



ASC

ALLIED SUPREME CORP.

Stock Code : 4770



2023 Annual Report

Published on April 14, 2024

The contents of this Annual Report and related information of the Company can be accessed on the following website

Market Observation Post System (MOPS) website: <http://mops.twse.com.tw>

The Company's website: www.alliedsupreme.com.tw

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Allied Supreme Corporation

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I. Spokesperson and acting spokesperson of the Company

Spokesperson: Li, Yuan-Chung	Deputy spokesperson: Liu, Yen-Chih
Title: Chief Executive Officer	Title: Chief Finance Officer
TEL: (04)758-2827	TEL: (04)758-2827
EMAIL: ir@alliedsupreme.com	EMAIL: ir@alliedsupreme.com

II. Address and phone number of head office, branch, and plant

H head office address: 4th Floor, No. 12 Minzu East Road, Yuanshanli, Zhongshan District, Taipei City

TEL:(02)2597-6222

Plant address: No. 20, Gongnan 2nd Road, Xixiang Line, Changhua County Line

TEL:(04)758-2827

III. Stock transfer agency

Name: Stock Affairs Agency, Yuanta Securities Co., Ltd.

Address: Ground Floor, No. 210, Section 3, Chengde Road, Datong District, Taipei City

Website:<http://www.yuanta.com.tw>

TEL:(02)2586-5859

IV. Attesting CPAs of the financial statements for the most recent year

CPA names: Chen, Wen-Hsiang and Liu, Shu-Lin

CPA firm: Deloitte Taiwan

Address: 20th Floor, No. 100, Songren Road, Xinyi District, Taipei City

Website:<http://www.deloitte.com.tw>

TEL:(02)2725-9988

V. The name of any exchanges where the Company's securities are listed offshore and the method by which to access information on the offshore securities: None

VI. Company website: <http://www.alliedsupreme.com/>

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One. Letter to Shareholders

I. Pre-word

Dear shareholders,

Reviewing the fiscal year 2023, the semiconductor industry faced various challenges such as destocking of global terminal electronic consumer goods, downward revision of semiconductor equipment capital expenditures, and deferred factory construction progress. Consequently, the overall demand in the semiconductor industry was relatively flat compared to previous years. Additionally, factors like the Sino-US trade tensions, equipment bans, and chip legislation had profound impacts, causing rapid fluctuations in semiconductor industry development across the globe. In such a fast-paced environment, companies needed to adapt swiftly, adjusting their strategies and layouts accordingly.

Therefore, at the end of the fiscal year 2022, we timely increased the production capacity of its Chinese factories, coinciding with the market demand in China last year and compensating for the reduced momentum in other regions.

In summary, despite a slight decrease in revenue, we managed to deliver a satisfactory performance last year. Its full-year revenue for the fiscal year 2023 reached NT\$5.692 billion, operating profit was NT\$2.003 billion, net profit after tax stood at NT\$1.683 billion, and consolidated earnings per share were NT\$21.22.

II. Business Report

(I) 2023 Operation Results

1. Implementation Results of Business Plan

In the fiscal year 2023, the consolidated net revenue amounted to NT\$5.692 billion, showing a decrease of NT\$446 million or 7.3% compared to NT\$6.138 billion in the fiscal year 2022.

The consolidated net profit after tax for the fiscal year 2023 was NT\$1.683 billion, which decreased by NT\$93 million or 5.2% compared to NT\$1.776 billion in the fiscal year 2022. The basic earnings per share after tax for the fiscal year 2023 were NT\$21.22.

2. Budget Implementation Status

The Company did not disclose its financial forecast for 2023, therefore, there is no need to disclose the budget implementation status.

3. Research and Development

In addition to the manufacturing of existing products, we also focus on the sustainable development of the Company, and believe that technology and persistence are the fundamentals of success. We continue to allocate 2~5% of our annual revenue for research and development, focusing on the following three aspects:

- (1) Continue to invest in manufacturing and the acquisition of design patents and the introduction of automated production.
- (2) Collaborate with fluorine raw material suppliers to improve existing raw materials and develop new higher-end raw materials to meet the needs of advanced semiconductor processes, allowing for the mutual growth of ASC and our suppliers and customers.
- (3) Reuse recycled fluorine materials to reduce the damage to the global environment.

(II) Outline of 2024 Business Plan

1. Management approaches and important policies

- (1) Accelerate the development and application of new products.
- (2) Undergo plant expansion and add equipment to meet new orders.
- (3) Improve manufacturing processes to enhance operating efficiency.
- (4) Provide training and education to staff to improve product quality.
- (5) Improve customer service to meet customer needs.

2. Business expectation and important production and sales policies

In response to our clients' international deployment, our company has strengthened its marketing strategies for overseas customers, hoping to leverage our excellent industry track record to establish mutually beneficial partnerships with our customers and develop new markets and clients.

(III) Impacts of future development strategies, external competitive environment, legal environment and overall business environment

In response to the development of our customers' industries, adjust our two production bases in Taiwan and China in a timely manner, expand our plants and add equipment in response to customers' needs, improve our manufacturing processes to enhance efficiency and strengthen our competitive edge and aim to achieve growth in both revenue and profitability.

Finally, we sincerely thank our shareholders for their continuous support and affirmation. We will continue to adhere to corporate governance principles, implement corporate social responsibility, enhance employee professionalism, and improve company performance. Our goal is to ensure sustainable operation and continuous growth, creating even more fruitful and steady business results to reciprocate the support of our customers, shareholders, and employees over the years, and to create more value for all stakeholders involved.

We wish you all good health, peace and prosperity

Chairperson: Hou, Chia-Sheng

Two. Company profile

I. Date of Establishment : October 19, 1981

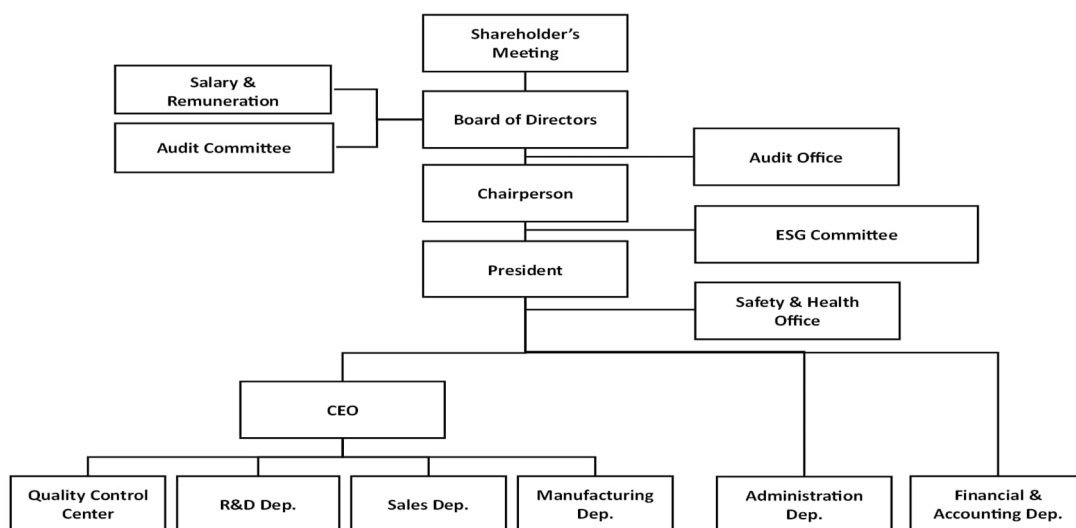
II. Organization and operations

Year	Important Events
1981	Founded as Allied Supreme Special Coatings Corp.
1981	<ul style="list-style-type: none"> ● Taoyuan Plant was established. ● Obtained the only DuPont Teflon Coating LIA certification in Asia.
1986	Obtained the distributorship of CHEMFAB (USA).
1995	Changed the company name to “Allied Supreme Corporation”
2000	<ul style="list-style-type: none"> ● The construction of Zhangbin A1 Head Plant in the Zhangbin Industrial Park was completed. ● Started production of electronic-grade lining equipment to supply domestic semiconductor/panel manufacturing. ● Developed PTFE sheets and ISO STATIC high functional LINER production technology, becoming one of the few manufacturers in the world that can produce fluorine materials.
2001	<ul style="list-style-type: none"> ● Obtained FM 4922 and ISO 9002 certification. ● Developed as well as produced M-PTFE GBK sheets and ETFE rotational molded pipe fittings. ● Opened the field of CDS (Chemical Supply System) design and started the construction of a new plant for the electronics industry.
2002	Started mass production of extruded PVDF tubes for pure water.
2003	<ul style="list-style-type: none"> ● Started mass production of 1.2m TEFPASS@Sheet/GBK sheets. ● Started mass production of extruded 6" tubes (PFA and PVDF), with the largest diameter in the industry and obtained ISO 9001-2000 certification.
2006	<ul style="list-style-type: none"> ● Built Zhangbin A2 Plant in the Zhangbin Industrial Park to expand the production capacity of PFA lining fitting pipes
2007	<ul style="list-style-type: none"> ● Established a subsidiary in Jiaxing, Zhejiang, China. ● Started mass production of 2.0m TEFPASS@Sheet/GBK sheets.
2019	<ul style="list-style-type: none"> ● The U.S. subsidiary Aston Fluorotech Corp. (AFTC) was established. ● Started the new construction of Zhangbin A3 Plant in the Zhangbin Industrial Park.
2020	<ul style="list-style-type: none"> ● Taipei Exchange approved the Company’s public offering. ● Taipei Exchange approved the Company’s stock to be listed and traded on the Emerging Market.
2021	<ul style="list-style-type: none"> ● The construction of Zhangbin Plant A3 in the Zhangbin Industrial Park was completed. ● Employees' stock options were exchanged for new shares of NT\$5,050 thousand and the paid-in capital increased to NT\$693,050 thousand. ● Cash capital increase of NT\$92,400 thousand was processed and the paid-in capital increased to NT\$785,450 thousand. ● The Company’s stock was listed on the Taiwan Stock Exchange
2022	<ul style="list-style-type: none"> ● Employees' stock options were exchanged for new shares of NT\$4,830 thousand and the paid-in capital increased to NT\$790,280 thousand.
2023	<ul style="list-style-type: none"> ● Employees' stock options were exchanged for new shares of NT\$7,350 thousand and the paid-in capital increased to NT\$797,630 thousand. ● Awarded 2023 the 7th Taiwan Mittelstand Award. ● Awarded 2023 the 8th National Industry Innovation Award. ● Honored with the Happiness Enterprise Gold Award by the Personnel Recruitment Website.

Three. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Businesses of each major department

Department	Major responsibilities
Auditing Office	<ul style="list-style-type: none"> ● Measure the effectiveness and efficiency of operations, and provide timely suggestions for improvement. ● Ensure that the internal control system is continuously and effectively implemented.
ESG Committee	<ul style="list-style-type: none"> ● According to international sustainable trends, promote the implementation of sustainable business operations within the company. ● To integrate the management operations of ESG and GHG.
Safety & Health Office	<ul style="list-style-type: none"> ● Plan and promote safety and health management matters, and provide guidance for relevant departments to implement. ● Supervise the implementation of occupational safety and health matters.
R&D Department	<ul style="list-style-type: none"> ● Formulate annual product development plans. ● New product material formulation development ● Existing or new product process technology development and enhancement
Manufacturing Department	Product manufacturing and production improvement plans <ul style="list-style-type: none"> ● Improve production efficiency and stabilize quality.
Sales Department	<ul style="list-style-type: none"> ● Develop global markets to achieve the business goals set by the Company. ● Market intelligence collection and competitive analysis report.
Administrative Department	<ul style="list-style-type: none"> ● Ensure the effective use of company's human resources. ● Management and maintenance of company's information security. ● Establish purchasing plans and supplier management.
Financial and Accounting Department	<ul style="list-style-type: none"> ● Manage the review and supervision of the Company's financial, accounting, tax and cost operations. ● Manage the use of long-term and short-term funds, and handle payments and receipts.

II. Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

(I) Information on Directors

April 1, 2024; Unit: Shares; %

Title	Nationality or Place of Origin	Name	Gender Age	Date of Election	Term Years	Date of Initial Election	Shareholding when elected		Current Shareholding		Shareholding of spouse and minor children		Shareholding by Nominee arrangement		Key Work and Academic Experience	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman (Note9)	Taiwan, R.O.C	Hou, Chia-Sheng	Male 66~70 years old	May 31, 2022	3	Nov 30, 1994	2,722,840	3.47	2,827,840	3.54	—	—	—	—	<ul style="list-style-type: none"> ➤ Department of Mechanical Engineering, National Taipei Institute of Technology ➤ President of ASC 	Note 1	—	—	—
Director	Taiwan, R.O.C	Hsieh, Sheng-Kuo	Male 71~75 years old	May 31, 2022	3	Nov 30, 1994	4,769,640	6.07	4,672,640	5.84	—	—	—	—	<ul style="list-style-type: none"> ➤ Department of Chemistry, Tamkang University ➤ Vice President of ASC ➤ Supervisor of ALLIED SUPREME Fluoroplastics (Jiaxing) Limited 	Note 2	—	—	—
Director	Taiwan, R.O.C	Shang He Investment Co., Ltd.	—	May 31, 2022	3	Nov 28, 2016	4,520,825	5.76	4,520,825	5.65	—	—	—	—	<ul style="list-style-type: none"> ➤ Bei-men Senior High School ➤ Chairperman of Shang He Investment Co., Ltd. 	Note 3	—	—	—
		Representative: Chen, Si-Ling	Female 66~70 years old						—	—									
Director	Taiwan, R.O.C	Ying Sheng Investment Co., Ltd.	—	May 31, 2022	3	May 22, 2020	5,163,485	6.57	5,163,485	6.46	550,000	0.69	2,817,271	3.52	<ul style="list-style-type: none"> ➤ M.B.A., University of California, U.S.A. ➤ Chairperson of Ying Sheng Investment Co., Ltd. 	Note 4	—	—	—
		Representative: Su, Ming-Sheng	Male 71~75 years old						593,250	0.74									
Director	Taiwan, R.O.C	Wu, Ming-Yuan	Male 71~75 years old	May 31, 2022	3	Sep 15, 2000	1,772,144	2.26	1,772,144	2.22	1,180,000	1.48	—	—	<ul style="list-style-type: none"> ➤ Department of Electrical Engineering, Tamkang University ➤ Supervisor of ASC 	—	—	—	—
Director	Taiwan, R.O.C	Li, Yuan-Chung	Male 56~60 years old	May 31, 2022	3	Aug 28, 2015	1,123,741	1.43	1,228,741	1.54	170,000	0.21	—	—	<ul style="list-style-type: none"> ➤ Department of Chemical Engineering, National Cheng Kung University ➤ Vice President of ASC 	Note 5	—	—	—
Independent Director	Taiwan, R.O.C	Lu, Chien-Jung	Male 71~75 years old	May 31, 2022	3	Sep 2, 2020	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> ➤ Department of Industrial Chemistry, National Tsing Hua University ➤ Vice President of Formosa Plastics Corporation (Mai Liao branches) ➤ President of San Jia Development Construction Co., Ltd. ➤ President of Management Department, SanDi Group ➤ Legal representative, director of Chiayi Bus Company, Ltd. ➤ Supervisor of Gao Shih Golf Co., Ltd. 	Note 6	—	—	—
Independent Director	Taiwan, R.O.C	Wang, Kui-Ching	Male 66~70 years old	May 31, 2022	3	Sep 2, 2020	—	—	—	—	—	—	—	—	<ul style="list-style-type: none"> ➤ M.B.A., Michigan State University ➤ CFO of Ting Hsin (Cayman Island) Holding Corp. ➤ CFO of Ho Tung Chemical Corp. ➤ Partner of Baring Private Equity Asia Group ➤ Independent director/audit committee member of HSBC Bank (Taiwan) Limited 	Note 7	—	—	—

Title	Nationality or Place of Origin	Name	Gender Age	Date of Election	Term Years	Date of Initial Election	Shareholding when elected		Current Shareholding		Shareholding of spouse and minor children		Shareholding by Nominee arrangement		Key Work and Academic Experience	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															> Independent director of Cheer Time Enterprise Co., Ltd.				
Independent Director	Taiwan, R.O.C	Chien, Yu-Kuo	Male 56~60 years old	May 31, 2022	3	Sep 2, 2020	—	—	—	—	—	—	—	—	> Bachelor of Law, National Taiwan University > Legal consultant of Unitech Printed Circuit Board Corp. > Legal consultant of Abocom Co., Ltd. > Legal consultant of Yi Hsin Construction Co., Ltd.	Note 8	—	—	—
Independent Director	Taiwan, R.O.C	Chen, Yun-Chang	Male 61~65 years old	May 26, 2023	3	May 26, 2023	—	—	—	—	—	—	—	—	> Department of Chemical Engineering, National Cheng Kung University > Chairman of Chemours Taiwan Co., Ltd. > General Manager of Titanium Technology, Greater China Region, Chemours (Shanghai) Co., Ltd.	Note 10	—	—	—

Note 1: Chairperson of ALLIED SUPREME Fluoroplastics (Jiaxing) Limited, legal representative of Allied Supreme (Samoa) Corp., legal representative of Allied Supreme (China) Corp. and director of Yung Ching Investment Co., Ltd.

Note 2: Supervisor of ALLIED SUPREME Fluoroplastics (Jiaxing) Limited

Note 3: Chairperson of Shang He Investment Co., Ltd., chairperson of Lu He Investment Co., Ltd., chairperson of Lu Cheng Investment Co., Ltd.

Note 4: Chairperson of Ying Sheng Investment Co., Ltd., chairperson of Xing Ying Investment Co., Ltd. and chairperson of Heng Yao Investment Co., Ltd.

Note 5: CEO of ASC, president of ALLIED SUPREME Fluoroplastics (Jiaxing) Limited, legal representative and president of Aston FluoroTech Corp.

Note 6: Supervisor of Industrial Safety and Health Association of the R.O.C., fluorine chemical technical consultant of GFCL EV Products Limited

Note 7: Independent director of Handa Pharmaceuticals Inc., director of Artintel Investment Corp. and supervisor of Shanghai Luer Information Technology Co., Ltd.

Note 8: President and presiding attorney of ForeFront Intl Law Office.

Note 9: If the chairperson and the president or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, countermeasures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described: The Chairperson of the Company is also the President of the Company in order to enhance the operational efficiency and decision execution. However, in order to strengthen the independence of the Board of Directors, the Chairperson closely communicates with the directors on the recent operations and planning approaches of the Company in order to put corporate governance into effect. The Company has also elected nine directors (including three independent directors) at the shareholders' meeting on May 31th, 2022. Additionally, an independent director was elected during the shareholder's meeting held on May 26th, 2023, to enhance the functions of the board of directors and strengthen its supervisory role.

Note 10: An independent director was elected during the shareholder's meeting held on May 26th, 2023.

