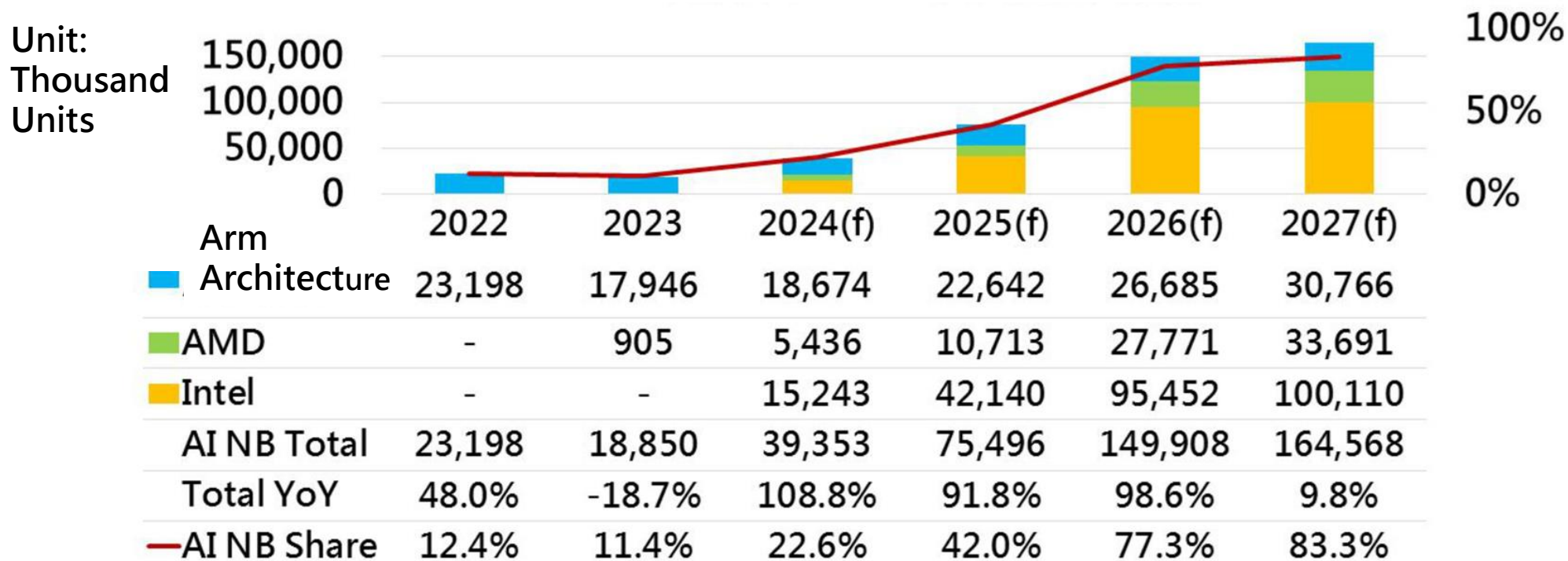
Note: Shipment volumes are based on combined estimates of shipments and sales.

Source: DIGITIMES, November 2024.

High-end consumer notebooks are expected to see more aggressive growth, **bolstered** by overseas supply chains that are now largely stabilized, mitigating the potential threat of increased U.S. tariffs on notebooks exported from China. Apple's shipments in 2025 are projected to grow by 6%. The MacBook Pro, launched in Q4 2024 with the M4 processor, has demonstrated superior performance compared to its predecessor. Simultaneously, the release of Apple Intelligence services has been well-received by the market, further boosting confidence in Apple's return to a growth trajectory in 2025. Additionally, the anticipated upgrade from M3 to M4 processors in MacBook Air models is expected to drive a new wave of growth momentum for Apple. Currently, macOS outperforms Windows and ChromeOS in generative AI applications, which is likely to attract more consumers. Huawei, on the other hand, is facing significant challenges due to a U.S. Department of Commerce ban that prohibits the procurement of Intel processors. As a result, Huawei's shipment volume in 2025 is expected to be halved.

The CAGR of AI Notebook shipments from 2024 to 2027 is projected to be 61.1%

Changes and Forecasts of AI Notebook Shipments Across Platforms from 2022 to 2027



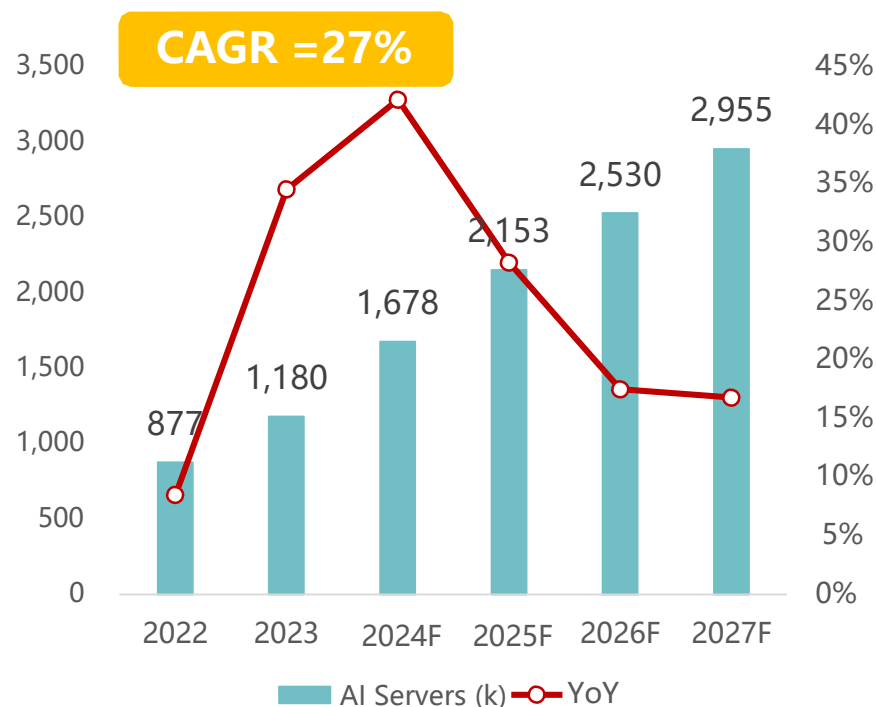
Source: DIGITIMES, November 2024.