(II) Major shareholders of directors who are institutional shareholders

April 1, 2024

Name of the institutional shareholder	Major Shareholders of Institutional Shareholders
Ying Sheng Investment Co., Ltd.	Su, Ming-Sheng (7.28), Yan, Mei-Wen (4.85%), Chien, Zi-Ai (87.87%)
Shang He Investment Co., Ltd.	Lu He Investment Co., Ltd. (66.67%), Lu Cheng Investment Co., Ltd. (33.33%)

1. Institutional shareholders whose major shareholders are institutional shareholders:

April 1, 2024

<u>Name of institutional shareholder</u>	<u>Major shareholders of institutional shareholder</u>
<u>Lu He Investment Co., Ltd.</u>	<u>Chen, Si-Ling (4.1%), Chen, Jou-Yu (95.9%)</u>
<u>Lu Cheng Investment Co., Ltd.</u>	<u>Chen, Si-Ling (4.1%), Chen, Ying-Ying (95.9%)</u>

(III) Disclosure of professional qualifications of directors and independence of independent directors

Name	Conditions	Professional qualifications and experience	Status of Independence	Number of publicly listed companies where the person concurrently serves as an independent director
Hou, Chia-Sheng		Chairperson and President of the Company, graduated from the Department of Mechanical Engineering, National Taipei Institute of Technology, formerly the President of the Company's International Business Department and managed the Taoyuan Plant, specializing in chemical industry, machinery manufacturing and business management, with many years of experience in financial analysis and marketing.	(Not applicable)	0
Hsieh, Sheng-Kuo		Director of the Company, graduated from the Department of Chemistry, Tamkang University, formerly the Vice President of the Company, specializing in chemical industry, machinery manufacturing and business management, with many years of experience in production and marketing.	(Not applicable)	0
Shang He Investment Co., Ltd. Representative: Chen, Si-Ling		Director of the Company, graduated from Bei-men Senior High School. She has created her own wedding dress brand in the U.S. and marketed it throughout the U.S., with many years of experience in business management and marketing.	(Not applicable)	0
Ying Sheng Investment Co., Ltd. Representative: Su, Ming-Sheng		Director of the Company, with a degree in M.B.A., University of California, specializing in corporate management, with many years of experience in the treasury and financial business.	(Not applicable)	0

Name	Conditions	Professional qualifications and experience	Status of Independence	Number of publicly listed companies where the person concurrently serves as an independent director
Wu, Ming-Yuan		Director of the Company, graduated from the Department of Electrical Engineering, Tamkang University, formerly the Supervisor of the Company, specializing in machinery manufacturing, with many years of experience in business management.	(Not applicable)	0
Li, Yuan-Chung		Director and COO of the Company, graduated from the Department of Chemical Engineering, National Cheng Kung University, formerly the Vice President of ASC, specializing in chemical industry and machinery manufacturing, with many years of experience in business management and marketing.	(Not applicable)	0
Lu, Chien-Jung		Independent Director of the Company, graduated from the Department of Industrial Chemistry, National Tsing Hua University, formerly the Vice President of Formosa Plastics Corporation, Mai Liao Branch Company, President of San Jia Development Construction Co., Ltd., President of Management Department, SanDi Group, specializing in chemical industry and machinery manufacturing, with many years of experience in business management and industrial engineering.	Independent directors of the Company; meet the independence criteria. None of the independent directors is a director, supervisor or employee of the Company, or any other affiliates; nor holds any shares of the Company; and none is a director, supervisor or employee of a company with which the Company has a specific relationship.	0
Wang, Kui-Ching		Independent Director of the Company, with a degree in the M.B.A., Michigan State University, formerly the CFO of Ting Hsin (Cayman Island) Holding Corp., CFO of Ho Tung Chemical Corp., Partner of Baring Private Equity Asia Group, Independent director/audit committee member of HSBC Bank (Taiwan) Limited, with years of experience in corporate management and financial business.	No remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last 2 years.	1
Chien, Yu-Kuo		Independent Director of the Company, graduate from the Department of Law, National Taiwan University, formerly legal consultant of Unitech Printed Circuit Board Corp., legal consultant of Abocom Co., Ltd., legal consultant of Yi Hsin Construction Co., Ltd., with many years of legal experience as legal advisor.		0
Chen, Yun-Chang		Independent Director of the Company, graduate from the Department of Chemical Engineering, National Cheng Kung University, formerly the Chairman of Chemours Taiwan Co., Ltd and the General Manager of Titanium Technology, Greater China Region, Chemours (Shanghai) Co., Ltd.		0

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual directors. If they are members of the audit committee and have accounting or financial expertise, state their accounting or financial background and work experience. In addition, state if there is anything related to Article 30 of the Company Act.

Note 2: Independent directors must state their independence status, including but not limited to, whether they, their spouse or relatives within the second degree of kinship have served as directors, supervisors or employees of the Company, or its affiliates; the number of shares of the Company held; whether they have served as directors, supervisors or employees of a company that has a specific relationship with this Company; and the remuneration received for providing business, legal, financial, accounting and other services to this Company or its affiliates in the last 2 years.

(IV) Diversity and Independence of the Board of Directors.

1. Board Diversity: The Company's Board Diversity Policy is set forth in the Corporate Governance Best Practice Principles approved by the Board of Directors. There are currently 10 directors and the diversity of all directors is as follows:

Of the total number of directors, 20% are employees and 40% are independent directors. The percentage of female directors is 10% and the percentage of male directors is 90%. Age distribution of directors: 20% aged 51~60, 40% aged 61~70 and 40% above aged 71. The members of the Board of Directors of the Company each have rich experiences in different professional fields and industries, which can achieve diversified and complementary effects on the execution of the duties of directors and corporate governance, and the core items of diversity of each director are as follows.

Diversity core	Basic composition							Industry experience					Professional competence			
	Nationality	Gender	With employee position	Age			Term of office of independent directors	Chemical industry	Machinery manufacture	Marketing service	Purchasing and supply	Treasury and finance	Information technology	Legal affairs	Accounting	Risk Management
				51~60	61-70	above 71										
Name of Director																
Hou, Chia-Sheng	Taiwan, R.O.C	M	●		●			●	●	●	●	○				●
Hsieh, Sheng-Kuo		M				●		●	●	●	●					●
Chen, Si-Ling		F			●				●	●	●	○				○
Su, Ming-Sheng		M				●			●	●	●	●			●	○
Wu, Ming-Yuan		M				●			●				○			○
Li, Yuan-Chung		M	●	●				●	●	●	●	○		○		●
Lu, Chien-Jung		M				●	●		●	●	●	○	○	○		●
Wang, Kui-Ching		M			●	●	●			●	●	●	○	○	●	●
Chien, Yu-Kuo		M		●			●					○		●		○
Chen, Yun-Chang		M			●	●	●		●	●	●	○	○	○		●

Note: ● means capable, ○ means partially capable.

Independence of the Board of Directors: The Board of Directors of the Company consists of 10 directors, including 4 independent directors, and the independent directors account for one-third of all directors and no director is related to each other as a spouse or a relative within the second degree of kinship, or as what is provided in Paragraphs 3, 4, Article 26-3 of the Securities and Exchange Act.

The primary responsibility of the Board of Directors of the Company is to supervise the Company's compliance with the laws, financial transparency, timely disclosure of important information, and to make objective and independent judgments on the Company's finances and business. Therefore, the Board of Directors has met the requirements of the laws at the time of their election, and perform internal self-evaluation by the Board of Directors and self-evaluation by the Board members annually, which are reported to the Board of Directors then disclosed in the Company's Annual Report and website.

(V) Information on President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches

April 1, 2024; Unit: Shares; %

Title	Nationality	Name	Gender	Date of taking office	Current Shareholding		Shareholding of spouse and minor children		Shareholding by Nominee arrangement		Key Work and Academic Experience	Current position(s) in other companies	Managerial officers with spouses or relatives with a second degree of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President (Note1)	Taiwan, R.O.C	Hou, Chia-Sheng	Male	Nov 7 2019	2,827,840	3.54	—	—	—	—	<ul style="list-style-type: none"> ➢ Department of Mechanical Engineering, National Taipei Institute of Technology 	<ul style="list-style-type: none"> ➢ Chairman of ALLIED SUPREME Fluoroplastics (Jiaxing) Limited. ➢ Legal representative of Allied Supreme (Samoa) Corp. ➢ Legal representative of Allied Supreme (China) Corp. ➢ Director of Yung Ching Investment Co., Ltd. 	—	—	—
CEO	Taiwan, R.O.C	Li, Yuan-Chung	Male	Jun 11 2019	1,228,741	1.54	170,000	0.21	—	—	<ul style="list-style-type: none"> ➢ Department of Chemical Engineering, National Cheng Kung University ➢ Vice President of ASC 	<ul style="list-style-type: none"> ➢ President of ALLIED SUPREME Fluoroplastics (Jiaxing) Limited ➢ Legal representative of Aston FluoroTech Corp. ➢ President of Aston FluoroTech Corp. 	—	—	—
Production Dep. Vice President	Taiwan, R.O.C	Huang, Yu-Ming	Male	Jan 1 2011	392,558	0.49	186000	0.23	—	—	<ul style="list-style-type: none"> ➢ Department of Chemical Engineering, Kunshan Institute of Technology ➢ Sales Assistant VP of ASC ➢ Sales Assistant Manager of ASC 	—	—	—	
Sales Dep. Senior Manager	Taiwan, R.O.C	Zhuang, Wen-Rong	Male	Jan 1 2022	199,217	0.25	—	—	—	—	<ul style="list-style-type: none"> ➢ Department of Chemical Engineering, Chung Yuan Christian University. ➢ Sales Manager of ASC 	—	—	—	
R&D Dep. Manager	Taiwan, R.O.C	Chang, Zhi-Cheng	Male	Mar 1 2020	312,742	0.39	200,000	0.25	—	—	<ul style="list-style-type: none"> ➢ Institute of Chemical Engineering, Yuan Ze University ➢ Plant Manager of ASC ➢ R&D Department Chief of ASC 	—	—	—	
Administrative Dep. Assistant Manager	Taiwan, R.O.C	Wang, Zhen-Long	Male	Mar 1 2020	20,000	0.03	—	—	—	—	<ul style="list-style-type: none"> ➢ Department of Marketing, Dayeh University ➢ Assistant Manager of Engineering Department, ASC ➢ Manager of the Management 	—	—	—	

Title	Nationality	Name	Gender	Date of taking office	Current Shareholding		Shareholding of spouse and minor children		Shareholding by Nominee arrangement		Key Work and Academic Experience	Current position(s) in other companies	Managerial officers with spouses or relatives with a second degree of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
											Department, APEX MFG				
CFO	Taiwan, R.O.C	Liu, Yen-Chih	Male	Jul 15 2019	130,000	0.16	38,000	0.05	—	—	<ul style="list-style-type: none"> ➤ National Chung Hsing University EMBA in Management. ➤ CFO of Singen Animal Health Industry Co., Ltd. ➤ Finance Manager of Ever Supreme Biotechnology Co., Ltd. ➤ Assistant Manager of KPMG. 	Corporate Governance Officer of ASC	—	—	—
AJX Sales Dep. Vice President	China	Chao, Yang-Mao	Male	Jan 1 2023	—	—	1,122,985	1.40	—	—	<ul style="list-style-type: none"> ➤ Chemistry and Chemical Engineering, Shanghai Jiao Tong University ➤ Senior Manager of Sales Department, AJX 		—	—	—

Note 1: If the chairperson and the president or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, countermeasures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described: The Chairperson of the Company is also the President of the Company in order to enhance the operational efficiency and decision execution. However, in order to strengthen the independence of the Board of Directors, the Chairperson closely communicates with the directors on the recent operations and planning approaches of the Company in order to put corporate governance into effect. The Company has also elected nine directors (including three independent directors) at the shareholders' meeting on May 31, 2022. The Company already added one additional independent director who was elected during the shareholder's meeting held on May 26th, 2023, to enhance the functions of the board of directors and strengthen its supervisory role.

(VI) Remuneration paid to directors and supervisors for the most recent year (2023).

1. Remuneration to regular directors and independent directors

Unit: NTD thousand

Title	Name	Remuneration to directors								A, B, C and D as a % to net profit and after tax(%) (Note 1)		Compensation for part-time employees								A, B, C, D, E, F and G as a % of the net profit and after-tax		Remunera- tion received from reinvested businesses or from the parent company
		Remuneratio n (A)		Retirement benefits (B)		Remuneration for directors (C)		Business execution expenses (D)				Salary, bonus, special expenses, etc. (E)		Retirement benefits (F)		Remuneration to employees (G)						
		The Company	All compani s in the financial statemen s	The Company	All compani s in the financial statemen s	The Company	All compani s in the financial statemen s	The Company	All compani s in the financial statemen s	The Company	All compani s in the financial statemen s	The Company	All compani s in the financial statemen s	The Company	All compani s in the financial statemen s	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All compani s in the financial statemen s	
Chairman	Hou, Chia-Sheng																					
Director	Hsieh, Sheng-Kuo																					
Director	Ying Sheng Investment Co., Ltd. Company representative: Su, Ming-Sheng	269	916	—	—	31,888	31,888	—	—	32,157 1.91%	32,804 1.95%	12,873	18,351	—	—	13,424	—	13,424	—	58,454 3.47%	64,579 3.84%	—
Director	Shang He Investment Co., Ltd. Company representative: Chen, Si-Ling																					
Director	Wu, Ming-Yuan																					
Director	Li, Yuan-Chung																					
Independent Director	Lu, Chien-Jung																					
	Wang, Kui-Ching	2,280	2,280	—	—	—	—	10	10	2,290 0.14%	2,290 0.14%	—	—	—	—	—	—	—	—	2,290 0.14%	2,290 0.14%	—
	Chien, Yu-Kuo																					
	Chen, Yun-Chang																					

1. Please describe the policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors: In accordance with the "Regulations Governing the Establishment and Retirement of Directors and Managerial Officers," the Company proposed a fixed remuneration package for independent directors by taking into account the industry standards as well as the time commitment and responsibilities of the independent directors, which was approved by the Board of Directors. Independent directors do not participate in the annual remuneration appropriated for directors.

2. Except as disclosed above, the remuneration for the Company directors for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the last year: None.

Table of remuneration ranges

Remuneration ranges for the Company directors	Name of Director			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	In Financial Report All companies (H)	The Company	In Financial Report All companies (I)
Less than NT\$1,000,000	Lu, Chien-Jung/Wang, Kui-Ching, Chien, Yu-Kuo/Chen, Yun-Chang	Lu, Chien-Jung/Wang, Kui-Ching, Chien, Yu-Kuo/Chen, Yun-Chang	Lu, Chien-Jung/Wang, Kui-Ching, Chien, Yu-Kuo/Chen, Yun-Chang	Lu, Chien-Jung/Wang, Kui-Ching, Chien, Yu-Kuo/Chen, Yun-Chang
NT\$1,000,000 (inclusive)~ NT\$2,000,000 (exclusive)	—	—	—	—
NT\$2,000,000 (inclusive)~ NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive)~ NT\$10,000,000 (exclusive)	Hou, Chia-Sheng/Hsieh, Sheng-Kuo Wu, Ming-Yuan/Li, Yuan-Chung Shang He Investment Co., Ltd Representative: Chen, Si-Ling Ying Sheng Investment Co., Ltd Representative: Su, Ming-Sheng	Hou, Chia-Sheng/Hsieh, Sheng-Kuo Wu, Ming-Yuan/Li, Yuan-Chung Shang He Investment Co., Ltd Representative: Chen, Si-Ling Ying Sheng Investment Co., Ltd Representative: Su, Ming-Sheng	Hsieh, Sheng-Kuo/Wu, Ming-Yuan Shang He Investment Co., Ltd Representative: Chen, Si-Ling Ying Sheng Investment Co., Ltd Representative: Su, Ming-Sheng	Hsieh, Sheng-Kuo/Wu, Ming-Yuan Shang He Investment Co., Ltd Representative: Chen, Si-Ling Ying Sheng Investment Co., Ltd Representative: Su, Ming-Sheng
NT\$10,000,000 (inclusive)~ NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive)~ NT\$30,000,000 (exclusive)	—	—	Hou, Chia-Sheng/Li, Yuan-Chung	Hou, Chia-Sheng/Li, Yuan-Chung
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	—	—	—	—
Above NT\$100,000,000	—	—	—	—
Total	10 people	10 people	10 people	10 people

2. Remuneration to president and vice president

Unit: Thousands of NTD; %

Title	Name	Salary (A)		Retirement benefits (B)		Bonus and special allowance (C)		Amount of employee compensation (D)				A, B, C and D as a % to net profit and after tax(%)		Remuneration received from reinvested businesses or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Hou, Chia-Sheng	14,474	24,989	—	—	2,232	2,521	18,410	—	18,410	—	35,116 2.09%	45,920 2.73%	—
Chief Executive Officer	Li, Yuan-Chung													
Vice President	Huang, Yu-Ming													
Vice President	Chao, Yang-Mao													

Table of remuneration ranges

Remuneration ranges for the president and vice president of the Company	Name of President and Vice Presidents	
	The Company	All companies in the financial statements (E)
Less than NT\$1,000,000	Chao, Yang-Mao	—
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Huang, Yu-Ming	—
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Hou, Chia-Sheng Li, Yuan-Chung	Huang, Yu-Ming Chao, Yang-Mao
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Hou, Chia-Sheng	Hou, Chia-Sheng
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	Li, Yuan-Chung
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
Above NT\$100,000,000	—	—
Total	4 people	4 people

(VII) The name of the managerial officer who received remuneration to employees and the status of the distribution:

Unit: Thousands of NTD; %

	Title	Name	Stock amount	Cash amount	Total	Total amount as a % of the net profits after-tax (%)
Managerial officer	President	Hou, Chia-Sheng	—	24,574	24,574	1.46
	CEO/Spokesperson	Li, Yuan-Chung				
	Vice President of the Production Department	Huang, Yu-Ming				
	Senior Manager of the Sales Department	Zhuang, Wen-Rong				
	CFO/Corporate Governance Officer	Liu, Yen-Chih				

Note 1: The amount of employee remuneration (including stock and cash) received by managerial officers in the last year should be disclosed as approved by the Board of Directors. If the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year. Net income after tax refers to the net income after tax as in the standalone or individual financial report in the last year.

1. Compare and describe the total remuneration paid to the directors, supervisors, presidents and vice presidents in the last 2 years by the Company, and all companies in the standalone or individual financial statements as a % of the net profit after tax, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

(1) Analysis of the total remuneration paid to the Company's directors, supervisors, presidents and vice presidents as a percentage of net profit after tax in the standalone or individual financial statements for the last two years by the Company and all companies in the consolidated statements.

Unit: Thousands of NTD; %

Item	2022		2023	
	The Company	Consolidated statements	The Company	Consolidated statements
Total remuneration to directors	37,980	38,554	34,447	35,094
Total remuneration to directors as a percentage of net profit after tax (%)	2.14	2.17	2.05	2.09
Total remuneration to supervisors	—	—	—	—
Total remuneration to supervisors as a percentage of net profit after tax (%)	—	—	—	—
Total remuneration to presidents and vice presidents	40,204	43,494	35,116	45,920
Total remuneration to presidents and vice presidents as a percentage of net profit after tax (%)	2.26	2.45	2.09	2.73

2. The Company's policy, criteria and composition for the payment of remuneration to directors, supervisors, presidents and vice presidents, the procedures for determining remuneration, and the correlation with operating performance and future risks.

(1) Directors and supervisors

The remuneration to directors and supervisors is based on the Company's Articles of Incorporation and no more than 3% of the Company's profit for the year (*i.e.*, profit before tax and remuneration to employees and directors and supervisors) shall be appropriated as the

remuneration to directors and supervisors, while independent directors shall not participate in the distribution of remuneration to directors and supervisors.

(2) Presidents, CEO and vice presidents

The remuneration to Presidents, CEO and Vice Presidents consists of salary, bonus and remuneration to employees. The salary level is determined based on the position held, the responsibility assumed and the contribution to the Company, and with reference to the industry standards. The distribution of remuneration to employees is in accordance with the standards set forth in the Company's Articles of Incorporation and is submitted to the Board of Directors for approval before distribution.

In summary, the Company's policy and procedures for the payment of remuneration to directors, CEO, president and vice presidents are as follows: In addition to the basic salary, other incentives are positively correlated with the operating performance, and the amount of payment is disclosed in accordance with laws and regulations.

III. Operation of Corporate Governance

(I) Operations of the Board of Directors

The Company's Board of Directors met 9 times in 2023 and the attendance of directors was as follows:

Title	Name	Number of times of attendance in person	Number of times of attendance by proxy	Actual Attendance Rate (%)	Note
Chairman	Hou, Chia-Sheng	9	0	100%	
Director	Li, Yuan-Chung	9	0	100%	
Director	Hsieh, Sheng-Kuo	9	0	100%	
Director	Ying Sheng Investment Co., Ltd. Representative: Su, Ming-Sheng	9	0	100%	
Director	Shang He Investment Co., Ltd. Representative: Chen, Si-Ling	9	0	100%	
Director	Wu, Ming-Yuan	9	0	100%	
Independent Director	Lu, Chien-Jung	9	0	100%	
Independent Director	Wang, Kui-Ching	9	0	100%	
Independent Director	Chien, Yu-Kuo	9	0	100%	
Independent Director	Chen, Yun-Chang	5	0	100%	2023/05/26 elected

Other items to be recorded:

I. Where the operation of the Board of Directors' meeting is subject to any one of the following conditions, the date, session, proposal content, opinions of all independent directors and the handling of the company to the opinions of independent directors shall be described:

(I) Matters specified in Article 14-3 of Securities and Exchange Act:

Board of Directors	Motion content and follow-up processing	Matters specified in Article 14-3 of Securities and Exchange Act	Objections or reservations by independent directors
10 th term 2023 2nd session Mar 8, 2023	1. Distribution of remuneration to employees and directors for 2022.	V	Nil
	2. Independence and competency of the Company's attesting CPAs for 2023, and their appointments and remuneration.	V	Nil
	3. Discussion about if the overdue accounts receivable of the	V	Nil

	Company as of the end of January, 2023 were treated as lending of funds to others.			
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution: Approved as proposed by all directors and independent directors present with no objection.			
10 th term 2023 3rd session April 10, 2023	1.The internal employee salary distribution case in 2022.	V	Nil	
	2.Additional expenditure on plant expansion of subsidiary ALLIED SUPREME Fluoroplastics (Jiaxing) Limited.	V	Nil	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution: Approved as proposed by all directors and independent directors present with no objection.			
	10 th term 2023 4th session May 8, 2023	1.Discussion about if the overdue accounts receivable of the Company as of the end of March , 2023 were treated as lending of funds to others.	V	Nil
Independent director opinions: none.				
Handling of Independent Directors' Opinions by the Company: none.				
Resolution: Approved as proposed by all directors and independent directors present with no objection.				
10 th term 2023 5th session July 12, 2023		1.The company's proposal for compensating newly elected independent directors.	V	Nil
		2.The provision of endorsement and guarantee to the Company's subsidiary, ALLIED SUPREME Fluoroplastics (Jiaxing) Limited.	V	Nil
	3.The company's proposal to purchase office building premises.	V	Nil	
	Independent director opinions: none.			
	Handling of Independent Directors' Opinions by the Company: none.			
	Resolution: Approved as proposed by all directors and independent directors present with no objection.			
	10 th term 2023 6th session Aug 9, 2023	1.Discussion about if the overdue accounts receivable of the Company as of the end of June, 2023 were treated as lending of funds to others.	V	Nil
Independent director opinions: none.				
Handling of Independent Directors' Opinions by the Company:				

		none.	
		Resolution: Approved as proposed by all directors and independent directors present with no objection.	
10 th term 2023 8th session Nov 8, 2023	1.Discussion about if the overdue accounts receivable of the Company as of the end of September, 2023 were treated as lending of funds to others.	V	Nil
	Independent director opinions: none.		
	Handling of Independent Directors' Opinions by the Company: none.		
	Resolution: Approved as proposed by all directors and independent directors present with no objection.		
10 th term 2023 9th session Dec 27 2023	1.Proposal on salary adjustment for the management of the company and its subsidiary Liansheng Fluoroplastics (Jiaying) Co., Ltd. in 2024.	V	Nil
	2.Proposal for the amendments to the "Internal Control System" and "Internal Audit System" of the Company's subsidiaries, Allied Supreme Fluoroplastics (Jiaying) Limited and Aston FluoroTech Corp.	V	Nil
	3.Proposal for developing the audit plan for the year 2023 for the company and its subsidiaries, Allied Supreme Fluoroplastics (Jiaying) Limited and Aston FluoroTech Corp.	V	Nil
	Independent director opinions: none.		
	Handling of Independent Directors' Opinions by the Company: none.		
	Resolution: Approved as proposed by all directors and independent directors present with no objection.		

(II) In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements:
No such case.

II. The implementation of the director's recusal of the proposal of interest shall state the name of the director, the content of the proposal, the reason for the recusal of interest and the circumstances of participation in voting:

Name of Director	Agenda	Reason for recusal of conflict of interest	Voting participation status
Hou, Chia-Sheng Li, Yuan-Chung	Proposal to distribute bonuses to internal personnel for the 2022 year.	Concurrently serving as the Company's managerial officer	Except for two directors who recused themselves from the discussion and voting in accordance with the

			law, the motion was approved as proposed without any objection by the Acting Chair after consulting the other seven directors present.
Lu, Chien-Jung Wang, Kui-Ching Chien, Yu-Kuo Chen, Yun-Chang	The company's proposal for compensating newly elected independent directors.	Concurrently serving as the Company's independent directors	Except for the four independent directors who abstained from discussion and voting as required by law, this proposal was passed with the consent of the remaining six attending directors after consultation by the chairman.
Hou, Chia-Sheng Li, Yuan-Chung Hsieh, Sheng-Kuo	Proposal on salary adjustment for the management of the company and its subsidiary Liansheng Fluoroplastics (Jiaxing) Co., Ltd. in 2024.	Concurrently serving as the Company's managerial officer	Except for three directors who recused themselves from the discussion and voting in accordance with the law, the motion was approved as proposed without any objection by the Acting Chair after consulting the other seven directors present.

III. Publicly listed companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors' self (or peer) evaluation as well as other material information, and the implementation of the evaluation of the Board of Directors.

The Company conducted the evaluation of the Board of Directors for 2023 and disclosed in the report of the Board of Directors' meeting on March 8, 2024.

IV. Goals for establishment of and execution status evaluation on the enhancement of functions of the Board of Directors for the current year and the most recent year:

(I) Structure of the Board of Directors

The composition of the Board of Directors of the Company is diverse and in line with the development needs of the Company, and each director and independent director has a complete and rich educational background as well as experiences, enabling the Board of Directors of the Company to perform its functions of management decision making and leadership supervision well. The "Procedures for Election of Directors" stipulate that the election of directors and independent directors shall be based on a cumulative voting system and a candidate nomination

system, whereby shareholders holding above a certain number of shares may propose a list of candidates. with fair and transparent accepting process to enhance the opportunities for small shareholders to participate and protect the interests of investors, while avoiding monopoly of nomination rights or excessive floating. In addition, a by-election procedure for director vacancies is added to prevent the partial or total dismissal of directors and independent directors from affecting the execution and supervision of the Company's business. In addition, the independent operation and transparency of the Board of Directors should be emphasized, and directors and independent directors are all independent individuals who exercise their respective duties and responsibilities independently. The Company has also established a performance evaluation system of the Board of Directors to enhance the efficiency of the operations of the Board of Directors and to improve the functions of the Board of Directors. In accordance with the "Regulations for Performance Evaluation of the Board of Directors and Functional Committees," the Board of Directors conducts internal self-evaluation and self-evaluation of the Board members once a year, and assigns an external professional and independent organization or a team of external experts and scholars to conduct external performance evaluation once every three years.

(II) Independent director system

The number, qualifications, and exercise of the authorities of the independent directors of the Company are expressly set forth in the "Articles of Incorporation" and the "Rules Governing the Scope of Responsibilities of Independent Directors." The Company has also elected nine directors (including three independent directors) at the shareholders' meeting on May 31, 2022, and at the shareholders' regular meeting on May 26, 2023, one additional independent director was elected, bringing the number of independent directors to four. And has given them the right to participate in decision-making and express their opinions in accordance with the Securities and Exchange Act and other regulations.

(III) Establishment of Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the Company established an audit committee to replace the supervisors. The audit committee is composed of three independent directors with financial or business-related expertise and experience. The "Audit Committee Charter" stipulates the authority of the Audit Committee to exercise its duties independently to ensure the effective implementation of the Company's internal control, and the preparation of financial statements.

(IV) Establishment of the Salary and Remuneration Committee

In accordance with Article 14-6 of the Securities and Exchange Act, the Company established the "Salary and Remuneration Committee Organization Charter," and completed the appointment of the Salary and Remuneration Committee members. The Committee is a professional and objective unit that evaluates matters related to the remuneration to directors and managerial officers of the Company, and makes recommendations to the Board of Directors for its reference in making decisions.

(V) The Company regularly arranges annual refresher courses for directors to enhance their legal knowledge on topics related to corporate governance.

- V. As of the date of publication of the Annual Report, the Company has held three Board meetings in 2024 and all directors (including independent directors) were present in person.

(II) Evaluation of the Board of Directors

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Performed once a year	January 1 to December 31 of the evaluation year	The entire Board of Directors Individual Board member Functional Committees	1. Internal self-evaluation of the Board of Directors. 2. Self-evaluation of the board members. 3. External professional organizations and experts shall be appointed every three years for evaluation.	Performance evaluation of the Board of Directors: at least including participation in the Company's operations, enhancement of the decision-making quality of the Board, composition and structure of the Board, selection and continuing education of directors, internal control, etc. Performance evaluation of individual Board members: at least including: alignment of the Company's objectives and missions, the directors' awareness of their duties, their participation in the Company's operations, management of internal relationship and communication, the directors' professionalism and continuing education, internal control, etc. Performance evaluation of functional committees: participation in the Company's operations, awareness of the duties of the functional committee, enhancement of the decision-making quality of the functional committee's decisions, composition and selection of functional committee members, internal control, etc.

(III) Operations of the Audit Committee

The Audit Committee met 7 times in 2023 and the attendance of independent directors is as follows:

Title	Name	Number of times of attendance in person	Number of times of attendance by proxy	Actual Attendance Rate (%)	Note
Independent Director	Wang, Kui-Ching	7	0	100%	
Independent Director	Lu, Chien-Jung	7	0	100%	
Independent Director	Chien, Yu-Kuo	7	0	100%	
Independent Director	Chen, Yun-Chang	4	0	100%	2023/05/26 elected

Other items to be recorded:

- I. The responsibilities of the Audit Committee and the focus of its work in 2023 were mainly on the following matters:
- (I) The annual financial statements signed or sealed by the chairperson, managerial officer and accounting officer.
 - (II) Establish or amend the internal control system and the assessment of the effectiveness of the internal control system.
 - (III) Establish or amend the procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, or endorsement or guarantee for others.
 - (IV) Matters involving directors' own interests.
 - (V) Significant asset or derivative transactions.
 - (VI) Significant lending of funds, endorsements or guarantees.
 - (VII) The raising, issuance or private placement of marketable securities of an equity nature.
 - (VIII) The appointment, dismissal or compensation of attesting CPAs.
 - (IX) Appointment or removal of finance, accounting or internal audit officers.
 - (X) Other significant matters stipulated by the Company or the competent authorities.

- II. Where the operations of the Audit Committee meeting are subject to any one of the following conditions, the date, session, proposal content, Audit Committee meeting resolution results and the handling of the company to the opinions of Audit Committee shall be described:

- (I) Matters listed in Article 14-5 of the Securities and Exchange Act:
- (II) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors:

AUDIT COMMITTEE	MOTION CONTENT AND FOLLOW-UP PROCESSING	MATTERS SPECIFIED IN ARTICLE 14-5 OF THE SECURITIES AND EXCHANGE ACT	MATTERS THAT HAVE NOT BEEN APPROVED BY THE AUDIT COMMITTEE BUT APPROVED BY MORE THAN TWO-THIRDS OF ALL DIRECTORS:
2st term 4nd session March 8, 2023	1.2022 Internal Control System Effectiveness Assessment and Internal Control Statement.	V	Nil

	2.2022 Business Report and Financial Statements.	V	Nil
	3.2022 Earnings Distribution Proposal.	V	Nil
	4.Independence and competency of the Company's attesting CPAs for 2023, and their appointments and remuneration.	V	Nil
	5.Discussion about if the overdue accounts receivable of the Company as of the end of January, 2023 were treated as lending of funds to others.	V	Nil
	6. The company has drafted the "Review Procedures for Pre-Approved Review of Accountants Providing Non-Assurance Services."	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		
2st term 5nd session April 10, 2023	1.Additional expenditure on plant expansion of subsidiary ALLIED SUPREME Fluoroplastics (Jiaxing) Limited.	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		
2st term 6nd session May 8, 2023	1.The Company's financial statements for 2022Q1.	V	Nil
	2.Discussion about if the overdue accounts receivable of the Company as of the end of March , 2023 were treated as lending of funds to others.	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		
2st term 7nd session July 12, 2023	1.The provision of endorsement and guarantee to the Company's subsidiary, ALLIED SUPREME Fluoroplastics (Jiaxing) Limited.	V	Nil
	2.The company's proposal to purchase office building premises.	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all		

	members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		
2st term 8nd session Aug 9, 2023	1.The Company's financial statements for 2023Q2.	V	Nil
	2.Discussion about if the overdue accounts receivable of the Company as of the end of June, 2023 were treated as lending of funds to others.	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		
2st term 9nd session Nov 8, 2023	1.The Company's financial statements for 2023Q3.	V	Nil
	2.Discussion about if the overdue accounts receivable of the Company as of the end of September, 2023 were treated as lending of funds to others.	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		
2th term 10nd session Dec 27, 2023	1.Proposal for the amendments to the “Internal Control System” and “Internal Audit System” of the Company’s subsidiaries, Allied Supreme Fluoroplastics (Jiaxing) Limited and Aston FluoroTech Corp.	V	Nil
	2.Proposal for developing the audit plan for the year 2023 for the company and its subsidiaries, Allied Supreme Fluoroplastics (Jiaxing) Limited and Aston FluoroTech Corp.	V	Nil
	Resolution of the Audit Committee: Approved as proposed by all members present with no objection.		
	Handling of the Audit Committee opinions by the Company: None.		

III. The implementation of the independent Director’s recusal of the proposal of interest shall state the name of the independent Director, the content of the proposal, the reason for the recusal of interest and the circumstances of participation in voting: There was no motion involving conflict of interest this year, therefore, it is not applicable.

IV. Communication between independent directors and internal/external auditors (*e.g.*, discussions concerning the Company’s financial and business affairs, the method of communication used, and the outcome):

The Company's attesting CPAs and internal auditors report to the independent directors, through the Audit Committee, the results of their audits (reviews) of the Company's annual and semi-annual financial statements, the operations of the internal control system,

etc. The independent directors are allowed to communicate fully with the CPAs and internal auditors in person during the meetings, so as to understand the Company's operating conditions for proper supervision. In addition to the quarterly meetings of the Audit Committee, independent directors also maintain contact and interaction with CPAs and auditors through electronic communication on a regular basis. Communication between Independent Directors, and Internal Audit Officer and CPAs during 2023 are as follows:

(I) Communication between independent directors and internal audit officer:

Date	Content of communication	Suggestions:
March 8, 2023	1.The internal control self-assessment report for the year 2022. 2.The internal control system statement for the 2022. 3.Summary report (2022/10~2023/1) on the performance of internal audit business.	Nil
May 8, 2023	1.Progress report on the communication meeting for t 2023Q1. 2. Summary report (2023/2~2023/3) on the performance of internal audit business.	Nil
Aug 9, 2023	1. Progress report on the communication meeting for t 2023Q2. 2.Summary report (2023/4~2023/6) on the performance of internal audit business.	Independent Director's Recommendation: Regarding the financial risks and precautionary measures of the mainland subsidiary, the recommendation is to propose specific actions and management methods concerning overdue accounts receivable. Feedback update: The above recommendation has been responded to by the mainland subsidiary in the form of a recommendation report. The finance department continues to hold monthly meetings to discuss and follow up on progress and reminders regarding outstanding payments.
Nov 8, 2023	1.Summary report (2023/7~2023/9) on the performance of internal audit business.	Nil

(II) Communication between the independent directors and CPAs

Date	Content of communication	Suggestions:
Mar 8, 2023	<ol style="list-style-type: none">1. The accountant will provide an overview of the audit status of the individual financial statements and consolidated financial statements for the year 2022.2. The accountant will present a report on the results of the key audit matters.3. The accountant will discuss and communicate with attendees regarding their inquiries.4. The accountant will report on the audit quality indicators (AQIs).5. Matters related to communication requirements under relevant laws and regulations.6. Independence in auditing.	Nil
Dec 27, 2023	<ol style="list-style-type: none">1. Quality management system of accounting firm.2. AQI Information report .3. Scope and methods of audit for the year 2023.4. Significant risks and key audit matters.5. Overview of sustainable compliance requirements and progress.6. Introduction to IFRS S1/S2 and the timeline for implementation by the Financial Supervisory Commission.7. Updates on securities regulatory tax laws.	Nil

(IV) Operation of Corporate Governance and the Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has formulated the "Corporate Governance Best Practice Principles" with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and by considering the practical operations of the Company, and has disclosed a variety of information in accordance with the relevant laws and regulations to protect the rights and interests of investors, stakeholders and employees.	No difference
II. Shareholding structure and shareholders' equity				
i. Has the Company established internal procedures to deal with shareholders' proposals, questions, disputes and litigation matters, and implemented them in accordance with the procedures?	V		i. The Company has a spokesperson and an acting spokesperson in accordance with the "Corporate Governance Best Practice Principles" to handle shareholder proposals, questions and disputes.	
ii. Does the Company have a list of the major shareholders and the ultimate controllers of the major shareholders who effectively control the Company?	V		ii. The Company's major shareholders are mostly the management team and long-term shareholders. The Company keeps track of the shareholdings of major shareholders and directors, and regularly reports changes in the shareholdings of directors, managerial officers and shareholders holding 10% or more of the equity.	
iii. Has the Company established and implemented a risk control and firewall mechanism with its affiliates?	V		iii. The Company and its affiliates operate independently. and have established the relevant controls in the internal control system and the "Regulations Governing the Management of Subsidiaries."	No difference.
iv. Has the Company established internal regulations to prohibit insiders from trading marketable securities using undisclosed information in the market?	V		iv. The Company has established the "Regulations for Processing Material Inside Information" and the "Management for Insider Reporting" to prohibit insiders, such as directors or employees, from trading marketable securities by using non-public information, and the relevant regulations have been disclosed on the Company's website. The directors of the Company attend courses on corporate governance and insider compliance held by outside organizations from time to time to acquire relevant knowledge. In addition, the Company provides insider trading related education information (including the laws, regulations, and case studies) to	

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			insiders by e-mail at least once a year for their reference. The above information of 2023 was sent on Jan 17th, Apr 14th and May 31th, and Oct 26 th , 2023.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors formulated and implemented a diversity policy on membership?</p>	V		<p>(I) The Company has established “Corporate Governance Best Practice Principles” to regulate the diversity of the Board member composition. The relevant regulations have been disclosed on the Company website and Market Observation Post System. According to Articles of Incorporation, Article 13, the nomination system is fully adopted for the election of Directors. The education, experience and qualification of the nominees are duly assessed to comply with the “Corporate Governance Best Practice Principles”, so as to ensure the diversity of the Directors. In accordance with Corporate Governance Best Practice Principles, Article 20, Paragraph 3, the Board members should generally possess the necessary knowledge, skills and competencies for executing their duties. The Board shall maintain its diverse representation and weigh the benefit of a diverse Board composition in a considerate manner. To achieve the ideal goals of corporate governance, the overall Board of Directors shall possess the following capabilities:</p> <ol style="list-style-type: none"> 1. Business judgment capabilities. 2. Financial and accounting analytical capabilities 3. Business management capabilities. 4. Crisis management capabilities. 5. Industrial knowledge. 6. International market perspective. 7. Leadership capabilities. 8. Decision making capabilities. <p>The composition of the Board of Directors of the Company is diverse in terms of professional background, gender and field of work, in line with the development needs of the Company, and each director has a complete and rich educational background as well as experiences, enabling the Board of Directors of the Company to perform its functions of management decision making and leadership supervision well. Please refer to pages 5 to 6 of the Annual Report for the academic qualifications and work experience of each director.</p>	<p>No difference.</p> <p>The Company will consider the matter as necessary.</p>

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
(II) Has the Company voluntarily established any functional committees other than the Remuneration Committee and Audit Committee in accordance with the law?	V		<p>For the diversity of individual directors, please refer to page 9 to 10 of the Annual Report.</p> <p>(II) Under study and discussion. The Company will consider the matter as necessary.</p>	
(III) Has the Company established the evaluation guidelines and methods for the Board of Directors' performance, for the regular annual performance evaluation; as well as presents the outcome of such evaluations to be applied to the remuneration to each director and their re-election nominations?	V		<p>(III) The Company has established the "Regulations for Performance Evaluation of the Board of Directors and Functional Committees," which were approved by the Board of Directors on December 22, 2020 and then implemented. The Regulations stipulate that the members of the Board of Directors and functional committees are required to complete the "Board of Directors Performance Self-Evaluation Questionnaire," "Board Members Self-Evaluation Questionnaire" and "Functional Committee Performance Self-Evaluation Questionnaire," respectively, for internal performance evaluation by the end of the first quarter of the following year after the end of each year. In addition, Article 2 of the Regulations stipulates that external performance evaluation shall be conducted at least once every three years. The evaluation results shall serve as the reference for electing or nominating Directors, as well as the reference for determining the remuneration of individual Directors. The performance evaluation of the Company's Board of Directors shall include at least the following five major aspects:</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Enhancement of the decision-making quality of the Board 3. Composition and structure of the Board 4. Selection and continuing education of directors 5. Internal control <p>The performance evaluation of directors shall include at least the following six major aspects:</p> <ol style="list-style-type: none"> 1. Alignment of the Company's objectives and missions 2. Directors' awareness of their duties 3. Participation in the Company's operations 4. Management of internal relationship and communication 	No difference.