AI notebook shipments are expected to maintain significant growth momentum in 2025 and 2026. In 2025, the primary growth driver will be Intel, as all mainstream Intel CPU platforms will feature NPU capabilities following the release of Meteor Lake. With the phasing out of Raptor Lake and Alder Lake, which lack NPU functionality, the proportion of AI notebooks within Intel's overall notebook shipments is expected to rise substantially. By 2026, AI notebooks are projected to account for 77.3% of total notebook shipments. However, with the penetration rate already at a high level, growth is anticipated to slow to 9.8% in 2027, while the overall penetration rate of AI notebooks is expected to surpass 80%.

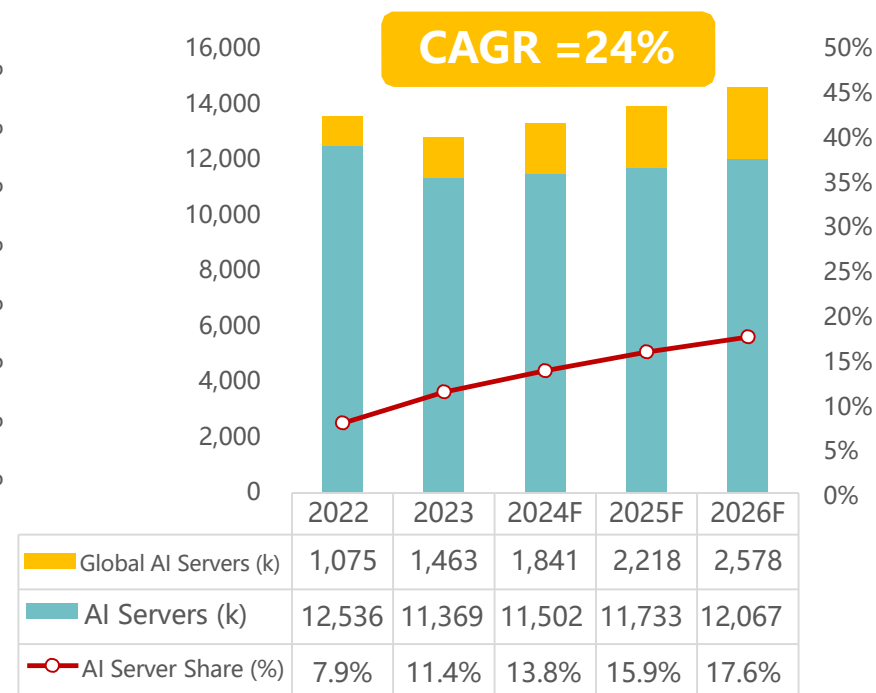
Server Analysis

Global AI server shipments are expected to exceed 2 million units in 2025

Estimated Global AI Server Shipments (Thousand Units)