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			<p>5. The director's professionalism and continuing education</p> <p>6. Internal control</p> <p>The performance evaluation of functional committees shall include at least the following five major aspects:</p> <ol style="list-style-type: none"> 1. Participation in the Company's operations 2. Awareness of the duties of the functional committee. 3. Enhancement of decision-making quality of the functional committee. 4. Composition and selection of functional committee and election members 5. Internal control <p>After the directors and functional committees have completed the questionnaires, the executive unit of the Board of Directors will collect and tally the scores. The internal evaluation for 2023 has been completed, and the scores of the Board of Directors, individual board members and functional committees are all above 94, and the performance has been evaluated as good with no necessity for improvement. The evaluation results were reported to the Board of Directors on March 8, 2024.</p>	
(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	V		<p>(IV) The auditing committee obtained a copy of the independent statement and Audit Quality Indicators that issued by the CPA firm, and the Board of Directors annually establishes the items to evaluate the independence of the CPAs in accordance with the "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China: Integrity, Impartiality, Objectivity and Independence" of the National Federation of CPA Associations of ROC, which includes: (a) The audit team members and their spouses as well as dependent relatives shall not hold direct or indirect material financial interests in the Company. (b) The audit team members and their spouses as well as dependent relatives shall not have a business relationship with the Company, or its directors or managerial officers, that would affect independence. (c) During audit period, no members of the audit team, their spouses as well as dependent relatives shall hold the positions of directors or managerial officers of the Company, or have a direct and material influence on the audit. (d) No members of the audit team shall be related to directors or managerial officers of the Company as spouses, lineal relatives by blood or by marriage, or relatives within</p>	No difference.

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			2nd degree of kinship. (e) No members of the audit team shall receive gifts or presents of significant value from the Company or its directors, managerial officers or major shareholders (the value of which shall not exceed the standards of normal social etiquette). (f) Members of the audit team have performed the necessary independence/conflict of interest procedures and no breach of independence or unresolved conflict of interest has been identified As confirmed by the Company's Board of Directors on March 8th, 2024, the CPAs have no financial interest or business relationship with the Company other than professional fees for attestation and tax cases, and members of the CPAs' family backgrounds do not violate the independence requirements, and meet the Company's independence evaluation criteria to qualify as the Company's attesting CPAs.	
IV. Does the listed company have a suitable and appropriate number of corporate governance personnel, and designated a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors to perform their business, assisting directors and supervisors to comply with the relevant laws and regulations, conducting Board and Shareholders' meeting related matters in accordance with the law, preparing minutes of Board and shareholders' meetings, etc.)?	V		<p>On July 10, 2020, the Board of Directors passed the resolution appointing the CFO, Liu, Yen-Chih as the Corporate Governance Officer. Liu shall be in charge of corporate governance matters, subject to the supervision of the Chairperson and the Board. The CFO, Liu, Yen-Chih serves as the Head of Accounting of the Company. He has work experience serving as the head of financial accounting or audit in a public listing company for over three years, satisfying the position as Head of Corporate Governance of the Company.</p> <p>According to the scope of responsibilities, the Head of Corporate Governance conducts his duty. In 2023, the main responsibilities and performance status were as follows:</p> <ol style="list-style-type: none"> I. Provided information for the Board to perform their duties and arranged the Directors' continuing education. II. Provided information concerning the latest regulation development for the Board to perform their duties, so as to assist them in legal compliance matters. III. Studied and planned for the appropriate corporate systems and organization structure to promote the board's independence, transparency and legal compliance. IV. The Board first consulted with its members pertaining to the planning before preparing the agenda. All Board members were notified at least seven days before the Board meeting. Furthermore, sufficient information of the meeting and a description of each resolution was provided to facilitate the Directors' understanding regarding the 	No difference

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			<p>resolutions. The minutes were completed 20 days after the Board meeting.</p> <p>V. Each year, the general shareholders' meeting shall be registered within the time period required by the law. The meeting notice, meeting handbook and meeting agenda shall be prepared and applied for before the time period. After amendments made to Articles of Incorporation or the Board of Directors are re-elected, a change of registration shall be submitted.</p> <p>VI. In accordance with the performance indicators of the corporate governance evaluation system, the information on corporate governance was improved.</p> <p>VII. Paid attention to information transparency and symmetry to ensure shareholders' interest.</p> <p>In addition, the Corporate Governance Officer completed a total of 21 hours of training in 2023. Please refer to page 38 of the Annual Report (Table 2).</p>	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a stakeholder area on the company's website and appropriately responded to important CSR (corporate social responsibility) issues of concern to stakeholders?	V		The Company has set up a stakeholder section on its website, including employees, customers, suppliers, investors, etc. The Company has also set up communication channels through designated windows by the stakeholder group to continuously listen to the feedback of stakeholders and understand their concerns, so as to properly respond to the issues of concern to stakeholders.	No difference
VI. Has the Company commissioned professional stock agency institution to handle shareholders' meeting affairs?	V		The Company has appointed a professional stock affairs agency, Yuanta Securities Co., Ltd., to handle shareholders' meetings.	No difference
VII. Information Disclosure				
i. Has the Company set up a website to disclose financial and corporate governance information?	V		i. The Company has set up the website (https://www.alliedsupreme.com) to regularly disclose and update information related to the Company's finance and business as well as corporate governance.	No difference
ii. Has the Company adopted other	V		ii. The Company has a dedicated staff responsible for information collection and timely disclosure of the relevant information in	

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
<p>iii. Does the Company announce and report its annual financial statements within two months after the end of the fiscal year, and announce and report its first, second and third quarterly financial statements and operations for each month well in advance of the prescribed deadline?</p>	V		<p>accordance with the regulations.</p> <ol style="list-style-type: none"> 1. The Company has established a spokesperson and acting spokesperson system in accordance with the regulations, and discloses their names and contact information on the Company's website. 2. The Company has disclosed the information of the earnings calls on the Company's website. 3. The Company has set up an English website to provide related information about the Company to stakeholders. <p>iii. In order to provide investors with sufficient and accurate information, the Company announced and filed its financial statements as below: 2022 financial report on Mar 22, 2023 2023Q1 financial report on May 9, 2023 2023Q2 financial report on Aug 10, 2023 2023Q3 financial report on Nov 13, 2023 2023 financial report on Mar 8, 2024.</p>	
<p>VIII. Does the Company have other important information that can help with the understanding of the state of the Company's corporate governance (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, rights of interested parties, the status of continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance for directors and</p>	V		<p>The Management of the Company actively promotes corporate governance. The implementation of the relevant systems and measures adopted is as follows:</p> <ol style="list-style-type: none"> 1. The Company has established work rules, and has carried out the protection of employees' rights and interests regardless of class, gender or nationality. In addition to providing employees with insurance, education and training, medical checkups and retirement services in a manner superior to the requirements by the law, the Company's Employee Welfare Committee was established to serve as a communication channel between management and employees, to promote and implement various employee welfare policies, to create a harmonious working environment and to enrich the lives of employees. 2. Investor relations, supplier relations and stakeholder rights: The Company strives for transparency of information, discloses all financial and business information in a timely and appropriate manner as required by the law, and establishes a contact window and e-mail 	No difference

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
supervisors, etc.)?			<p>address to provide a channel for investors, suppliers and stakeholders to leave messages, and respond to their opinions. In order to protect the rights of both domestic and foreign investors, the Company has set up a corporate governance section in English and Chinese on its website to provide investors with diversified information. The Company and its suppliers sign written contracts or purchase orders on an equal footing to define mutual rights and obligations during the cooperation period, and to protect each other's legal rights and interests.</p> <p>3. Continuing educations of directors: All directors of the Company have taken the relevant courses in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." Please refer to page 38 of the Annual Report (Table 1) for information on directors' continuing education in 2023.</p> <p>4. Risk management policies and risk measurement standards: The Company focuses on the core business in accordance with the relevant laws and regulations, promotes and implements various policies, and establishes risk management measures and related management policies to reduce and avoid any risks that may jeopardize the Company's interests, and emphasizes the maintenance of employee safety. Matters related to the Company's major operating policies, investment proposals, acquisition or disposal of assets, and endorsements and guarantees are evaluated and analyzed by the relevant responsible departments before being submitted to the Board of Directors for resolution. The Auditing Office prepares annual audit plans based on the results of the risk management measures and implements them in order to carry through risk control and other monitoring mechanisms.</p> <p>5. Implementation of customer policies: The Company's sales department is responsible for communicating and coordinating with customers from time to time to provide good services and solve customers' problems in response to customer needs, and the sales department conducts customer satisfaction surveys from time to time to provide customers with various channels for two-way communication.</p> <p>6. The Company has purchased liability insurance for its directors, and has approved the insurance amount, coverage and premium to the</p>	

Assessment item	Participation status			Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			Board of Directors on Dec 27, 2023, and disclosed them on the Market Observation Post System.	
IX. Please provide information on the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE) in the most recent year, and propose priorities and measures to enhance those areas that have not yet been improved. (Not required for companies not included in the evaluation)		V	Not applicable	Not applicable

(Table 1) Continuing education of the Company's directors

Title	Name	Date	Organizer	Course Name	Hours		
Director	Hou, Chia-Sheng	Oct 4, 2023	The Securities & Futures Institute (SFI)	<ul style="list-style-type: none"> ➤ How directors oversee the company's implementation of enterprise risk management and crisis handling. ➤ Dealing with international carbon border adjustment mechanisms and domestic carbon pricing risk mitigation 	6		
	Li, Yuan-Chung				6		
	Hsieh, Sheng-Kuo				6		
	Su, Ming-Sheng				6		
	Chen, Si-Ling				6		
	Wu, Ming-Yuan				6		
Independent Director	Lu, Chien-Jung	Oct 4, 2023	The Securities & Futures Institute (SFI)	<ul style="list-style-type: none"> ➤ How directors oversee the company's implementation of enterprise risk management and crisis handling. ➤ Dealing with international carbon border adjustment mechanisms and domestic carbon pricing risk mitigation 	6		
	Wang, Kui-Ching				6		
	Chien, Yu-Kuo				6		
	Chen, Yun-Chang	Oct 4, 2023	The Securities & Futures Institute (SFI)	<ul style="list-style-type: none"> ➤ How directors oversee the company's implementation of enterprise risk management and crisis handling. ➤ Dealing with international carbon border adjustment mechanisms and domestic carbon pricing risk mitigation 	6		
		Nov 1, 2023			Taiwan Academy of Banking and Finance	➤ Corporate Governance and Sustainable Business Operations Seminar	3
		Nov 22, 2023			The Securities & Futures Institute (SFI)	➤ Explanation Meeting on Legal Compliance Advocacy for Internal Personnel Equity Transactions in the Year 2023	3

(Table 2) Continuing education of the Company's Corporate Governance Officer

Title	Name	Date	Organizer	Course Name	Hours
Corporate Governance Officer	Liu, Yen-Chih	May 23,2023	Taiwan Stock Exchange Corporation	➤ Advocacy Meeting for Sustainable Development Action Plans for Listed and Counter Companies in 2023	3
	Liu, Yen-Chih	Jun 30,2023	Taiwan Investor Relations Institute	➤ Strategies for Business Operations and News Crisis Management.	3
	Liu, Yen-Chih	Sep 22~23, 2023	Taiwan Corporation Governance Association	➤ Net Zero Sustainable Talent Development Program on Carbon Offsetting, Carbon Credits, and Carbon Trading	3
	Liu, Yen-Chih	Oct 4, 2023	The Securities & Futures Institute (SFI)	<ul style="list-style-type: none"> ➤ How directors oversee the company's implementation of enterprise risk management and crisis handling. ➤ Dealing with international carbon border adjustment mechanisms and domestic carbon pricing risk mitigation 	3

(V) If the Company has a salary and remuneration committee or a nomination committee, it should disclose its composition, responsibilities and operations:

1. On May 31, 2022, the Board of Directors resolved and selected independent directors Mr. Chien, Yu-Kuo, Mr. Wang Kui-Ching and Mr. Lu Chien-Jong, as the members of second term of the Salary and Remuneration Committee, and elected independent director Mr. Chien Yu-Kuo as the convener of the Salary and Remuneration Committee.
2. The function of the Committee is to professionally and objectively evaluate the policies, performance appraisal and system related to the remuneration to directors and managerial officers of the Company, and to make recommendations to the Board of Directors for its reference in making decisions.
3. Information on the members of the Remuneration Committee

Identity	Name	Professional qualifications and experience	Status of Independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member	Note
Convener and independent director	Chien, Yu-Kuo	Please refer to pages 7~9 for 3. Disclosure of professional qualifications of directors and independence of independent directors:	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not a director, spouse, minor child thereof, or other natural person shareholders who hold more than 1% of the total issued shares of the Company by nominee arrangement or with top ten ownership. (4) Not the managerial officer listed in (1) or the spouse, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the person listed in (2) and (3). (5) Not a director, supervisor or employee of an institutional shareholder directly holding 5% or more of the total number of issued shares of the Company, or among the top 5 in shareholdings, or designating its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act.	0	
Independent Director	Wang, Kui-Ching			1	Handa Pharmaceuticals Inc.

Independent Director	Lu, Chien-Jung		<p>(6) Not a director, supervisor or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person.</p> <p>(7) Not a director, supervisor or employee of the other company or institution who is or whose spouse is in the chairperson, president or equivalent positions of the Company.</p> <p>(8) Not a director, supervisor, managerial officer or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director (managing director), supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or relevant services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof</p> <p>(10) No situation under any of the subparagraphs of Article 30 of the Company Act. Not an employee of the Company or its affiliates.</p>	0	
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4. Information on the operation of the Remuneration Committee

- (1) There are three members in the Company's Salary and Remuneration Committee.
 (2) The term of office of the members in the current term: May 31, 2022 to May 30, 2025. The Salary and Remuneration Committee met three times in the most recent year (2023). The qualifications and attendance of the members are as follows:

Title	Name	Number of times of attendance in person	Number of times of attendance by proxy	Actual Attendance Rate (%)	Note
Convener	Chien, Yu-Kuo	3	0	100%	
Committee member	Lu, Chien-Jung	3	0	100%	
Committee member	Wang, Kui-Ching	3	0	100%	

Other items to be recorded:

I. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's handling of the recommendation of the Remuneration Committee (if the compensation approved by the Board of Directors is better than the recommendation of the Compensation Committee, it shall state the difference and the reasons thereof): None.

II. If the members of the Remuneration Committee have objections or reservations to the resolutions and there are records or written statements, they shall state the date and period of the Remuneration Committee, the content of the resolutions, the opinions of all members, and the treatment of the opinions of the members: No such cases have occurred.

III. The authorities of the Salary and Remuneration Committee are as follows:

- (I) Regularly review and propose amendments to the "Salary and Remuneration Committee Charter."
 (II) Establish and regularly review the performance evaluation standards, annual and long-term performance targets, and policies, systems, standards and structures for remuneration of directors and managerial officers of the Company.
 (III) Periodically evaluate the achievement of the performance targets of the Company's directors and managerial officers, and determine the contents and amount of their individual remuneration based on the evaluation results by the performance evaluation standards.

IV. The following are the resolutions of the Salary and Remuneration Committee in 2023:

Date	Resolutions	Resolution Result	Handling of the members' opinions by the Company
2st term 2nd session Mar 8, 2023	1. The Company's Distribution of Employee Compensation and Director Remuneration for the Year 2022.	After the Chairperson requested for consent from all attending committee members, this motion was passed as proposed.	No opinion

	2st term 3rd session Apr 10, 2023	1.2022 Internal Personnel Compensation Distribution Case.	After the Chairperson requested for consent from all attending committee members, this motion was passed as proposed.	No opinion
	2st term 4nd session Dec 27, 2023	1.Proposal on salary adjustment for the management of the company and its subsidiary Liansheng Fluoroplastics (Jiaying) Co., Ltd. in 2024.	After the Chairperson requested for consent from all attending committee members, this motion was passed as proposed.	No opinion

5. Information on the Nomination Committee members and its operations: Not applicable.

(VI) Promotion of the Sustainable Development and Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
I. Has the Company set up a full-time (or part-time) unit to promote sustainable development, together with senior management authorized by the Board of Directors to handle the related matters, and report to the board on the handling of the matters?	V		<p>1. In accordance with the Company's sustainable management policy, the "Social Responsibility Committee" was established in 2021 and renamed the "Sustainable Development Committee" in 2022, which is the highest-level decision center for sustainable development within the Company. The Chairperson of the Board of Directors serves as the Chairperson of the Committee, and together with a number of senior officers from different fields, they review the core operating capabilities of the Company to set up the medium- to long-term sustainable development plan.</p> <p>2. In continuation of the CSR policy, the Company formulated the Sustainable Development Best Practice Principles on March 14, 2022 and described the governance structure of the Company to promote sustainable development, which was approved by the Board of Directors and then implemented.</p> <p>3. The Principles describe the implementation of sustainable development in each organization of the Company, including but not limited to:</p> <p>(1) The Sustainable Development Committee is a continuation of the original CSR team, established on March 14, 2022, and authorized by the Board of Directors to be managed and promoted by the Chairperson of the Board of Directors as the Chairperson of the Committee and the Head of the Management Department as the Executive Secretary.</p> <p>(2) Following the GRI sustainability reporting guidelines, the FSC's supplementary guidelines for the chemical industry, the TCFD framework, and the SASB framework, the company has established standards that it must adhere to. These standards cover significant issues and information related to environmental, social, and governance aspects that are of concern to stakeholders. The company conducted its first assessment in 2022 and documented the results in its ESG sustainability report.</p> <p>(3) The ESG Sustainability Committee reported to the Board of Directors on the annual performance on March 8, 2023, including:</p> <p>A. The sustainability report for the year 2022 was reviewed and approved by the Board of Directors.</p> <p>B. Quarterly greenhouse gas emission reports were presented to the Board of Directors.</p> <p>C. Achievements in water resources, waste management, environmental</p>	The Company has complied with the basic spirit and regulations of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and has no evident deviation.