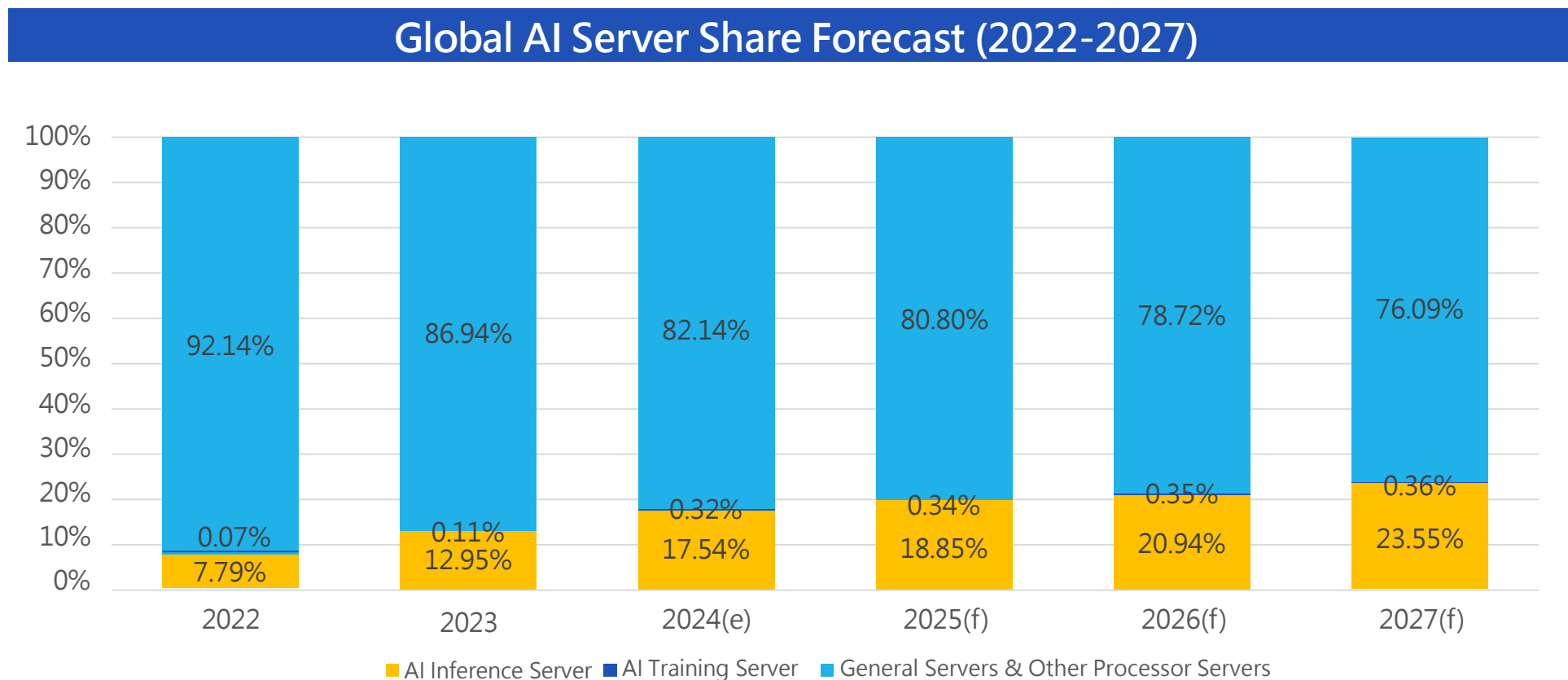
Source: TrendForce



Source: MIC

- In 2025, AI server shipments are projected to grow by over 20% year-on-year, reaching a scale of more than 2 million units. According to TrendForce, the compound annual growth rate (CAGR) of AI server shipments from 2022 to 2027 is estimated to reach 27%.

Global AI Server Share Forecast (2022-2027)

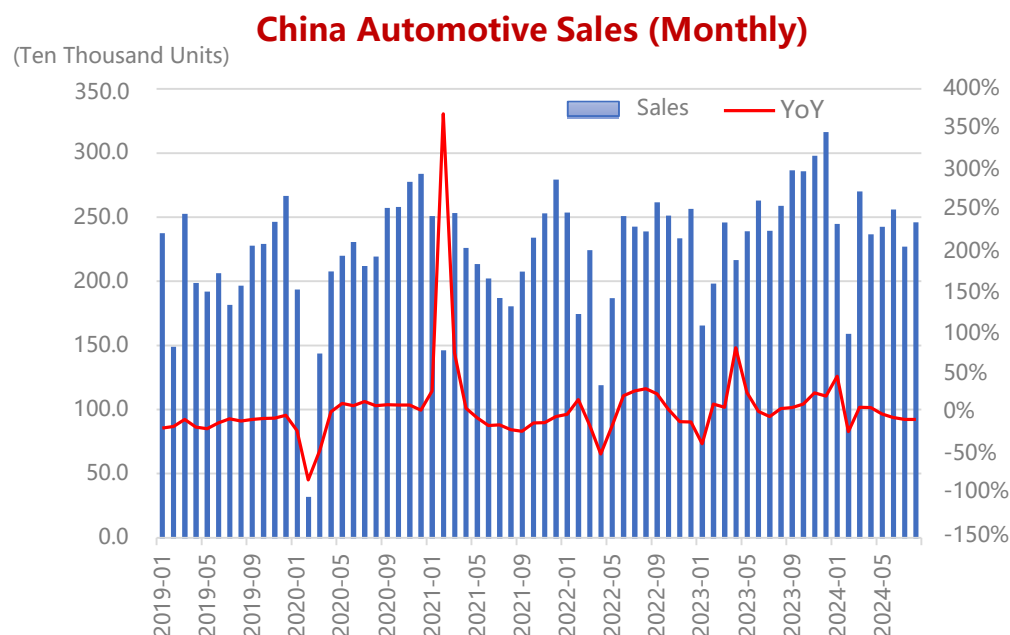


- Global AI Server Share Forecast for 2026 to Exceed 20%

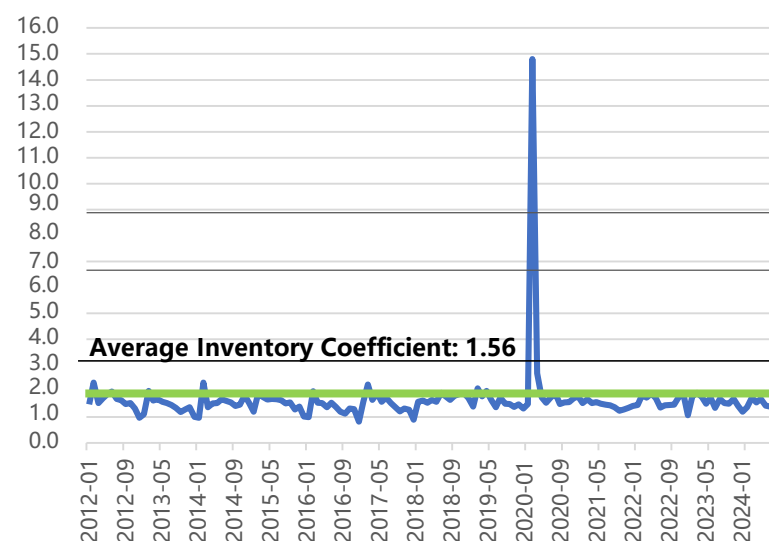
Analysis of China's New Energy Vehicles

China Increases Efforts in Trade-In Subsidies

- Entering the second half of 2024, the traditional peak season, the government has increased its trade-in subsidies for scrapped vehicles under the third-tier fuel standards. The subsidy for these vehicles has been raised from 10,000 RMB to 20,000 RMB. Additionally, a subsidy of 15,000 RMB is offered for the purchase of fuel vehicles with an engine displacement of 2.0 liters or below, strengthening the policy support.
- Excluding the outlier caused by the pandemic in February 2020, the average car inventory coefficient in China was 1.56. By August 2024, this value had dropped to 1.16, which is also below the breakeven point of 1.5, indicating that with healthy inventory levels, policy stimulus is expected to drive sales.



China Automotive Inventory Coefficient (Monthly)

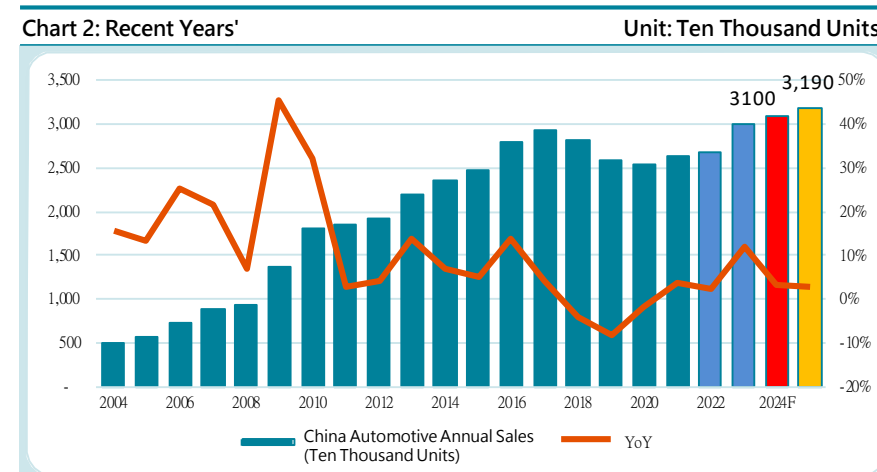


2025 China Automotive Market Outlook

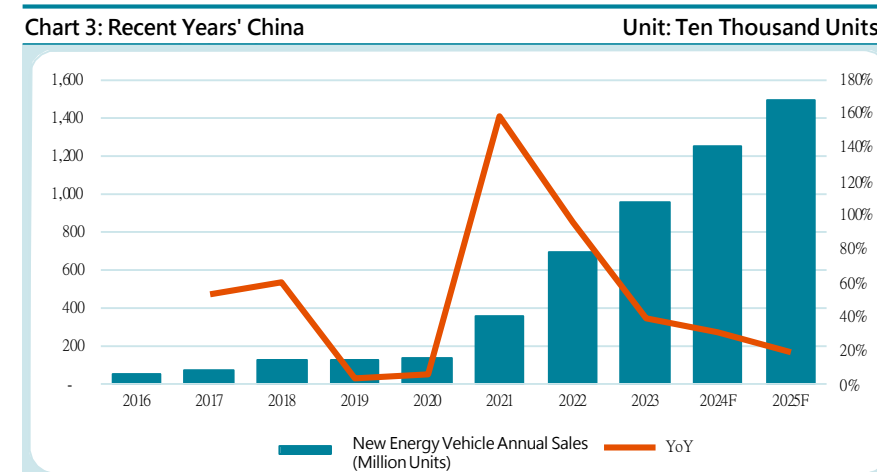
It is estimated that the Chinese automotive market will maintain low single-digit growth in 2025, with a focus on the growth potential of new energy vehicles. China is the largest automotive consumer market in the world, accounting for over 30% of global sales. Observing recent trends in China's automotive sales, the Chinese government introduced a market revitalization plan in 2023, including initiatives such as rural new energy vehicle programs and the "Hundred Cities, Joint Action" automobile festivals. In 2023, China's automotive sales reached 30.09 million units, showing a year-on-year growth of 12.0%, indicating a double-digit growth trend. Entering 2024, the effects of policy subsidies became apparent in the new energy vehicle sector. From January to October 2024, automotive sales reached 24.62 million units, with a year-on-year increase of 2.7%. The total sales for 2024 are expected to reach 31 million units, a year-on-year increase of 3.0%. Looking ahead to 2025, with the continuation of subsidy policies, it is forecasted that China's automotive sales will reach 31.9 million units, growing by 2.9% year-on-year, with continued attention on the growth of new energy vehicles.

New energy vehicle sales are a bright spot in the Chinese automotive market, with a forecasted double-digit growth rate to continue in 2025.

Looking at the sales of new energy vehicles in China, since 2021, sales have experienced significant growth due to policy subsidies. In 2021, sales reached 3.53 million units, with a year-on-year increase of 157%. From 2022 to 2023, the growth rate remained above 30%, with 2023 sales reaching 9.58 million units, approaching the 10 million unit mark. Entering 2024, with the rise of domestic brands like BYD, new energy vehicle sales from January to October 2024 reached 9.75 million units, a year-on-year increase of 33.9%. It is expected that sales of new energy vehicles in 2024 will reach 12.5 million units, with a year-on-year increase of 30.5%. Looking ahead to 2025, it is expected that China's automotive market policy subsidy plan will continue to focus on the development of new energy vehicles, with a forecasted growth rate of nearly 20% for new energy vehicle sales in 2025.