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
			<p>protection, energy conservation, and environmental sustainability were reported.</p> <p>D. Achievements in workplace care and talent development were presented.</p> <p>E. Achievements in social welfare and public welfare activities were reported.</p> <p>F. The integration of integrity management and the implementation results of risk management were discussed, affecting the company's governance aspects</p>	
<p>II. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies?</p>	V		<ol style="list-style-type: none"> 1. The scope boundary of our company's risk assessment is the Taiwan parent company, excluding all subsidiaries outside the parent-subsidiary relationship in the consolidated financial statements. 2. In order to improve the Company's risk management mechanism, strengthen the effectiveness of corporate governance, ensure the integrity, effectiveness and reasonableness of risk management, and effectively evaluate and monitor the Company's risk bearing capacity, determine risk response strategies and compliance with risk management procedures, the Company's "Risk Management Measures" and related "Risk Management Policies" were approved by the Board of Directors on September 2, 2020, to reasonably ensure the achievement of the Company's medium- and long-term strategic planning and objectives. 3. The company has established a clear risk management organization, with the board of directors as the highest risk management unit, the internal audit department responsible for internal auditing, the general manager's office responsible for assessing and implementing risk management strategies for business decisions. The general manager serves as the convener, overseeing the promotion and operation of risk management plans, with the participation of department managers and employees. Since 2020, the company has actively promoted the implementation of risk management mechanisms. Each department conducts annual assessments of hazard, operational, financial, strategic, contract, information security, and other risks, and reports its operation to the board of directors regularly. 4. The risks reported to the Board of Directors by the company on March 8, 2023, include: <ol style="list-style-type: none"> (1) Assessment of various risks, including operational risks related to environmental, social, or corporate governance issues, operational risks and strategic risks, financial risks, and measures taken to control risks. (2) Risks affecting operations identified after assessment include talent development, product industry and regional applications, quality, material supply chain, 	<p>The Company has complied with the basic spirit and regulations of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and has no evident deviation.</p>

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																				
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			manufacturing costs, and various improvement project implementations. The Board of Directors provided direct guidance and relevant recommendations in response.																					
<p>III. Environmental Issues</p> <p>(I) Has the Company established a suitable environmental management system according to the characteristics of its industry?</p> <p>(II) Does the Company strive to improve energy efficiency and use recycled materials that have a low impact on the environment?</p> <p>(III) Does the Company assess the potential risks and opportunities of climate change for the business now and in the future, and take measures to address climate-related issues?</p> <p>(IV) Does the Company keep statistics on greenhouse gas emissions, water consumption and total tonnage of waste for the past two years, and develop policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has standard operating procedures and standards according to the characteristics of construction operations. In addition to requiring personnel to perform operations in accordance with the Company's specifications, the Company also strives to strengthen the safety and health risk control of the operating environment, activities, equipment or facilities, and regularly cooperates with the implementation of the operating environment measurements.</p> <p>(II) The Company actively invests in the research and development as well as application of technology to provide customers with product solutions for energy-saving design and manufacturing of environmental protection-related equipment to reduce environmental pollution and reuse energy, and to improve the efficiency of resource use through electricity, water and energy conservation in daily operations. The company has internally constructed a SCADA (Supervisory Control and Data Acquisition) system to recycle water resources, reducing the environmental impact. Additionally, in 2023, the company evaluated the installation of solar panels for self-consumption, with completion expected in 2024.</p> <p>(III) In response to the potential risks and opportunities of climate change for enterprises now and in the future, the Company continues to be concerned about environmental protection-related issues and implement environmental improvements, and therefore formulates water resources or waste management policies with energy conservation, reduction, habit change and effective control as the management objectives.</p> <p>(IV) The company continues to advocate for energy conservation and carbon reduction. The effectiveness of implementation over the past year in terms of greenhouse gas emissions, water usage, and total waste weight is as follows:</p> <p>(I) Greenhouse gas emissions from diesel, bottled gas and natural gas, and purchased electricity (Unit:kgCO₂e)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2023</th> <th>2022</th> <th>Diff%</th> </tr> </thead> <tbody> <tr> <td>Scope1</td> <td>336,441</td> <td>244,602</td> <td>37.5%</td> </tr> <tr> <td>Scope2</td> <td>7,177,483</td> <td>8,339,035</td> <td>(13.9%)</td> </tr> <tr> <td>Subtotal</td> <td>7,513,924</td> <td>8,583,637</td> <td>(12.5%)</td> </tr> <tr> <td>Greenhouse gas</td> <td>1,320</td> <td>1,394</td> <td>(5.3%)</td> </tr> </tbody> </table>	Year	2023	2022	Diff%	Scope1	336,441	244,602	37.5%	Scope2	7,177,483	8,339,035	(13.9%)	Subtotal	7,513,924	8,583,637	(12.5%)	Greenhouse gas	1,320	1,394	(5.3%)	<p>The Company has complied with the basic spirit and regulations of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and has no evident deviation.</p>
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			<table border="1"> <tr> <td>emission intensity (kgCO₂e/ per million)</td> <td></td> <td></td> <td></td> </tr> </table> <p>Note: The overall greenhouse gas emissions from Scope 1 + Scope 2 decreased compared to the 2022 fiscal year. Additionally, the greenhouse gas emission intensity from Scope 1 + Scope 2 decreased by 5.33% compared to the 2022 fiscal year. According to the information provided, the company has achieved a reduction in greenhouse gas emissions in the 2023 fiscal year</p> <p>(II) Greenhouse gas emissions from water consumption</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2023</th> <th>2022</th> <th>Diff%</th> </tr> </thead> <tbody> <tr> <td>Water consumption (Unit: degree)</td> <td>43,190</td> <td>50,214</td> <td>(14.0%)</td> </tr> <tr> <td>Greenhouse gas emissions from water consumption (kgCO₂e)</td> <td>6.7378</td> <td>8.0845</td> <td>(16.7%)</td> </tr> </tbody> </table> <p>Note: We advocate for environmental protection and energy conservation. Despite the addition of new factories and an increase in personnel, the total water consumption decreased compared to the fiscal year 2022, indicating a significant reduction in the overall usage of water resources. Coefficient sources: The carbon emission coefficient for tap water in 2023 was calculated based on the announcement of 0.156 by the tap water company for the fiscal year 2022. The carbon emission coefficient for tap water in 2022 was calculated based on the announcement of 0.161 by the tap water company for the fiscal year 2021.</p> <p>(III) Waste generation</p>	emission intensity (kgCO ₂ e/ per million)				Year	2023	2022	Diff%	Water consumption (Unit: degree)	43,190	50,214	(14.0%)	Greenhouse gas emissions from water consumption (kgCO ₂ e)	6.7378	8.0845	(16.7%)	
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Year	2023	2022	Diff%									
廢棄物量(公噸)	21.01	13.56	54.9%									
IV. Social Issues (I) Has the Company established the relevant management policies and procedures in accordance with the relevant laws and regulations as well as international human rights treaties? (II) Has the Company established and implemented reasonable employee benefit measures (including compensation, vacation, other benefits, etc.) and appropriately reflected operational	V	V	(I) Our company supports and adheres to the basic human rights principles of the United Nations Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, United Nations Global Compact, International Labor Organization Declaration on Fundamental Principles and Rights at Work, and other applicable laws and regulations at all our global operating locations, including the spirit of human rights norms in the Human Rights Code and International Labor Conventions. We have formulated a "Human Rights Policy" to ensure the human rights and interests of all employees (current employees, contract and temporary staff, interns, etc.). The Human Rights Policy is announced to all employees and disclosed on the company's website. The relevant Human Rights Policy is also clearly stated in our company's recruitment and employment management regulations, where we conduct salary review based on the principle of equal pay for equal work and provide equal employment opportunities for indigenous people and individuals with disabilities. (II) The HR department conducts regular reviews of market salary levels, economic trends, and individual potential for salary adjustments, and bonuses are calculated based on the achievement of annual budget goals and individual performance to provide reasonable compensation for employees. 1. Regulations:	The Company has complied with the basic spirit and regulations of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and has no evident deviation.								

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
performance or results in the employee compensation?			<p>Our company has established the "Employee Salary and Compensation Management Regulations", "Annual Performance Assessment Management Regulations", and "Administrative Action Safety Awards and Penalties Regulations" in accordance with relevant laws and regulations. Through transparent and clear management regulations, we aim to reward outstanding performance and provide improvement opportunities for poor performance to implement our company's business philosophy and achieve corporate social responsibility goals. The HR department conducts regular reviews of market salary levels, economic trends, and individual potential for salary adjustments, and bonuses are calculated based on the achievement of annual budget goals and individual performance to provide reasonable compensation for employees. The company also stipulates in Article 22 of its Articles of Association that if the company makes a profit (which refers to profit before tax deducted for employee and director compensation), it should first reserve an amount to offset accumulated losses and then allocate 5% to 10% of pre-tax net profit, excluding employee and director compensation, as employee compensation.</p> <p>2. Actual distribution of bonuses in 2023: The total amount of Three traditional holiday bonuses and Employee bonuses are NT\$210,090 thousand. With increasing revenue, the amount allocated for profit distribution increased by NT\$87,832 thousand from the previous year, representing a growth of 71.8%.</p> <p>3. The company provides a variety of comprehensive benefits:</p> <ol style="list-style-type: none"> (1) Mandatory labor insurance, national health insurance, and regular contributions to retirement pensions in accordance with the law. (2) Group insurance is provided based on job nature after employment. (3) The leave system is comprehensive, in addition to the legal leave, other types of leave are also provided which are more favorable than the Labor Standards Act. (4) The year-end party raffle was held on Dec 24th, 2022, and commemorative gold coins were awarded to long-serving employees who had performed exceptionally well. (5) Rich reading materials are provided to enrich the mind and knowledge. (6) Quality uniforms made of comfortable materials are provided, and safety shoes that are durable and comfortable are also provided to ensure the safety of employees. (7) Free parking and exclusive personal tableware are provided. (8) A comfortable pantry is provided, equipped with free coffee, a refrigerator, and a 	

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
(III) Does the Company provide a safe and healthy work environment for employees, and implement regular safety and health education for employees?	V		<p>microwave oven, among other facilities.</p> <p>(9) The company supports and promotes gender equality policies, providing a breastfeeding-friendly room and signing contracts with friendly childcare centers to provide good and friendly childcare services for employees.</p> <p>(III) The Company complies with all of the industrial safety regulations, and the Safety and Health Office is responsible for planning, implementing and supervising health management-related operations, education and training. Through regular automatic inspection and safety and health education and drills necessary for disaster prevention, we aim to enhance employees' awareness of workplace hazards and emergency response capabilities.</p> <p>Explanation of Measures and Implementation of Employee Personal Safety and Work Environment Protection:</p> <ol style="list-style-type: none"> 1. Establishment of dedicated nurses and factory doctors in the plant area to periodically care for employees. They provide relevant advice based on the work environment and offer physical and mental health support. 2. Periodic dissemination of information related to a healthy workplace to provide employees with a reassuring work environment. 3. Conducting semi-annual environmental testing, including gas (carbon dioxide concentration, isopropanol concentration) or brightness testing based on the workplace to ensure a safe working environment. 4. Conducting education and training on the wearing of work protective equipment, teaching employees how to correctly wear relevant work protective equipment and providing education and training. 5. New employees are required to undergo safety and health as well as 5S education training on their first day of employment. In 2023, a total of 32 Taiwanese new employees were trained, and safety training is scheduled monthly as part of daily education. Additionally, all employees receive occupational safety and health on-the-job education training every quarter to ensure the continuous implementation of safety awareness. 6. In fiscal year 2023, our company recorded a total of 9 workplace injuries among employees (3 female and 6 male), all of whom were full-time employees with no part-time staff. This accounts for 1.97% of the total workforce. Among these injuries, 4 were related to Covid-19, and 5 were minor injuries. There were no cases of occupational injuries or work-related fatalities, and no fire incidents occurred during the year. To provide a safer working environment, our 	

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
(IV) Does the Company have an effective career development program for employees?	V		<p>company has initiated the implementation of the ISO 45001 system starting in fiscal year 2024. Through this system, we aim to continually strengthen employee safety awareness and implementation through established protocols.</p> <p>(IV) The Company has established the "Regulations Governing Education and Training" to evaluate the annual education and training needs and draw up plans every year. The courses include professional courses, general knowledge courses, safety courses, management training, etc. Through work and training, individual career planning and the overall interests of the Company can align at the same time.</p> <p>In the fiscal year 2023, our company trained a total of 1725 employees, with a total of 4064 training hours.</p>	
(V) Does the Company follow the relevant laws, regulations and international guidelines for customer health and safety, customer privacy, and marketing and labeling of its products and services, and establish the related consumer protection policies and grievance procedures?	V		<p>(V) In order to implement information security, the Company has established the "Regulations Governing Information Security" to ensure the rights and interests of stakeholders. The "Stakeholder" section is established on the Company website to provide contact information. Customers may make use of the contact information if any issue arises.</p>	
(VI) Has the Company formulated supplier management policies that require suppliers to follow the relevant regulations on issues such as environmental protection, occupational safety and health or labor rights, and monitor their implementation?	V		<p>(VI) Our company has established a "Supplier Selection and Management Procedure Manual" for procurement management. Suitable material suppliers and engineering contractors are required to fill out the "Supplier Basic Information" form. In addition, a "Supplier Evaluation Form" is used for suppliers to conduct self-assessments on environmental protection, occupational safety and health, and other related areas. Our company reinforces the promotion of corporate social responsibility policies to suppliers through various means during the trading process.</p> <p>Our company gradually inventories and grasps the overall situation of suppliers through the newly established supplier evaluation and annual supplier evaluation. We work together with our suppliers to achieve the goal of sustainable development. Please refer to Table 2 for details.</p> <p>In July 2023, the company established a Supplier Code of Conduct and conducted outreach to suppliers:</p> <ol style="list-style-type: none"> 1. In 2023, a total of 275 suppliers were educated, covering the following content: <ol style="list-style-type: none"> A. Labor B. Health and safety C. Environmental standards 	

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
			<p>D. Business ethics E. Elements related to this code</p> <p>The company expects suppliers to collaborate in improving the company's system. In 2023, contractor education and training will be implemented, aiming to provide knowledge on relevant aspects to all suppliers. A total of 133 suppliers are planned to receive training.</p> <p>2. A verification mechanism was established. In 2023, a total of 259 suppliers had no violations of regulations, accounting for 94.2%. Although 16 suppliers violated regulations such as labor standards, occupational safety and health laws, and labor occupational accident insurance and protection laws, they were actively involved in improvement efforts. The company will continue to monitor and provide assistance.</p> <p>3. The company tracks subsequent improvements through telephone communication, email, or other forms of communication. It expects suppliers to fulfill their corporate social responsibility by jointly safeguarding the rights and interests of labor and health and safety</p>	
V. Does the Company make reference to international standards or guidelines for the preparation of reports, such as corporate social responsibility reports, which discloses non-financial information about the company? Did the Company obtain confirmation or assurance from a third-party verifier for the preceding report?		V	On June 15th, 2023, our company compiled a sustainability report which was verified and confirmed by a third-party accounting firm, Everest CPA & Co.	
VI. If the Company has established sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from the Principles:	V		<p>The Company has established a "Sustainable Development Best Practice Principles" to carry out its commitment to corporate social responsibility, formulate the employee code of ethics and code of conducts, and policies on environmental safety and health management, and implement them. The Company has complied with the basic spirit and regulations of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."</p> <p>The company's implementation of sustainable development guidelines is as follows:</p> <p>1. The company has formulated a clear vision and mission for sustainable development. In 2023, it established net zero carbon emissions as a sustainable goal and developed clear sustainability strategic objectives. Action plans have been devised to achieve short,</p>	The Company has complied with the basic spirit and regulations of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and has no evident deviation.

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
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			<p>medium, and long-term goals.</p> <p>2. In the first phase by 2030, the short-term goal is to reduce emissions by 25%. In the second phase by 2040, the cumulative reduction target is 35%, and a long-term goal is set for the third phase by 2050 to achieve a cumulative reduction of 100%.</p> <p>3. The company regularly reports to the board of directors each year. On March 8, 2023, it presented the ESG achievements report for the 2022 year. The board of directors directly supervises improvements, including aspects such as corporate governance, social welfare, and environmental measures.</p>	

VII. Other important information to facilitate better understanding of the Company's sustainable development practices:

(Table 1) Results of corporate social responsibility operations

Date	Activity	Financing
2023.06.07	Blood donation event	Social welfare
2023.09.18	Donation campaign	Social welfare
2023.09.25	Donation & volunteer service	Social welfare
2023.11.04	Beach cleaning event	Social welfare
2023.11.17	Donation campaign	Social welfare
2023 whole year	Charitable meals	Social welfare

(Table 2) Annual Evaluation of Suppliers

New Supplier Assessment	Supplier Annual Evaluation	Establishing a sustainable supply chain.
Item/Description	Item/Description	
1. Supplier Business Planning Ability: Evaluating whether the supplier has addressed employee rights, company system, and operating conditions.	1. Quality Whether the inspection meets the standards and the quality stability.	Establishing supplier partnerships based on cooperation, mutual trust, and mutual benefit; adhering to a "willingness of vendors" policy, sharing and exchanging expertise, and building a solid foundation for long-term relationships that foster mutual growth
2. Manufacturing Capability or Technical Work Execution: Evaluating whether the supplier has the ability to fulfill order requirements and resolve problems, and whether the company is competitive in the market.	2. Delivery Acquiring raw materials on time, meeting production needs, reducing inventory, and improving capital utilization efficiency.	

Assessment item	Participation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Summary description	
3. Quality Management System: Assessment of whether the supplier has dedicated personnel or units responsible for quality inspection, and whether they can effectively oversee the production process and shipment quality.			3. Compliance Timeliness and compliance with the company's requirements.	
4. Corporate Social Responsibility and Corporate Governance: Evaluating whether the supplier attaches importance to environmental development and occupational safety and has the ability to sustainably operate.			4. Social Responsibility Driving suppliers to jointly implement environmental protection, human rights protection, and other sustainable development efforts.	

(VII) Climate-related Information:

1. Execution Status of Climate-related Information

Assessment Item	Execution Status
<p>I. Description of the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.</p> <p>II. Description of how identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, long-term).</p>	<p>I. The ESG Sustainable Operations Committee, approved by the Board of Directors, is chaired by the Chairman of the Board. It comprises department heads who collectively assess climate-related risks and propose improvement measures, reporting them to the Board of Directors. In the 2024 assessment, risks primarily included strategic and operational risks, covering various aspects of risk assessment. The highest-risk contents were identified, including talent cultivation and development, fluoroplastic products in the industry, control of product manufacturing costs, and project management. These were supervised and guided directly by the Board of Directors. Climate-related risks have not yet emerged as a significant key factor affecting the current year.</p> <p>II. Explanation of how climate risks and opportunities affect the company in the short, medium, and long term, towards achieving energy-saving goals, with related increases in raw material costs, leading to overall production cost increases.</p> <p>A. Short-term: Suppliers engage in assessing projects and seeking feasible energy-saving solutions, resulting in minor cost increases in the short term.</p> <p>B. Medium-term: The establishment of energy-saving solutions by suppliers reflects in the costs of their products, leading to increased raw material costs for the company.</p> <p>C. Long-term: The implementation of carbon taxes, carbon fees, energy-saving equipment, and related measures by the company and its suppliers will further increase costs. °</p> <p>In response to the establishment of energy taxes/carbon taxes by various countries, there will be an increase in market demand for</p>

<p>III. Explanation of the financial impact of extreme weather events and transition actions:</p> <p>IV. Describe how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system.</p> <p>V. If using scenario analysis to evaluate resilience to climate change risks, explain the scenarios, parameters, assumptions, analytical factors, and major financial impacts used.</p>	<p>renewable energy, providing opportunities for corporate development or investment in renewable energy.</p> <p>A. Short-term: The establishment of energy taxes, carbon taxes, and carbon fees accelerates the company's search for alternative or renewable energy sources. °</p> <p>B. Medium-term: More investment is made to improve processes and equipment, increasing energy efficiency and reducing energy consumption.</p> <p>C. Long-term: Reducing carbon emissions decreases the payment of energy taxes, carbon taxes, and carbon fees, leading to reduced related costs, contributing to environmental improvement. °</p> <p>III. In 2023, the government amended the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act," imposing carbon fees on Category One and Category Two projects, resulting in increased operational costs. Positive Impact: Utilizing the carbon pricing mechanism and government carbon fee resources, the company can apply for relevant subsidies to construct carbon reduction equipment or mechanisms, thereby still obtaining subsidies despite increased costs. Negative Impact: Increased costs of supplier products due to climate change will affect the company's operational cost inputs, as well as potential cost increases in fixed assets and long-term assets. Additionally, more operating costs may be required.</p> <p>IV. The company has established a risk management procedure and classified risk levels according to risk categories, dividing them into first-line, second-line, or third-line responsibilities to identify differences in risk and assist in the improvement and implementation of substantive management. However, a climate risk plan has not yet been developed.</p> <p>V. Not been constructed yet.</p>
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<p>VI. If there is a transformation plan to address climate-related risks, describe the content of the plan, as well as the indicators and goals used to identify and manage physical and transitional risks.</p> <p>VII. If internal carbon pricing is used as a planning tool, explain the basis for price determination.</p> <p>VIII. If climate-related targets are set, explain the activities covered, greenhouse gas emission scopes, timelines, annual progress, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve the targets, explain the sources and quantities of the offset carbon emissions or the number of RECs used.</p> <p>IX. Greenhouse gas inventory and assurance, reduction targets, strategies, and specific action plans (to be filled out separately in sections 1-1 and 1-2).</p>	<p>VI. Not been constructed yet.</p> <p>VII. Not been constructed yet.</p> <p>VIII. Not been constructed yet.</p> <p>IX. The company began conducting individual company greenhouse gas inventories in 2023, and completed the initial inventory in the same year, but external assurance operations have not yet been carried out. In 2023, the company established greenhouse gas reduction targets for the individual company, setting short-term, medium-term, and long-term reduction goals:</p> <p>Short-term: Cumulative reduction of 25% by 2030 Medium-term: Cumulative reduction of 60% by 2040 Long-term: Cumulative reduction of 100% by 2050</p> <p>With the goal of achieving net-zero carbon emissions, the company formulated action plans based on its main energy consumption items, including electricity, fuel, water conservation, and waste reduction. Starting from energy-saving concepts and daily life practices, the company gradually established an energy monitoring system for data-driven control, serving as the basis for improvement assessment to achieve its goals.</p> <p>In March 2024, the company completed the preliminary construction of the ISO14064-1:2018 system, providing a basis for greenhouse gas carbon inventory operations. Due to the preliminary construction phase, external verification of ISO14064-1:2018 has not yet been conducted.</p>
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(VIII) Status of the Ethical Corporate Management and the Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Assessment item	Participation status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary description	
<p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(I) Does the company establish corporate conduct and ethics policy that is approved by the board of directors and document such policy and procedure, as well as ensuring the commitment of the board and management team in the implementation of the policy thereof, in the bylaws and publicly available documents?</p> <p>(II) Has the company established a risk assessment mechanism for unethical conduct, analyzed and evaluated activities that contain a higher risk of unethical conduct in the operating aspect on a regular basis, and established measures for the prevention of unethical conduct, which at least cover the business activities prescribed in the “Ethical Corporate Management Best</p>	<p>V</p> <p>V</p>		<p>(I) The Company has established “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Code of Conduct”. In accordance with updates of the law and regulations, the Company makes corresponding amendments to its internal policies on a regular basis. Revised "Code of Conduct for Business Integrity" on August 10, 2022 was announced to employees on August 15, 2022 after being approved by the board of directors. Senior management and the board of directors signed the statement of commitment to abide by the policy of business integrity in 2022.</p> <p>(II) The company has established the "Risk Management Regulations" and "Code of Conduct for Business Integrity". Each department conducts annual assessments of significant risks in areas such as operations, finance, strategy, contracts, and information security, and develops response measures and improvements to prevent the occurrence of risks.</p>	<p>The Company has complied with the basic spirit and regulations of “Corporate Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies,” and has no evident deviation.</p>