Source: CAAM, Fubon Securities Investment Advisory, compiled by

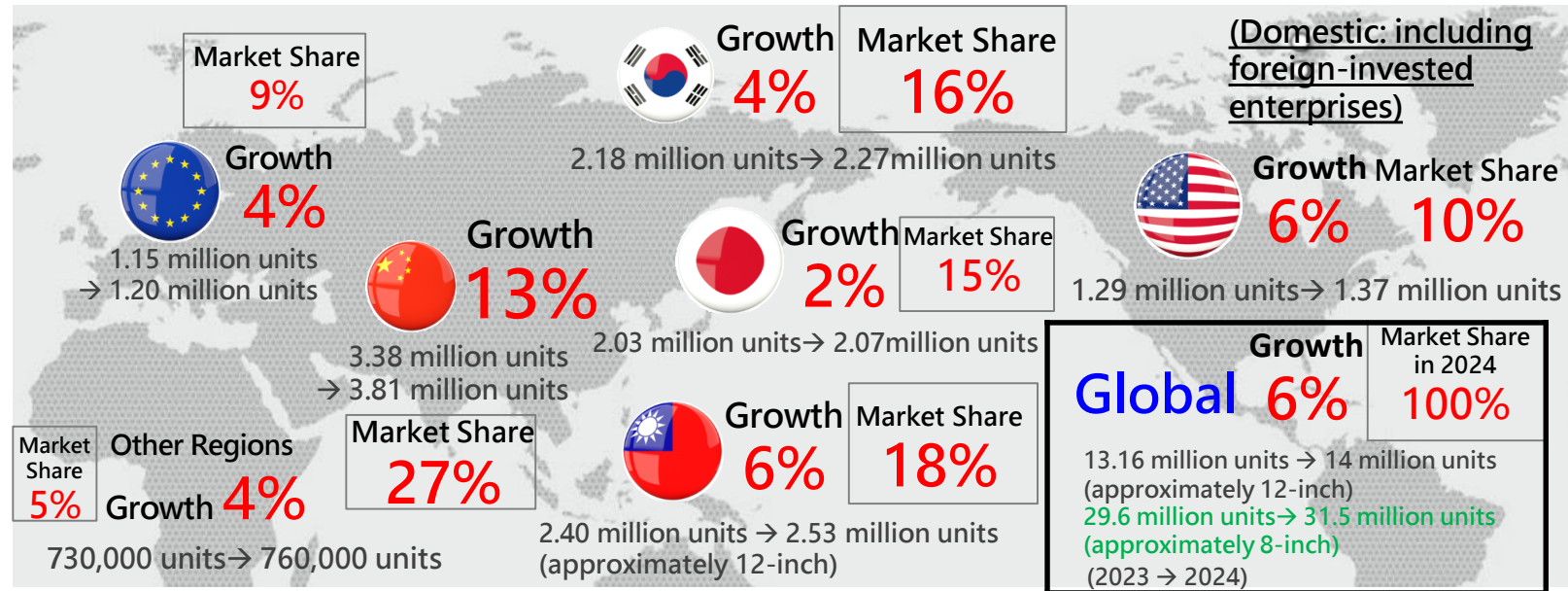


Source: OICA, Fubon Securities Investment Advisory, compiled by

Analysis of China's Semiconductor Industry

Global Semiconductor Production Capacity to Increase by 6% in 2024, Reaching a Record High

The recovery of end-user demand, along with the driving force of AI/HPC applications, and government incentive measures in various countries, will accelerate the expansion of global advanced process and wafer foundry production capacity.