Assessment item	Participation status		Summary description	Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
<p>Practice Principles for TWSE/GTSM Listed Companies” Article 7, Paragraph 2?</p> <p>(III) Does the company establish relevant policies duly enforced to prevent unethical conduct, provide and implement operating procedures, behavioral guidelines, penalty for violation and appeal system in such policies, and evaluate and amend the aforementioned policies on a regular basis?</p>	V		<p>(III) The Company has established a reporting mechanism. The internal independent reporting e-mail and hotline are disclosed publicly. Anonymous reporting of malpractice is allowed. The Company makes amendments to these measures in accordance with regulations on a regular basis.</p> <p>To implement and adhere to the policy of business integrity, the company provides "pre-employment general training" to new employees, and promotes relevant regulations on internal and external websites. The concept of integrity is promoted to all employees in their daily work. In 2023, a total of 41 new employees were trained in anti-corruption, bribery refusal, and integrity education, with a total of 20.5 hours of training to strengthen their awareness.</p> <p>In the year 2023, the company announced and promoted the code of conduct for integrity and honesty among existing employees and new hires. A total of 486 commitment letters were signed</p>	
<p>II. Implementation of integrity business</p> <p>(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(II) Does the company task a unit that reports directly to the board of</p>	V		<p>(I) The Company stipulates and implements the integrity commitment in contracts with its business partners.</p> <p>(II) The company has established the "Operating Procedures and Code of Conduct for Business Integrity". The management department is</p>	<p>The Company has complied with the basic spirit and regulations of “Corporate Ethical Management Best Practice Principles for TWSE/TPEX Listed</p>

Assessment item	Participation status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary description	
<p>directors and promotes ethical standards, making periodical updates (at least once a year) to the board on business integrity management policy, and the supervision of measures for prevention of unethical conduct?</p> <p>(III) Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p> <p>(IV) Has the company implemented effective accounting and internal control systems to maintain business integrity, and had the internal audit unit devised the relevant audit planning according to the risk assessment results of unethical conduct? Are these systems reviewed by internal or external auditors on a regular basis?</p>	V		<p>responsible for revising, implementing, interpreting, providing consulting services, and recording relevant content in the filing system for this operating procedure and code of conduct.</p> <p>On Mar 8, 2023, the company reported to the board of directors on the implementation of the policy in 2022, and on March 8, 2024, it reported on the implementation of the policy in 2023. The number of related incidents was 0 for both years.</p> <p>(III) The integrity management policy of the Company pays attention to conflict of interest, specifically illustrating circumstances or standards of conflict of interest. It also requires the relevant personnel to withdraw from situations of conflict of interest. When employees have knowledge of or face a conflict of interest, they are required to report to their direct supervisors, head of the human resources department or the Board of Directors as detailed as possible.</p> <p>(IV) The accounting system of the Company is designed by referring to Securities and Exchange Act, Company Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards endorsed by Financial Supervisory Commission, International Accounting Standards and regulations of International Financial Reporting Interpretations Committee and Interpretations Committee Interpretations. The establishment of the accounting system has also taken the actual business circumstances of the Company into consideration. The internal control system is designed and implemented by referring to Regulations Governing Establishment of Internal Control Systems by Public Companies and other relevant</p>	Companies,” and has no evident deviation.

Assessment item	Participation status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary description	
(V) Does the company conduct internal and external ethical training programs on a regular basis?	V		regulations. The audit department under the Board of Directors shall also review the compliance of accounting and internal control systems on a regular basis and report to the Board. (V) The Company shall arrange for training courses pertaining to corporate governance and integrity management for new recruits.	
III. Status of reporting system (I) Does the company provide incentives and means for employees to report malpractice and implement an accessible whistle-blowing channel? Does the company dedicate personnel to investigate the reported malpractice? (II) Has the company implemented any standard procedures or confidentiality measures for handling reported malpractices? (III) Does the company assure malpractice reporters that they will not be mistreated for making such reports?	V V V		(I) In the “Ethical Corporate Management Best Practice Principles”, the Company has established reporting channel and designated personnel to take charge of relevant matters. (II) For matters concerning malpractice reporting, the Company has specifically established confidentiality regulations. (III) The “Whistleblower protection” principle guarantees the position and salary of the reporter. The reporter shall not be demoted or have his employment terminated because of reporting malpractice. If the reporter suffers retaliation due to making a legitimate reporting, apart from the relevant compensation, in accordance with Employee Reward and Punishment Regulations, the Company shall punish the retaliating party.	The Company has complied with the basic spirit and regulations of “Corporate Ethical Management Best Practice Principles for TWSE/TPEX Listed Companies,” and has no evident deviation.
IV. Enhanced information disclosure (I) Has the company disclosed relevant CSR principles and implementation	V		The Company continued to implement the “Sustainable Development Best Practice Principles” in 2023, which are made available on the Company website: (https://www.alliedsupreme.com/tw/about).	The Company has complied with the basic spirit and

Assessment item	Participation status		Summary description	Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No		
on its website and Market Observation Post System?				regulations of “Corporate Ethical Management Best Practice Principles.
<p>V. If the company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe its current practices and any deviations from the Best Practice Principles: After referring to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and considering the actual business operation, the Company has established “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Code of Conduct”. In accordance with these regulations, the Company implements integrity management to regulate the behavior of its employees when conducting business operations.</p>				
<p>VI. Other information relevant to understanding the company’s business integrity (e.g., review the company’s corporate conduct and ethics policy): The Management of the Company actively implements integrity management. The implementation of relevant systems and measures adopted is as follows: To establish a corporate culture of integrity, and strengthen corporate governance and risk control, “Business Integrity Procedures and Code of Conduct” specifically provides that the directors, managerial officers and employees conducting business shall observe the regulations and take preventive measures against unethical behavior, to improve the business environment.</p>				

- (IX) If the company has established corporate governance principles or other relevant guidelines, the channels of access to such principles shall be disclosed:
Please proceed to the “Corporate Governance” sub-section under the “Investors” section on the website (<http://www.alliedsupreme.com.tw/>), or Market Observation Post System for more information.
- (X) Other important information that may enhance the understanding of the company’s corporate governance status:
The Company has established “Regulations for Processing Material Inside Information.” Any update to the procedure has been approved by the Board of Directors and publicly announced. Please refer to the “Corporate Governance” sub-section under the “Investors” section on the Company website: <http://www.alliedsupreme.com.tw>.

(XI) Implementation of the Internal Control System

1. Statement on Internal Control

Allied Supreme Corporation
Statement on the Internal Control System

Date: March 8, 2024

The results of self-evaluation of the Company's internal control system in 2023 is hereby disclosed below:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board and managerial officers, and that such a system has already been established throughout the Company. It aims to provide reasonable assurance about the achieving of the goals of operational effectiveness and efficiency (including profit, performance and asset security protection), reporting reliability, timeliness, and transparency, as well as compliance with the relevant laws and regulations.
- II. The internal control system has its inherent limitations and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.
- III. The Company exercises judgment on whether or not the design and implementation of the internal control system are effective based on the items used to judge the effectiveness of the internal control system stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The items adopted in the Regulations to judge the effectiveness of the internal control system in the "Regulations" are based on the process of management control, and the internal control system is divided into five elements: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervisory operations. Each element includes a couple of items For said items, please refer to the Regulations.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether or not the design and implementation of the internal control system are effective.
- V. Based on the evaluation results of the preceding paragraph, the Company believes that its internal control system (including supervision and management of subsidiaries), as of December 31, 2023, includes an understanding of the effectiveness of the operations and the extent to which efficiency goals are achieved. The reporting system is reliable, timely, transparent, and the relevant design and implementation of the internal control system regarding compliance with the relevant laws and regulations are effective. Therefore, it can provide reasonable assurance about the fact that it has achieved the goals above.
- VI. This statement constitutes the main content of the Company's Annual Report and the prospectus, and is disclosed to the public. Where there are false or concealed contents in the statement above, the Company shall be legally liable under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Company's Board of Directors on March 8, 2024. Of the 10 directors present, no one had objections, and the rest all agreed with the content of this statement and declared here.

Allied Supreme Corporation
Chairperson: Hou, Chia-Sheng
President: Hou, Chia-Sheng

2. Where CPAs are appointed to conduct ad-hoc review of the internal control system, the review report issued by the CPAs shall be disclosed:

The Company was not appointed a CPA to issue a special review report on the internal control system during 2023.

(XII) In the Last Year and As of the Publication Date of the Annual Report, Where the Company and Its Internal Personnel Have been Imposed with Any Penalty in Accordance with the Law, or the Company Has Imposed Any Penalty on Its Internal Personnel for Violating the Provisions of the Internal Control System, and the Results of Said Penalty May Have a Material Impact on Shareholders' Equity or Securities Prices, the Details of Said Penalty, Main Deficiencies and Improvements Shall be Specified: None.

(XIII) Important Resolutions of the Shareholders' Meetings and Board of Directors in the Last Year and As of the Publication Date of the Annual Report:

1. Important resolutions of shareholders' meetings:

Date of the meeting	Important issue	Implementation Status
May 26, 2023 (Annual shareholder meeting)	Report item: 1. 2022 business report.	After the Chair requesting for consents of all attending shareholders, this motion was passed as proposed.
	Report item: 2. 2022 audit committee review of the company's financial statements	After the Chair requesting for consents of all attending shareholders, this motion was passed as proposed.
	Report item: 3. 2022 report on employee compensation and director remuneration distribution	After the Chair requesting for consents of all attending shareholders, this motion was passed as proposed.
	Report item: 4. 2022 report on cash dividend distribution.	After the Chair requesting for consents of all attending shareholders, this motion was passed as proposed. The company has set April 1, 2022, and April 28, 2022, as the ex-dividend date and dividend payment date, respectively. The dividend payment was completed on April 28, 2022, and was reported at the shareholders' meeting.
	Report item: 5. Revised "Corporate Social Responsibility Practices Guidelines", "Corporate Governance Practices Guidelines" and "Board meeting procedures" of the company.	After the Chair requesting for consents of all attending shareholders, this motion was passed as proposed.
	Approval item: 1. Approval of the 2022 business report and financial statements.	The voting result of this motion was 59,815,692 weighting factors in favor and the motion was passed as originally proposed.
	Approval item: 2. Approval of the 2022 profit distribution plan.	The voting result of this motion was 59,815,775 weighting factors in favor and the motion was passed as originally proposed. The company has set April 1, 2022, and April 28, 2022, as the ex-dividend date and dividend payment date, respectively, and the dividend payment was completed on April 28, 2022. Other distribution items have also been approved by the

Date of the meeting	Important issue	Implementation Status	
		shareholders' meeting.	
	Election item: Comprehensive election of the company's directors.		
	Title	Name	Number of shares votes received
	Independent Director	Chen, Yun-Chang	57,631,089
	On July 6, 2023, we obtained registration approval from the Ministry of Economic Affairs and announced it on our company's website.		
	A motion for an emergency resolution: None.		

2. Important resolutions of Board meetings:

Date of the meeting	Important resolution
2023/1/11	1.Setting the benchmark date for the issuance of new shares by converting employee stock option certificates.
2023/3/8	1. Approval of the "Assessment of the Effectiveness of the Design and Implementation of Internal Control" and the "Statement of Internal Control" for the year ended December 31, 2022.
	2. Distribution of remuneration to employees and directors for 2022.
	3. 2022 Business Report and Financial Statements.
	4. 2022 Earnings Distribution Proposal.
	5. Discussion about if the overdue accounts receivable of the Company, as of the end of December 2021, were from lending of funds to others.
	5.Proposal to appoint and determine the independence and qualification of the independent auditor for the company's 2023 audit, as well as their remuneration.
	6.Discussion on whether the overdue accounts receivable as of the end of January 2023 of the company are considered loans to others.
	7.Revision of the "Practical Guidelines for Corporate Governance" of our company.
	8. Partial Amendment Proposal to the "Regulations on Financial Transactions between Related Parties" of Our Company
	9. Drafting of the "Procedures for Pre-Approval of Audit Services Provided by the Visa Accountant" in Our Company
	10. Proposal for the Election of Independent Directors in Our Company.
	11.Operation Procedure for Accepting Shareholder-Nominated Candidates for Independent Directorship in Our Company.
	12.Proposal and Review of the Nomination List for Independent Director Candidates by the Board of Directors.
	13.Matters related to the acceptance of proposals by shareholders at the shareholders' meeting.
14.Proposal to determine the date, venue, and purpose of the shareholders' meeting of our company for the year 2023.	
2023/4/10	1.Setting the benchmark date for the issuance of new shares by converting employee stock option certificates.
	2.Proposal to distribute bonuses to internal personnel for the 2022 fiscal year.
	3.Application and renewal of financing credit from financial institutions for the company.
	4.Additional expenditure on plant expansion of subsidiary ALLIED SUPREME Fluoroplastics (Jiaying) Limited.
	5. Proposal for Reviewing the List of Nominees for Independent Director Candidates.
2023/5/8	1.Financial statements for the first quarter of fiscal year 2023 of the Company.
	2.Discussion on whether the overdue accounts receivable as of the end of March 2023 of the company are considered loans to others.

Date of the meeting	Important resolution
2023/7/2	1.Setting the benchmark date for the issuance of new shares by converting employee stock option certificates.
	2.Proposal for the Remuneration of Independent Directors in Our Company.
	3.Application and renewal of financing credit from financial institutions for the company.
	4.Application and renewal of financing credit from financial institutions for the subsidiary of the company, Aston FluoroTech Corp.
	5.Application and renewal of financing credit from financial institutions for the subsidiary of the company, Allied Supreme Fluoroplastics (Jiaxing) Limited.
	6.Proposed endorsement guarantee for the subsidiary of the company, Allied Supreme Fluoroplastics (Jiaxing) Limited and Aston FluoroTech Corp.
	7.Proposal for the Purchase of Office Building by Our Company
2023/8/9	1.Financial statements for the second quarter of the fiscal year 2023.
	2.Discussion on whether the overdue accounts receivable as of the end of June 2023 of the company are considered loans to others.
	3. Amendment Proposal for the "Shareholders' Meeting Rules" of Our Company
2023/10/4	1.Setting the benchmark date for the issuance of new shares by converting employee stock option certificates.
2023/11/8	1.Proposal for the financial statement of the third quarter of the 2023 fiscal year of the company.
	2.Discussion of whether overdue accounts receivable as of the end of September 2023 belong to the category of lending funds to others for the company.
2023/12/27	1.Proposal for the 2024 consolidated budget of the company.
	2.Proposal for salary adjustment for the company's and subsidiaries' management in 2024.
	3.Purchase of director and officer liability insurance for the 2024 fiscal year.
	4.Application and renewal of financing credit from financial institutions of the company.
	5. Amendment Proposal for Certain Articles of the "Internal Control System" and "Internal Audit System" of Our Company's Subsidiaries, Allied Supreme Fluoroplastics (Jiaxing) Limited and Aston FluoroTech Corp.
	6. Drafting of the Internal Audit Plan for the Fiscal Year 2024 for Our Company and its Subsidiaries, Allied Supreme Fluoroplastics (Jiaxing) Limited and Aston FluoroTech Corp.
2024/1/10	1.Setting the benchmark date for the issuance of new shares by converting employee stock option certificates.
2024/3/8	1.Internal Control Statement for the Year 2023.
	2.Proposed Employee Compensation and Director Compensation Accruals for the Year 2023.
	3.Annual Business Report and Financial Statements for the Year 2023.
	4.Profit Distribution Plan for the Year 2023.
	5.Appointment and Compensation of Independent Auditors for the Year 2024, with Emphasis on Independence and Qualification.
	6.Discussion on Whether Overdue Accounts Receivable as of the End of January 2024 Should Be Regarded as Loans to Others.
	7.Amendment Proposal of Some Articles of the Company's Board Meeting Procedures.
	8.Matters Related to the Shareholders' Right to Propose Motions at the Shareholders' Meeting.
	9.Proposal for Determining the Date, Place, and Agenda of the Company's 2024 Shareholders' Meeting.
2024/4/9	1.Setting the benchmark date for the issuance of new shares by converting employee stock option certificates.
	2.Proposal to distribute bonuses to internal personnel for the 2023 fiscal year.
	3.Application and renewal of financing credit from financial institutions for the company.

- (XIV) In the Last Year and As of the Publication Date of the Annual Report, Where the Directors Have Different Opinions on Important Resolutions Passed by the Board of Directors on Records or in a Written Statement, the Main Content Shall be Specified: The Company had no such cases.
- (XV) An Aggregate Information on the Resignation and Dismissal of the Company's Chairperson, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, and R&D Manager in the Last Year and As of the Publication Date of the Annual Report: The Company had no such cases.

IV. Information on CPA professional fees

(I) Information on CPA professional fees

Unit: NTD thousand

Name of Accounting Firm	Name of Attesting CPAs	CPA audit period	Audit fees	Non-audit fees	Total	Note
Deloitte Taiwan	Chen, Wen-Hsiang	2023.01.01~ 2023.12.31	3,650	875	4,525	(Note)
	Liu, Shu-Lin					

Note: The non-audit fee of \$875 thousand include \$150 thousand for the 2023 tax returns, \$275 thousand for the 2022 transfer price report and \$450 thousand for the project consulting services.

- (II) Where the CPA Firm is Replaced and the Audit Fees Paid During the Year in Which Replacement Occurs Are Less than Those in the Prior Year, the Amount and Reasons for the Audit Fees Before and After the Replacement Shall Be Disclosed: Not applicable
- (III) Where the Audit Fees Are Reduced by at Least 10% Compared with the Prior Year, the Amount of the Decrease, Percentage, and Reason: Not applicable.

- V. **Information on the change of CPAs in the last two years: The Company had no such cases.**
- VI. **Where the Company's Chairperson, President or Managerial Officers in Charge of Financial or Accounting Affairs Have Worked in the CPA Firm at Which the CPAs Appointed Work or Its Affiliates Within the Last Year: The Company had no such cases.**
- VII. **In the Last Year and As of the Publication Date of the Annual Report, Equity Transfer and Changes in Pledged Equity by Directors, Managerial Officers and Shareholders Whose Shareholding Ratio Exceeds 10%.**

(I) Changes in shareholdings of directors, managerial officers and major shareholders

Unit: Shares

Title	Name	2023		2024 up to April 1st	
		Increase (decrease) of shareholding	Increase (decrease) of pledged shares	Increase (decrease) of shareholding	Increase (decrease) of pledged shares
Chairperson (President)	Hou, Chia-Sheng	60,000	—	—	—
Director	Hsieh, Sheng-Kuo	(100,000)	—	—	—
Director	Wu, Ming-Yuan	—	—	—	—
Director	Shang He Investment Co., Ltd. Representative: Chen, Si-Ling	—	—	—	—
Director	Ying Sheng Investment Co., Ltd. Representative: Su, Ming-Sheng	(550,000)	—	—	—
Director (CEO)	Li, Yuan-Chung	60,000	—	—	—
Independent Director	Lu, Chien-Jung	—	—	—	—
Independent Director	Wang, Kui-Ching	—	—	—	—
Independent Director	Chien, Yu-Kuo	—	—	—	—
Independent Director	Chen, Yun-Chang (Note1)	—	—	—	—
Vice President of the Production Dep.	Huang, Yu-Ming	7,000	—	14,000	—
Senior Manager, Sales	Zhuang, Wen-Rong	10,000	—	7,000	—
Chief Finance officer	Liu, Yen-Chih	14,000	—	—	—
Vice President of the Sales Dep., AJX	Chao, Yang-Mao	—	—	—	—

Note 1: An independent director was added and elected at the shareholder's meeting held on May 26th, 2023.

(II) Information of related parties on the transfer of shareholdings of directors, managerial officers and shareholders holding 10% or more of the shares:

Name	Type of transfer	Date of transaction	Related person	Relationship	Shares	Transaction price
Su, Ming-Sheng	Donation	2023/8/23	Yen, Mei-Wen	Spouse	550,000	307.00
Hsieh, Sheng-Kuo	Donation	2023/9/20	Hsieh, Ming-Jui	Children	100,000	273.50
Su, Ming-Sheng	Trust	2023/9/25	Taipei Fubon Commercial Bank entrusted special account	Su, Ming-Sheng	550,000	—
Huang, Yu-Ming	Donation	2023/12/15	Huang, Chiung-Hua	Children	7,000	335.50
Liu, Yen-Chih	Donation	2023/12/25	Cheng, Chia-Li	Spouse	46,000	297.50

(III) Information on the pledge of shareholdings of directors, managerial officers and shareholders holding 10% or more of the shares: None.

VIII. Information on the Top Ten Shareholders with the Highest Shareholding Ratio are Related Parties, Spouse, or Relatives Within Second Degree of Kinship to Each Other

April 1, 2024; Unit: Shares; %

Name	Shareholding by the individual		Shareholding of spouse and minor children now		Total shareholdings held in the name of others		The names and relationships of the top ten shareholders who are related to each other or who are related to each other as spouses or second-degree relatives.		Note
	Shares	%	Shares	%	Shares	%	Name	Relation	
Yung Ching Investment Co., Ltd. Representative: Hou, Yuan-Hsuan	6,676,732	8.35	—	—	—	—	Hou, Chia-Sheng	Relative within 2nd degree of kinship	—
	—	—	—	—	—	—	Yu Lin Co., Ltd.	Person in charge The same person	
Ying Sheng Investment Co., Ltd. Representative: Su, Ming-Sheng	5,163,485	6.46	—	—	—	—	—	—	—
	593,250	0.74	550,000	0.69	2,817,271	3.52			
Hsieh, Sheng-Kuo	4,672,640	5.84	—	—	—	—	Kuo Ju Investment Co., Ltd. Representative: Hsieh, Chia-Wei	Relative within 2nd degree of kinship	—
Shang He Investment Co., Ltd. Representative: Chen, Si-Ling	4,520,825	5.72	—	—	—	—	Chen, Jou-Yu Chen, Ying-Ying	Relative within 2nd degree of kinship Relative within 2nd degree of kinship	—
	—	—	—	—	—	—			
Chen, Ying-Ying	3,289,097	4.11	—	—	—	—	Shang He Investment Co., Ltd. Representative: Chen, Si-Ling	Relative within 2nd degree of kinship	—

Name	Shareholding by the individual		Shareholding of spouse and minor children now		Total shareholdings held in the name of others		The names and relationships of the top ten shareholders who are related to each other or who are related to each other as spouses or second-degree relatives.		Note
	Shares	%	Shares	%	Shares	%	Name	Relation	
Chen, Jou-Yu	3,245,344	4.06	—	—	—	—	Shang He Investment Co., Ltd. Representative: Chen, Si-Ling	Relative within 2nd degree of kinship	—
Yu Lin Co., Ltd.	2,883,216	3.61	—	—	—	—	Yung Ching Investment Co., Ltd.	Person in charge The same person	—
Hou, Chia-Sheng	2,827,840	3.54	—	—	—	—	Yung Ching Investment Co., Ltd. Representative: Hou, Yuan-Hsuan	Director Relative within 2nd degree of kinship	—
Kuo Ju Investment Co., Ltd. Representative: Hsieh, Chia-Wei	2,304,243	2.88	—	—	—	—	Hsieh, Sheng-Kuo	Relative within 2nd degree of kinship	—
Wu, Ming-Yuan	1,772,144	2.22	1,180,000	1.48	—	—	—	—	—

Note 1: All the top ten shareholders shall be listed. In the case of institutional shareholders, the names of the institutional shareholders and the names of their representatives shall be listed separately.

Note 2: The shareholding percentage include shareholding in the name of the individual, his or her spouse, minor children or using the name of others, respectively.

Note 3: For the shareholders listed above, including juridical and natural persons, their relationship between each other in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be disclosed.

IX. The Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers and Businesses Directly or Indirectly Controlled by the Company in the Same Investee, and the Combined Shareholding Ratio Shall be Calculated: None.

Four.Fundraising

I. Capital and Shares

(I) Sources of capital

1. Changes in the Company's stock capital for the last five years up to the date of publication of the Annual Report

Apr 14, 2024; Unit: Thousands of shares; thousands of NTD

Year and Month	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Share capital Source	Property other than cash is used as the share payments	Others
2018.08	10	68,100	681,000	68,100	681,000	Capital increase for remuneration to employees of \$7,000 thousand	—	Note 1
2019.08	10	168,000	1,680,000	68,800	688,000	Capital increase for remuneration to employees of \$7,000 thousand	—	Note 2
2021.07	10	168,000	1,680,000	69,305	693,050	Capital increase for employee stock options of \$5,050 thousand	—	Note 3
2022.01	10	168,000	1,680,000	78,545	785,450	Cash capital increase for initial TWSE listing of \$92,400 thousand	—	Note 4
2022.06	10	168,000	1,680,000	79,002	790,020	Capital increase for employee stock options of \$4,570 thousand	—	Note 5
2022.09	10	168,000	1,680,000	79,025	790,250	Capital increase for employee stock options of \$230 thousand	—	Note 6
2022.12	10	168,000	1,680,000	79,028	790,280	Capital increase for employee stock options of \$30 thousand	—	Note 7
2023.03	10	168,000	1,680,000	79,037	790,370	Capital increase for employee stock options of \$90 thousand	—	Note 8
2023.06	10	168,000	1,680,000	79,536	795,360	Capital increase for employee stock options of \$499 thousand	—	Note 9
2023.09	10	168,000	1,680,000	79,697	796,970	Capital increase for employee stock options of \$1,610 thousand	—	Note 10
2023.12	10	168,000	1,680,000	79,763	797,630	Capital increase for employee stock options of \$660 thousand	—	Note 11
2024.03	10	168,000	1,680,000	79,976	799,760	Capital increase for employee stock options of \$2,130 thousand	—	Note 12

Note 1: Approved by the Letter Jing-Shou-Shang-Zi No. 10701093710

Note 2: Approved by the Letter Jing-Shou-Shang-Zi No. 10801108640

Note 3: Approved by the Letter Jing-Shou-Shang-Zi No. 11001125870

Note 4: Approved by the Letter Jing-Shou-Shang-Zi No. 11001239790

Note 5: Approved by the Letter Jing-Shou-Shang-Zi No. 11101136840

Note 6: Approved by the Letter Jing-Shou-Shang-Zi No. 11101198530

Note 7: Approved by the Letter Jing-Shou-Shang-Zi No. 11230006660

Note 8: Approved by the Letter Jing-Shou-Shang-Zi No. 11230063380

Note 9: Approved by the Letter Jing-Shou-Shang-Zi No. 11230142030

Note 10: Approved by the Letter Jing-Shou-Shang-Zi No. 11230196800

Note 11: Approved by the Letter Jing-Shou-Shang-Zi No. 11330009080

Note 12: As of the deadline for printing, there are still registrations undergoing changes at the Ministry of Economic Affairs.

2. Type of shares

Apr 1, 2024; Unit: Shares; NTD

Type of shares	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Registered commons stock	799,760,000	880,240,000	1,680,000,000	Listed companies

(II) Structure of shareholders

Apr 1, 2024

Structure of shareholders Quantity	Government authorities	Financial institution	Other juridical persons	Individual	Foreign institution and foreigner	Total
Number of persons	4	12	111	3,861	110	4,098
Number of shares held	1,083,000	2,580,000	32,449,529	34,846,465	9,017,006	79,976,000
Shares Ratio	1.35%	3.23%	40.58%	43.57%	11.27%	100%

(III) Equity Distribution

Apr 1, 2024; Unit: People; Shares; %

Range of Shareholdings	Number of shareholders	Number of shares held	Shares Ratio
1 to 999	2,016	208,063	0.26%
1,000 to 5,000	1,612	2,620,299	3.28%
5,001 to 10,000	152	1,185,090	1.48%
10,001 to 15,000	54	698,200	0.87%
15,001 to 20,000	47	866,894	1.08%
20,001 to 30,000	39	989,602	1.24%
30,001 to 40,000	29	1,047,289	1.31%
40,001 to 50,000	18	822,292	1.03%
50,001 to 100,000	39	3,045,950	3.81%
100,001 to 200,000	42	6,581,913	8.23%
200,001 to 400,000	20	5,984,455	7.48%
400,001 to 600,000	5	2,437,611	3.05%
600,001 to 800,000	5	3,405,000	4.26%
800,001 to 1,000,000	1	840,123	1.05%
1,000,001 above	19	49,243,219	61.57%
Total	4,098	79,976,000	100%

(IV) List of major shareholders

Apr 1, 2024; Unit: Shares; %

Name of major shareholder	Shares	Number of shares held	Shares Ratio
Yung Ching Investment Co., Ltd.		6,676,732	8.35%
Ying Sheng Investment Co., Ltd.		5,163,485	6.46%
Hsieh, Sheng-Kuo		4,672,640	5.84%
Shang He Investment Co., Ltd.		4,520,825	5.65%
Chen, Jou-Yu		3,289,097	4.11%
Chen, Ying-Ying		3,245,344	4.06%
Yu Lin Co., Ltd.		2,883,216	3.61%
Hou, Chia-Sheng		2,827,840	3.54%
Kuo Ju Investment Co., Ltd.		2,304,243	2.88%
Wu, Ming-Yuan		1,772,144	2.22%
Total		37,355,566	46.72%

(V) Market price, net worth, earnings, and dividend per share, and relevant information in the last two years

Unit: NTD; thousands of shares

Item		Year			
		2022	2023	The current year up to March 31, 2024 (Note 8)	
Market price per share (Note 1)	Highest	396.00	377.00	458.00	
	Lowest	228.00	263.50	308.00	
	Average	284.26	311.05	387.28	
Net worth per share (Note 2)	Before distribution	85.16	93.31	—	
	After distribution	73.16	81.28 (Note9)	—	
Earnings per Share	Weighted average number of shares	78,782	79,329	—	
	Earnings per share (Note 3)	22.54	21.22	—	
Dividend per share	Cash dividend		12.0	12.0 (Note9)	—
	earnings dividend	Stock dividend from retained earnings	—	—	—
		Stock dividends by capital surplus	—	—	—
	Cumulative unpaid dividend (Note 4)		—	—	—
Return on investment analysis	Price-to-earning ratio (Note 5)		12.61	14.66	—
	Price to dividend ratio (Note 6)		23.69	25.92	—
	Cash dividend yield (Note 7)		4.22	3.86	—

Note 1: List the highest and lowest market prices of common stocks for each year, and calculate the average market prices for each year based on the transaction value and volume for each year.

Note 2: Please enter the number of outstanding shares at the end of the year based on what is resolved by the shareholders' meeting in the following year.

Note 3: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4: If the terms of issuance of equity securities provide that the unpaid dividends of the current year may be accumulated until the year when there are earnings, the accumulated unpaid dividends till the current year should be disclosed separately.

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

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

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

Note 8: The net value per share and earnings per share should be filled in with the information verified (reviewed) by an accountant as of the date of publication of the Annual Report; the remaining fields should be filled in with the data of the current year ending on the date of publication of the Annual Report.

Note 9: The distribution of the Company's 2023 cash dividends was approved by the Board of Directors on March 8, 2024 but has not yet been reported at the shareholders' meeting.

(VI)The Company's dividend policy and implementation status:

1. Dividend policy:

In accordance with the Company's Articles of Incorporation, if there are net profits in the Company's annual final accounts, it should provide for tax payables in accordance with the law, make up for accumulated losses, then allocate 10% as legal reserve after adding up items other than net profit after tax for the year, but when legal reserve has reached the amount of the Company's paid-in capital, no more legal reserve should be provided for, and

special reserve should be appropriated from the remainder or reversed in accordance with the law. Based on the surplus earnings, if any, together with accumulated undistributed earnings, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholder meeting for a resolution to distribute dividends to shareholders.

If the aforementioned earnings, legal reserve and capital surplus are distributed in cash, the Board of Directors is authorized to distribute them by a resolution of a two-thirds majority of the Board of Directors and a majority of the Board of Directors present, and report to the shareholders' meeting. If the distribution is in stock, a resolution by the shareholders' meeting is required.

The Company's dividend policy provides that no less than 10% of available-for-distribution earnings should be allocated for dividend distribution to shareholders each year with consideration of the industrial environment, investment environment, capital requirements, profitability, capital structure and future operating needs, with the interests of shareholders and balance between dividends and the Company's long-term financial planning taken into account. No distribution is required if the dividend is less than \$0.1 per share; the dividends may be paid in cash or in stock, with the cash dividend not less than 30% of the total dividend.

2. Distribution of dividends for 2023:

On March 8, 2024, the Board of Directors approved the 2023 earnings distribution proposal with cash dividends of NT\$12 per share, amounting to NT\$959,712 thousand.

(VII) Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earning per share: Not applicable.

(VIII) remuneration of employees and directors

1. Information on the percentage or range of remuneration of employees and remuneration of directors in the Articles of Incorporation:

The Company shall set aside 5% to 10% of its annual profit, if any, as remuneration to employees, which shall be distributed in stock or cash by resolution of the Board of Directors; not more than 3% of the above profit as remuneration to directors in cash by resolution of the Board of Directors. The distribution of remuneration to employees and directors should be reported to the shareholders' meeting.

2. With regard to the estimated basis for calculation of remuneration of employees and remuneration of directors, the accounting process for the share calculation basis for the distribution of employees' remuneration in the form of shares and the accounting handling for any discrepancy between the actual distribution amount and the estimated value is made: The estimated amount of remunerations to employees and directors is based on the net profit before tax for the period in accordance with the appropriation percentage under the Company's Articles of Incorporation and is recognized as salary expense. If there is a change

in the amount after the publication of the annual standalone financial statements, the change will be treated as a change in accounting estimate and adjusted to the profit or loss of the following year.

3. Distribution of remuneration approved by the Board of Directors:

- (1) Remunerations to employees and directors distributed in cash or stock If there is difference in the expense annual estimation amount recognized, then the difference amount reason and handling status shall be disclosed.

On March 8, 2024, the Board of Directors approved the distribution of remunerations to employees and directors in cash, and the amounts of remunerations to employees and directors were NT\$123,437 thousand and NT\$31,888 thousand, respectively, with no difference from the amount recognized as expense.

- (2) The proposed amount of stock-based profits sharing with employees and its proportion to the net profits after-tax and total profits sharing amount to employees for the period:
Not applicable: No such cases.

4. Actual distribution status (including number shares, amount and share price of the distribution) of the employees' bonus and remunerations of directors in the previous year, and if there is any difference in the recognition of the remuneration of employees and remuneration of directors, the difference amount, reason and handling status shall be explained: No difference.

(IX)Repurchase of the Company's shares: The Company had no such cases.

II. Issuance of corporate bonds: The Company had no such cases.

III. Issuance of preferred shares: The Company had no such cases.

IV. Issuance of overseas repository receipts: The Company had no such cases.

V. Employee stock options:

- (I) Outstanding employee stock options as of the date of publication of the Annual Report and the effect on shareholders' equity.

April 14, 2024

Type of employee stock options:	First employee stock options in 2019
Filing effective date and total units	Not applicable / 2,000 unit
Issue date	2020/5/27
Number of units issued	2,000 units (2,000 thousand of shares)
Number of units wasn't issued	0 unit
Number of shares to be subscribed as a percentage of total number of issued shares	2.91%
Duration	4 years
Contract performance method	Delivery by issuance of new shares
Restriction subscription period and percentage (%)	The stock option holders may exercise their stock options after being granted the employee stock options according to the following schedule: 30% available for subscription after 1 year 60% available for subscription after 2 years 100% available for subscription after 3 years
Number of exercised options	1936 thousand of shares
Amount of exercised options	NT\$77,375 thousand
Number of unexercised options	0 shares (Note)
Subscription price per share for unexecuted options	NT\$31.7
Number of unexercised options as a percentage of total number of issued shares	0 %
Effect on shareholders' equity	Employee stock options can attract and retain the necessary talents, and increase the motivation of employees, which will positively contribute to the development and interests of the Company, therefore, the effect on shareholders' equity is limited.

Note: 64 thousand shares were cancelled due to employee departure and reaching expiration without execution.

(II) The name and the situation of acquisition and subscription of the managerial officers with employee stock options, and of the employees among the top 10 largest employee stock options.

April 14, 2024; Unit: Thousands of shares; thousands of NTD

Title	Name	Number of acquired options	Number of acquired options as a percentage of total number of issued shares (%)	Exercised				Unexercised				
				Stock options Quantity	Stock options Price	Stock options Amount	Number of stock options as a percentage of total number of issued shares (%)	Stock options Quantity	Stock options Price	Stock options Amount	Number of stock options as a percentage of total number of issued shares (%)	
Managerial officer	President	Hou, Chia-Sheng	520	0.65%	520	41.3	21,476	0.65%	0	31.7	0	0%
	CEO	Li, Yuan-Chung										
	Vice President	Huang, Yu-Ming										
	CFO	Liu, Yen-Chih										
Employee (Note)	Sales Assistant VP of Subsidiary	Chao, Song	535	0.67%	535	40.23	21,524	0.67%	0	31.7	0	0%
	Special Assistant of the Chairperson's Office	Chen, Wen-Long										
	Assistant VP, Sales	Zhuang, Wen-Rong										
	Sales Manager of Subsidiary	Chiu, Ming-Hsiang										
	Product Development Department Manager:	Chang, Zhi-Cheng										
	R&D Manager of Subsidiary	Huang, Chong-Ji										
	Assistant Manager of the Sales Department	Chien, Hsu-Wai										

Assistant Manager of the Production Department	Hung, Rong-Chi											
Assistant Manager of the Management Department	Wang, Zhen- Long											
Plant Manager of Subsidiary	Huang, Yao- Liang											

Note: The employees among the top 10 largest employee stock options refer to employees other than managerial officers.

- VI. Employee restricted stocks: The Company had no such cases.**
- VII. Issue of new shares for mergers and acquisitions of or transfer of shares from another company: The Company had no such cases.**
- VIII. Implementation of the capital utilization plan (any previous issuance or private placement of marketable securities not yet completed or already completed within the last three years and the plan's benefits not yet demonstrated): The Company had no such cases.**

Five. Overview of Operations

I. Information on Business:

(I) Scope of business:

1. The main contents of the Company's business are as follows.

- (1) Coating treatment of various metal and non-metal surface, and special surface treatment of various machinery and parts.
- (2) Trading of finished and semi-finished products such as fluoropolymer raw materials, round bars and flat plates.
- (3) Design, manufacturing and trading of industrial conveyor belts made of fluoropolymer.
- (4) Design, manufacturing and trading of fluoropolymer lining for the heat exchanger of chemical industry engineering, pollution prevention machinery and equipment, tanks, pipes and coils.
- (5) Import and export of the preceding products.
- (6) Plastic Sheets, Pipes and Tubes Manufacturing.
- (7) Plastic Sheets and Bags Manufacturing.
- (8) Industrial Plastic Products Manufacturing.
- (9) Mechanical Equipment Manufacturing.
- (10) Pollution Controlling Equipment Manufacturing.
- (11) Electronics Components Manufacturing.
- (12) Machinery Installation.

2. Main products and business proportion

Unit: Thousands of NTD; %

Product	2023FY	
	Net operating income	Sales percentage
Fluorine lined equipment	3,708,680	65.15%
Fluorine lined pipe & fitting	470,427	8.26%
Fluorine application materials	1,259,336	22.12%
Fluorine engineering revenue	253,910	4.46%
Total	5,692,353	100.00%

3. Current products (services) of the Company

- (1) Manufacturing of fluoropolymer lining materials, sheets, tubes and rods.
- (2) Design and manufacturing of fluoropolymer lining tanks, towers and heat exchangers.
- (3) Design and manufacturing of fluoropolymer lining tubes.
- (4) Fluoropolymer surface treatment and manufacturing.
- (5) Chemical purification system, recycling system, equipment design and manufacturing.