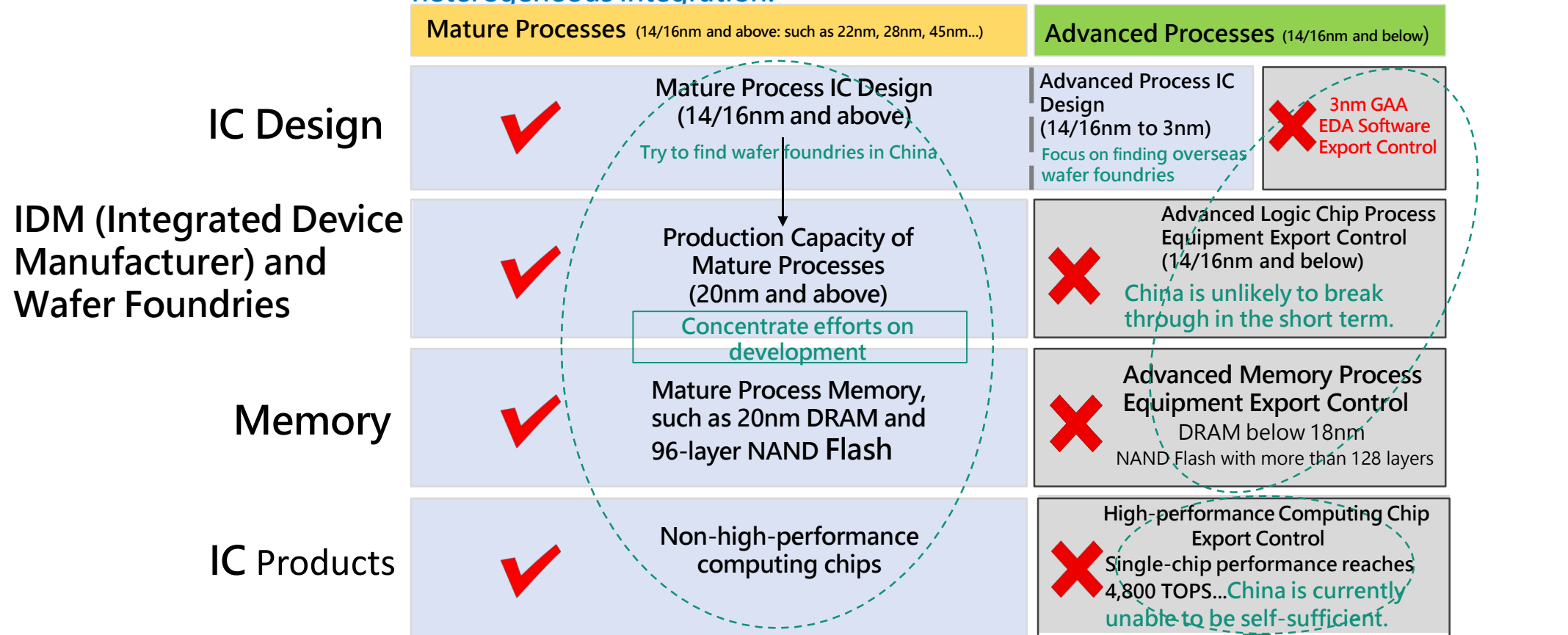


Source: Various Companies, SEMI, MIC, compiled in April 2024

- China **ranks first** in production capacity (accounting for 27%), mainly focused on **mature processes** below 8 inches, while advanced processes are primarily driven by memory **foreign companies**, such as Samsung and SK Hynix. In 2024, it is also the region with the fastest production capacity growth, with a growth rate of **13%**, making it number one.
- Taiwan **ranks second** (accounting for 18%): Its advanced processes are primarily driven by **wafer foundries**, with a production capacity expansion rate of **6%** in 2024.
- South Korea **ranks third** (accounting for 16%): Its advanced processes are primarily focused on **memory**, such as DRAM and NAND Flash, followed by **wafer foundries**. The production capacity expansion rate in 2024 is **4%**.
- Japan **ranks fourth** (accounting for 15%): It has a high proportion of **mature processes** and **OSD**. The production capacity expansion rate in 2024 is expected to slow down to **2%**.
- The Americas **ranks fifth** (accounting for 10%): It has a high proportion of mature processes, with a production capacity expansion rate of **6%** in 2024.
- Europe **ranks sixth** (accounting for 9%): It has a high proportion of **mature processes** and **OSD**, with a production capacity expansion rate of **4%** in 2024, expected to slow down.

China's advanced processes are restricted, making it unable to be self-sufficient, and a breakthrough is unlikely in the short term.

China is expected to focus on investing in mature processes, specialty processes, and heterogeneous integration.



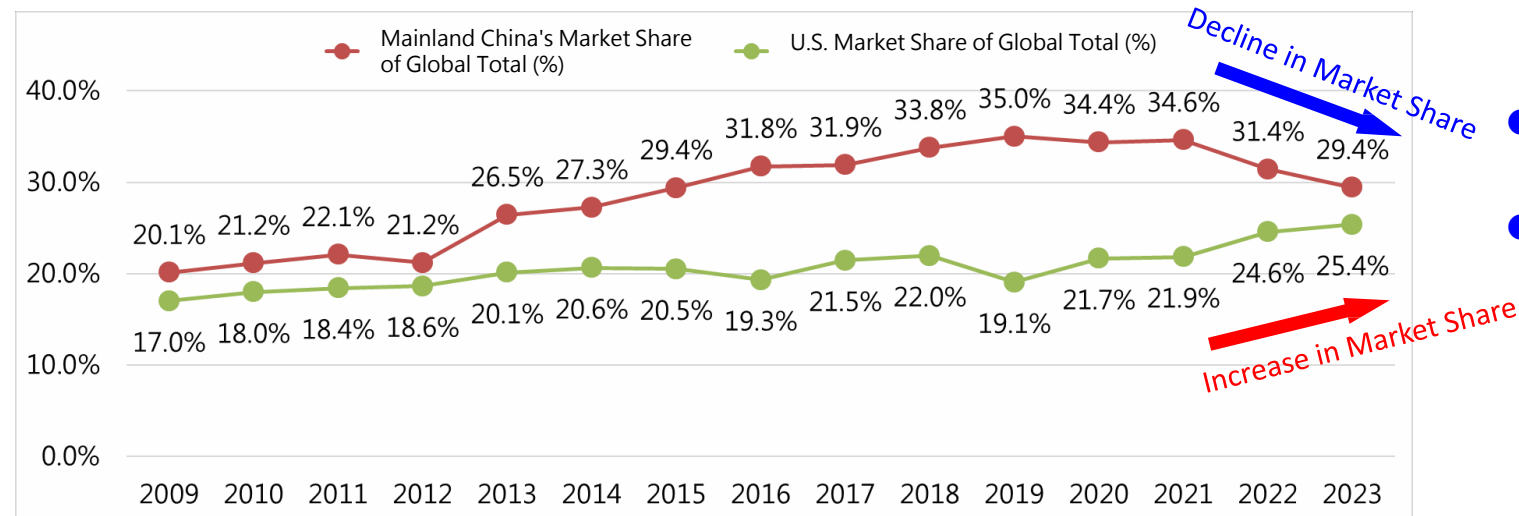
Source: MIC, April 2024

- In the short term, concerns over export controls have led major international IC design companies to shift orders to Taiwan.
- Mainland China is focusing on investing in mature processes and may become a global competitor in 3 to 5 years.
- December 2023: The United States announced the initiation of an investigation into the semiconductor supply chain for mature process nodes, targeting China's semiconductor industry.

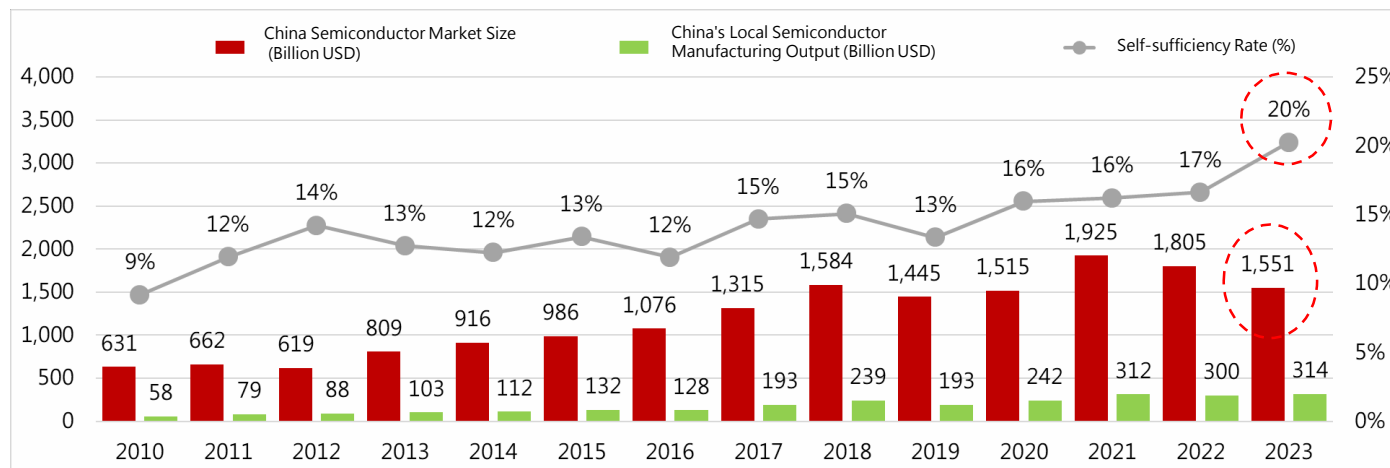
- Under the equipment import ban, mainland China's production capacity is limited, and a breakthrough is unlikely in the short term.

Under the U.S.-China confrontation, China's share of the IC market has declined, while the U.S. market share has increased.

China's semiconductor market self-sufficiency rate remains low (20%), relying on imports from abroad, and the business opportunities should not be overlooked.



- China +1 Trend Long-term Impact
- Impact of U.S. Export Ban



Self-sufficiency rate remains low

- The business opportunities in the Chinese market should not be overlooked.
= Domestic demand support + In-house assembly base
- Maximizing benefits within the legal framework by companies from various countries.

China aims to build a complete semiconductor industry supply chain, with policies supporting semiconductor independent innovation and the progress of forward-looking projects.

China's Five-Year Plan	Key Policies	IC Manufacturing	IC Design	Assembly and Testing (or Packaging and Testing)	Equipment	Materials
12th Five-Year Plan	Outline for the Development and Advancement of the National Integrated Circuit Industry	★★★★	★★★★	★★	★	★
	Phase I of the National Integrated Circuit Industry Investment Fund	★★★★	★★	★★	★	★
	Made in China 2025	Set the semiconductor industry to achieve a 70% self-sufficiency rate by 2025, and 80% by 2030.				
13th Five-Year Plan	13th Five-Year Plan for the Development of Strategic Emerging Industries	16/14nm Mass Production	Cloud Computing	Technology on par with major industry players		
	Phase II of the National Integrated Circuit Industry Investment Fund	★★★★	★★	★★	★★	★★
	State Council Document No. 8	Policies and measures related to tax incentives, investment and financing support, technology research and development, imports and exports, talent cultivation, intellectual property protection, market applications, and international cooperation				
14th Five-Year Plan	Strategic Focus for the Semiconductor Industry in the 14th Five-Year Plan	Breakthroughs in advanced manufacturing technology and specialty processes	Domestic design tools	Advanced packaging technology	Lithography equipment	High-purity target materials
	Phase III of the National Integrated Circuit Industry Investment Fund	★★★★	★★★★	★★	★★★★	★★

Note: Indicates the industry category and the strong policy alignment with this research, as well as the capital investment focus.

Source: China National Academy of Governance, DIGITIMES Research, compiled in April 2024.

The "Big Fund" has played a crucial role in driving the development of China's semiconductor industry, enabling China to gradually demonstrate international competitiveness in IC design. In areas such as memory and wafer foundry, China continues to catch up with international manufacturing technologies, while IC packaging and testing has strengthened its industry development capability through multiple acquisitions. The "Made in China 2025" initiative promotes China's semiconductor industry development strategy, which has become a key concern for European and American countries.

Policy support, a large domestic demand, and emerging applications contribute to the advancement of China's semiconductor industry self-sufficiency.

Impact Scope	Factors Affecting the Self-sufficiency Development of China's Semiconductor Industry	Impact Level
Policy Aspect	U.S. chip and manufacturing equipment export controls and sanctions targeting specific Chinese semiconductor companies.	-
	China's semiconductor industry self-sufficiency strategy and national fund support.	++
Demand Side	The Internet of Things, automotive chips, and green energy will drive the demand for power semiconductors.	++
	The rapid development of data centers, AI, autonomous driving, and other applications will lead to an increase in memory and HBM demand.	+
Supply Side	The expansion of wafer fab production capacity and the gradual improvement of process technologies by industry players.	++
	The technological advancements of domestic Chinese packaging and testing companies.	+

Note: "+" indicates positive impact, "-" indicates negative impact, with the quantity and degree of impact proportional to each other.
Source: DIGITMES Research, April 2024

Anli-KY Financial Analysis

Anli-KY Operation Overview – Consolidated Statements of comprehensive income

Unit:NTD/Thousands

Item	2024Q3	2023	2022	2021
OPERATING REVENUE	1,174,547	1,525,203	2,059,560	2,275,541
GROSS PROFIT	214,295	313,154	531,467	625,473
Gross margin(%)	18%	20%	26%	28%
PROFIT/(LOSS) FROM OPERATIONS	(3,506)	(6,868)	194,481	287,042
Operating profit margin(%)	-	(1%)	10%	13%
NET PROFIT/(LOSS) FOR THE YEAR OPERATIONS	(23,194)	(3,700)	195,968	231,168
EPS(Dollars)	(0.52)	(0.08)	4.40	5.22

Anli-KY Operation Overview - Consolidated Balance sheets

Unit:NTD/Thousands

	2024	2023	2022	2021	2020
	Sep.30	Dec.31	Dec.31	Dec.31	Dec.31
Total current assets	1,436,459	1,326,863	2,052,413	2,581,059	1,983,009
Total non-current assets	1,944,957	1,792,405	1,523,318	1,181,206	1,184,942
TOTAL ASSETS	3,381,416	3,119,268	3,575,731	3,762,265	3,167,951
Total current liabilities	1,067,543	872,688	1,179,977	1,173,203	695,902
Total non-current liabilities	322,615	321,459	342,698	637,366	713,943
Total liabilities	1,390,158	1,194,147	1,522,675	1,810,569	1,409,845
Total equity	1,991,258	1,925,121	2,053,056	1,951,696	1,758,106
TOTAL LIABILITIES AND EQUITY	3,381,416	3,119,268	3,575,731	3,762,265	3,167,951
The Net Asset Value of Each Share(Dollars)	44.70	43.21	46.08	43.81	40.65

Anli-KY Operation Overview -Simple Balance sheets

Unit:NTD/Thousands

Item	September 30, 2024	December 31, 2023	Amount difference	
			Amount	%
Current assets				
Cash and cash equivalents	307,801	336,504	(28,703)	(8.53)
Financial assets	92,591	26,016	66,575	255.90
Accounts receivable	773,261	743,447	29,814	4.01
Inventories	146,531	129,779	16,752	12.91
Other current assets	116,275	91,117	25,158	27.61
Total current assets	1,436,459	1,326,863	109,596	8.26
Non-current assets				
Financial assets	96,284	139,643	(43,359)	(31.05)
Property, plant and equipment	1,551,645	1,352,538	199,107	14.72
Other Non-current assets	297,028	300,224	(3,196)	(1.06)
Total non-current assets	1,944,957	1,792,405	152,552	8.51
Total assets	3,381,416	3,119,268	262,148	8.40
Current liabilities				
Short-term borrowings	541,143	416,078	125,065	30.06
Accounts payable	120,490	101,676	18,814	18.50
Other current liabilities	405,910	354,934	50,976	14.36
Total current liabilities	1,067,543	872,688	194,855	22.33
Non-current liabilities				
Bonds payable	-	-	-	-
Other Non-current liabilities	322,615	321,459	1,156	0.36
Total non-current liabilities	322,615	321,459	1,156	0.36
Total liabilities	1,390,158	1,194,147	196,011	16.41
Total equity	1,991,258	1,925,121	66,137	3.44
Total liabilities and equity	3,381,416	3,119,268	262,148	8.40

Anli-KY Financial Ratio Analysis

	Analysis Items	2024Q3	2023	2022	2021	2020	2019	2018	2017
Finance Structure	Debt to assets ratio(%)	41.11	32.28	42.58	48.12	44.50	37.65	39.96	41.22
Profitability	ROE(%)	(1.18)	(0.18)	9.78	15.28	17.38	10.28	13.05	6.98
	Net profit rate(%)	(1.97)	(0.24)	9.52	10.16	13.66	10.47	11.86	6.19
	Earnings per share (NTD)	(0.52)	(0.08)	4.40	5.22	6.56	3.57	4.40	2.25

Anli-KY Revenue breakdown

Unit:NTD/Thousands

Application Categories	Q3'24		Q2'24		QoQ		Q3'23		YOY	
Computer Components	368,838	77.63%	295,349	78.53%	73,489	24.88%	302,355	70.14%	66,483	21.99%
Servers / Gaming Consoles	20,780	4.37%	19,745	5.25%	1,035	5.24%	50,103	11.62%	(29,323)	(58.53%)
Handheld Devices	6,122	1.29%	1,977	0.53%	4,145	209.66%	3,943	0.91%	2,179	55.26%
Consumer Electronics and Accessories	9,272	1.95%	3,801	1.01%	5,471	143.94%	8,560	1.99%	712	8.32%
Automotive Accessories	36,673	7.72%	26,207	6.97%	10,466	39.94%	38,905	9.03%	(2,232)	(5.74%)
Communication Equipment Accessories	14,340	3.02%	13,348	3.55%	992	7.43%	7,176	1.66%	7,164	99.83%
Semiconductors	4,227	0.89%	2,759	0.73%	1,468	53.21%	-	-	4,227	-
Others	14,872	3.13%	12,896	3.43%	1,976	15.32%	20,033	4.65%	(5,161)	(25.76%)
Total	475,124	100.0%	376,082	100%	99,042	26.34%	431,075	100.0%	44,049	10.22%

Anli-KY Changes in Inventory Allowance for Impairment Losses

Unit:NTD/Thousands

Item	Inventories		Allowance for Impairment	Allowance for Impairment %	Net Amount
	Amount	%			
	(A)		(B)	(B)/(A)	
September 30, 2024					
Finished Goods	19,508	10.71	3,090	15.84%	16,418
Work in Progress	62,448	34.28	8,830	14.14%	53,618
Raw Materials	100,192	55.01	23,697	23.65%	76,495
Total	182,148	100.00	35,617	19.55%	146,531
December 31, 2023					
Finished Goods	19,873	12.15	4,268	21.48%	15,605
Work in Progress	46,844	28.64	8,559	18.27%	38,285
Raw Materials	96,847	59.21	20,958	21.64%	75,889
Total	163,564	100.00	33,785	20.66%	129,779
Change Amount	18,584		1,832		16,752

Note: The inventory turnover rates as of December 31, 2023, and September 30, 2024, are 8.81 and 9.27, respectively (industry average for 2023 was 6.20).

Anli-KY Real Estate/Plant/Equipment Change Schedule

Unit:NTD/Thousands

Category	2024 (F)	2023.12.31	Additions in 2024	%
Land	42,672	42,672	-	
Buildings	968,980	249,669	719,311	288%
Machinery and Equipment	444,452	377,540	66,912	18%
Other Equipment	27,446	27,446	-	0%
Construction in Progress	78,808	655,211	(576,403)	(88%)
Total Cost	1,562,358	1,352,538	209,820	16%

Anli-KY Real Estate/Plant/Equipment Depreciation Analysis

Unit:NTD/Thousands

Category	2024 (F)	2023.12.31	Additions in 2024	%
Building Depreciation	68,564	14,223	54,341	382.06%
Machinery and Equipment Depreciation	59,798	79,238	(19,440)	(24.53%)
Other Depreciation	14,448	18,504	(4,056)	(21.92%)
Total Depreciation	142,810	111,965	30,845	27.55%

- **Explanation:**
For 2024, capital expenditures are projected to be 200 million, with depreciation expenses expected to be 140 million.
- For 2025, capital expenditures are projected to be 100 million, with depreciation expenses expected to be 150 million.

Q&A