- (6) Design and manufacturing of electronic chemical storage and transportation equipment.
4. New products (services) planned to be developed:
- (1) Development of new surface treatment method and liquid medicine formulation.
 - (2) Development of high frequency fluorine substrate materials.
 - (3) Special fluorine material microporous development and processing.
 - (4) Development of fluorine composite materials.
 - (5) Automatic production line for modified fluorine materials.
 - (6) New process equipment processing for fluorine tube materials.
 - (7) New production line for hot-melt fluorine materials.

(II) Overview of Industry:

1. Current state and development of the industry

Fluorine materials are acid and alkali resistant, resistant to various organic solvents, and are insoluble in almost all solvents. At the same time, fluorine materials have the characteristics of high temperature resistant and non-adhesive, and the coefficient of friction is extremely low, and it can also be used as lubricant. High-tech and high-quality industries use them extensively, and they are indispensable for traditional industries as well. They have even been used in daily life, from machines and equipment operating in high-temperature chemical environments to non-stick pans and water pipes, all of which can be seen in daily life. Their importance and popularity are evident.

Fluoropolymers have excellent chemical resistance and electrical insulation properties, and they do not change their properties at high or low temperatures. Fluoropolymers are used when other plastics are not applicable, so they are called the king of plastics. Their permeation resistance, chemical resistance, non-flammability, non-precipitation and high cleanliness properties are unsurpassed by other plastic materials, making them widely used, especially in the electronics and petrochemical industries. As such, they occupy a place in the electronics and petrochemical industries, which have strict requirements on the reaction environment.

Our main business is the processing of fluoropolymers, from semi-finished materials, various fluorine sheets, films, materials and tubes, to lined and coated products such as lined/coated storage tanks, lined/coated reaction equipment, lined/coated pipes, pure fluorine containers, cleaning equipment, process equipment, pipes and connectors, etc. All of which are indispensable members of the industry. The industries we mainly serve are electronic industry (semiconductor and panel) and petrochemical industry, and the current status of the main industries of application is described as follows.

(1) Semiconductor industry

In addition to acid and alkali resistance, fluorine products for the semiconductor

industry demand strict cleanliness for chemical-related applications. Fluoropolymers can meet the needs of the semiconductor industry for chemical applications.

Because of the ozone-resistant, high cleanliness and no precipitation characteristics of fluorine materials, fluoropolymer products play a critical role in the production of electronic grade chemicals, which are key materials in the upstream of the electronics industry. The EL Grade chemicals used in the electronic manufacturing process require high cleanliness, especially in the high-end IC process, where the level of cleanliness will determine the yield of the final product. Only high cleanliness raw materials can produce high quality electronic grade chemicals, such as high purity solvents like hydrofluoric acid, sulfuric acid, nitric acid, ammonia for the wet etching process, process gases like NF₃, SF₆, C₄F₈, CF₄, HF for the dry etching process or cleaning process acids. Therefore, in the overall IC process, in order to ensure the quality of the final product, all devices and equipment that come into contact with chemicals, from the chemical supplier to the plant's loading tank car, filling machine, transport piping, equipment and equipment for storing/reacting chemicals and special gases, to the piping at the process end, must be made of materials with corrosion resistance and high cleanliness without precipitation. Therefore, fluorine material is crucial in the semiconductor chemical system and is the only choice from purification production, storage to transmission.

In addition, the chemicals used in the semiconductor process are large in volume and corrosive, and after the recycling and purification process, the discarded chemicals still have the value of reuse, which is in line with the green issue of environmental protection. Therefore, corrosion-resistant fluorine materials are required at the downstream end to ensure the quality of subsequent chemical recycling operations. As the semiconductor industry continues to upgrade its manufacturing processes, the industry's requirements for cleanliness (Particle and Metalion) in the process are becoming more stringent, and the importance of the related product applications is becoming more apparent.

According to IDC's semiconductor research in the Asia-Pacific region, "Geopolitical influences have formed strong driving and pulling forces, leading to a new wave of regional shifts in the semiconductor industry chain. Countries will pay more attention to the autonomy, security, and controllability of their own supply chains. In the future, the semiconductor industry will shift from globalization and supply chain functional collaboration towards multi-regional, multi-ecosystem competition. Although short-term geopolitical factors may not immediately affect businesses, in the long run, they will become increasingly important considerations and development keys for the semiconductor industry in terms of market, efficiency, and cost."

Therefore, the increase in capital expenditure and related investment by major semiconductor manufacturers will lead to a higher demand for related equipment and plant construction, which is expected to drive business opportunities in the related supply chain.

In the realm of semiconductor foundries, TSMC, Samsung, and Intel have begun advanced process layout in the United States, leading to a gradual emergence of American influence in semiconductor foundry services. Although China has encountered obstacles in advanced process development, rapid progress is observed in mature process development driven by domestic demand and national policies. It is anticipated that under the classification based on production regions, China's overall industry regional share will continue to increase, reaching 29% by 2027, a 2% increase from 2023. Taiwan's market share in 2027 is expected to decrease from 46% in 2023 to 43%. Meanwhile, the United States is poised to make gains in advanced processes, with an expected market share of 11% for 7-nanometer and below processes by 2027.

According to the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry, Taiwan's semiconductor industry output value was 3.77 trillion New Taiwan Dollars (NTD) in 2023. Looking ahead to 2024, the projected output value is estimated to reach 4.29 trillion NTD, marking a growth of 13.7%. It is anticipated that each sub-industry will experience a growth rate of 10% to 20% in 2024, with semiconductor foundry services remaining the primary growth driver, especially in the advanced manufacturing segment.

While the first quarter of 2024 is expected to face the traditional seasonal slowdown, it is anticipated to perform better compared to the same period this year, showing signs of recovery from four consecutive quarters of year-on-year decline. In the memory segment, due to ongoing production cuts by international memory giants, short-term memory prices are stabilizing, and supply and demand are expected to return to stability.

Looking at the IC design and IC packaging/testing industries, which are closely related to end-consumer electronics products, it may be more challenging to achieve the same level of recovery as semiconductor foundry services with the assistance of advanced manufacturing processes in the next two quarters. However, they are expected to show better recovery performance.

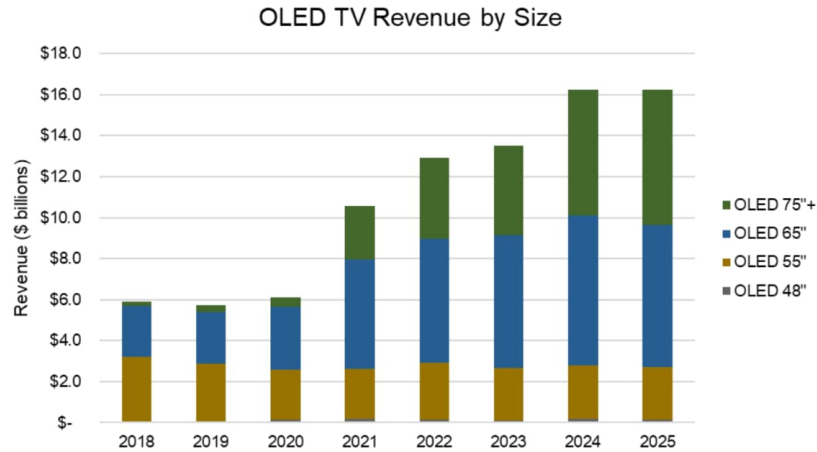
(2) Panel industry

The panel industry is a high-tech industry and is a key component of most electronic products. The panel industry is a highly mature industry, and the industry is now striving to break away from the production capacity competition and transform into "Display everywhere." In particular, under the development of the field economy, we have diversified our panel business model to include food, clothing, housing, transportation, education and entertainment, as well as new businesses such as smart retail, health business, circular economy and smart industrial services. It is an indispensable human-machine interface for the future life and thus establishes a new ecosystem for the industry.

According to DSCC's forecast report, in the long term, from 2019 to 2025, the shipment of high-end TVs will grow from less than 10 million units in 2019 to nearly 35 million units in 2025, with a CAGR of 24%; among them, OLED TVs are expected to

grow at a CAGR of 31% to 14.7 million units; The CAGR of the large-size TV market above 75 inches is estimated to be 36%, with the growth of OLED TVs above 75 inches even having a CAGR of 87%.

From a revenue perspective, OLED TVs will be the main growth driver and OLED TV revenue is expected to grow at a CAGR of 19% to US\$16.2 billion from 2019-2025.



In terms of demand, in the long run, with the start of 5G commercialization and the rapid development of AI, the rapid development of various application products, in addition to connected TVs, digital signage, public displays, smart speakers, wearable devices, smart shelves and other products, the use of industrial control, medical, education, self-driving cars, unmanned stores, smart retail and other application markets will also gradually expand to drive the demand for panels. In addition, the average size of TVs is expected to increase by one inch per year from 2020 to 2023, and panel prices are expected to accelerate consumer demand for replacement after a rapid decline in 2019. If the epidemic is controlled, the panel demand growth force is expected to be higher than the supply. In the subsequent rebound in deferred demand, in 2021-2023, the global panel industry boom is expected to gradually rise.

(3) Petrochemical industry

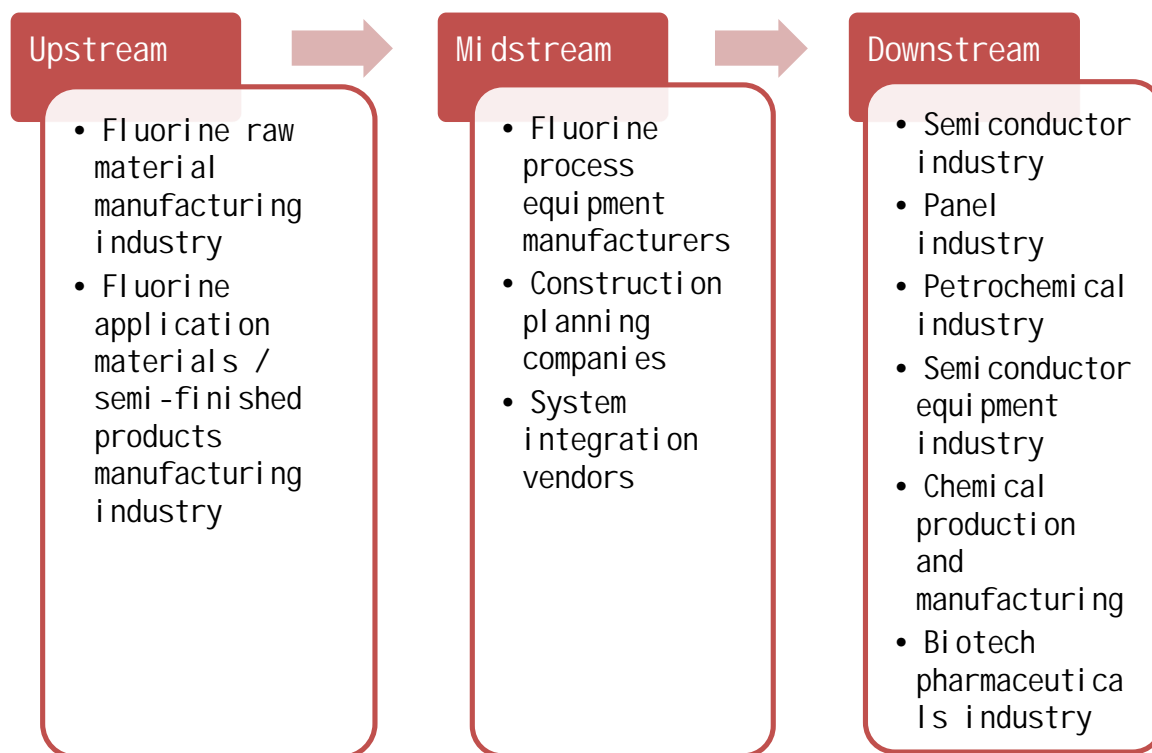
The petrochemical and plastic industries are the pillar industries of various industries. All kinds of daily necessities used in food, clothing, housing and transportation are made from chemical raw materials such as plastics, rubber and artificial fibers, such as plastic products, rubber products, cleaning agents, artificial fibers, pigment dyes, adhesives, plasticizers, pesticides, cosmetics, etc. Their applications are quite extensive.

Upstream of the petrochemical and plastic rubber industry chain are crude oil, light oil refined from crude oil, gasoline, diesel oil, kerosene, fuel oil, lubricating oil, etc. The refining process of crude oil includes first, physical separation of gravity, distillation, evaporation, crystallization, absorption and adsorption, extraction; and second, chemical reforming cracking, restructuring, isomerization, alkylation, polymerization, and the by-products generated by the refining process such as sulfuric acid has strong corrosive properties, so fluorine products with strong chemical resistance can be used in the upstream end of the petrochemical refinery process.

After entering the midstream section, the upstream raw materials are cracked to produce basic petrochemical raw materials such as ethylene, propylene, butadiene, benzene, phenols, etc., and the above raw materials are then polymerized, esterified, alkylated or other chemical reactions to produce plastics, rubber, artificial fibers and other chemical raw materials. At this stage, due to the large number of chemical reactions involved, the petrochemical process must overcome the characteristics of high temperature, high pressure and high vacuum, while acid and alkali corrosion resistance is the main demand. Therefore, the design and production of petrochemical process equipment, such as the production of various reactor, storage tank and tower design and efficiency improvement, lined pipe design and manufacturing and installation engineering, heat exchanger design and manufacturing, filter, valve and hose design, manufacturing, etc., can be created by the characteristics of fluoropolymers to create a high-performance and high-yield process environment.

Under the challenges of environmental and climate change, in response to the increasing scarcity of resources, drastic changes in material prices, changing consumer preferences, development of green energy, reduction of waste and avoidance of ecological havoc caused by waste, the petrochemical industry is prompted to reduce the environmental impact of its own operations and to make more effective use of limited resources to maximize resource efficiency. This kind of thinking will encourage enterprises to consider the reduction of resource waste and increase the use of recycled materials when developing new products, so as to introduce a circular economy and respond to the green trends, which in turn will help the industry to transform and innovate the business models.

2. The correlation between upstream, midstream and downstream sections of the industry:



3. Development trends of products

(1) Fluorine materials

Due to the characteristics of fluorine materials, various fluorine processing fields, the expansion of fluoropolymer material technology applications and the development of composite materials have become the goal of the industry's efforts to provide customers with better manufacturing and service quality, as well as to meet the various needs of the specialty chemical, biotechnology, pharmaceutical, semiconductor, optoelectronics and machinery industries.

(2) Process equipment

The process supply equipment technology is becoming mature. In addition to the increasing demand for cleanliness as technology advances, the future trend is to have the ability to customize, design and adjust equipment, process design and plant construction methods to meet customer needs. In addition, due to the huge investment in the production process of the semiconductor and panel industry, any failure in the process supply process may result in huge losses, therefore, customers demand high quality and stability, and therefore have higher loyalty to quality suppliers, which raises the entry barrier for late entrants.

In addition, as environmental protection issues continue to develop in the technology industry in various countries, the concept of waste reduction and recycling is no longer compatible with the increasingly stringent environmental protection regulations and social needs, and innovative solutions to remove, reduce and replace chemicals from the process must be developed at the source.

4. Competition situation

(1)Fluorine lining equipment

In Taiwan, there are only two Japanese companies as our main competitors in the IC process supply chain of the high-end market because of the strict requirements for high purity of products. In general, there are two to three local companies in the middle- and low-end markets for applications that require less cleanliness and corrosion resistance.

In recent years, China has been investing in the development of the IC industry, so the Japanese and Korean fluorine processors have been setting up factories to grab the market. For high-end advanced manufacturing processes, suppliers are more carefully selected due to the more stringent customer requirements. In the IC industry, there are many local manufacturers in China that can provide products with competitive price because of the relatively low technical requirements in the middle- and low-end markets.

In Asia, Japan and Korea are relatively advanced and mature markets for the IC industry, so they have established complete supply chains for upstream and downstream fluorine products. Due to regional and ethnic characteristics, it is less possible for the semi-finished and finished products of fluorine processing to be exported from Taiwan.

(2)Fluorine application materials

Fluorine application materials include fluorine lined pipe fittings, and fluorine raw material tubes and sheets. For fluorine lined fittings, these products have more local production characteristics than fluorine lined equipment. Teflon lined fittings require high chemical permeation resistance, high corrosion resistance and high purity performance with low contaminant precipitation. Therefore, the selection of raw materials, different manufacturing techniques, process equipment requirements, SOP implementation, finished product QC inspection, and R&D team results are all critical to the success or failure in terms of quality. Among the global competitors, except for the advanced countries such as Europe, America, Japan and Korea, our products rank among the top in the world in terms of quality of high-end lining fittings. The Company has been striving to expand the product range of lined pipe fittings and become one of the most extensive suppliers of lined pipe fittings in the world. Our products are used in the semiconductor industry, panel industry, petrochemical industry, biotechnology and pharmaceutical industry, environmental protection and recycling industry, etc.

In terms of fluorine raw material tubes and sheets, the Company is a global material supplier, focusing on high-specification and high-purity applications. At present, there are only five or so companies in the global market that have the ability to make fluorine plastics into high grade sheets. We have a similar market share in Asia as those of our European and Japanese counterparts.

(3)Fluorine engineering revenue

After decades of development, the technology of plant engineering has become

mature, but the complexity of engineering management and the nature of rapid response services still test the organization's ability to respond, especially because the contents of high-tech process plant supplies are dangerous and need to meet high safety, high stability, high cleanliness, automatic design and quality standards. The design and quality standards require long-term customer certification and word-of-mouth recommendations, making the overall management threshold high and making it difficult for potential competitors to enter the market.

The Company has been engaged in fluoropolymer research for 40 years, and has many patents and ISO certifications. Over the years, we have displayed a lot of high-quality performance, we not only have a place in the high-tech and petrochemical industry in Taiwan but also have obtained orders from the state-owned, high-tech industry and private enterprises in China for many years. We are highly competitive in terms of technology and quality.

(III) Overview of Technology and R&D:

1. Technology level of the Company's business

Since its establishment in 1981, the Company has been dedicated to the fluoropolymer processing application. With decades of experience in the production of fluoropolymer materials, we have accumulated core technology research and development achievements in the production process of our products, and obtained dozens of patents from many countries. Through continuous improvement in technology and quality, we provide customers with high-quality and high value-added end products. By focusing on the research and development of core technologies, we have been able to provide our customers with better manufacturing and service quality in the chemical industry, as well as meet the needs of the specialty chemical, biotechnology, pharmaceutical, semiconductor, optoelectronics and machinery industries. For the new generation of fluorine processing capability, we are also striving for precision, step by step.

We have long been devoted to the fluorine industry and specialize in the development of fluoropolymer processing, especially in the field of corrosion resistant tanks and reaction equipment. Through the quality control of raw materials and vertical integration of production technology, we have been applied to the chemical processes of precision chemicals and advanced semiconductor manufacturers through the customization of customer on-site equipment service.

Our products such as chemical tanks, heat exchangers, integrated filters, chemical tank cars and related accessories are all certified by ASME and U-STEMP/CE/ LR/BV in the international arena. The company has a full range of high purity products across a wide range of needs. We are one of the very few fluoropolymer processors in the world that can meet all the requirements of different industries in terms of equipment, manufacturing, R&D, innovation and design, especially in the semiconductor and panel industries. Particularly, in the advanced semiconductor and panel industries, our products have been recognized and

adopted by the top three semiconductor industries worldwide.

With precise project planning and product integration capabilities, we have developed and produced our own chemical delivery, mixing and dilution systems, high purity chemical acid supply systems, tubing, tank and tank car, waste acid discharge systems, and even corrosive gas discharge lines from IC and TFT-LCD process reactions, providing a series of effective solutions for the semiconductor industry, and extending our services to the pharmaceutical, biochemical, petrochemical and conventional chemical industries as a fully integrated service provider for fluoropolymer processing applications.

2. Research and development status

(1)Development of microporous membrane (tube) materials

Fluorine material microporous membrane is mainly PTFE and PVDF, and PTFE is better than PVDF due to its corrosion resistance and high temperature resistance. Since its processing technology is difficult, the global demand for high-performance filtration microporous fluorine material becomes more and more important. We are continuing to develop PTFE microporous materials, from raw material selection, manufacturing process, manufacturing technology and specification inspection, and accumulate microporous material preparation technology capabilities.

There are different requirements for different filtration layers, such as pore size and uniformity, porosity, trapping efficiency, pressure loss, air permeability, uniformity of film thickness, hydrophobicity, etc., which need to be achieved with rigorous experimental design and planning. Each of these characteristics, from source materials, formulation research, equipment development, and process parameter research, have an indispensable linkage to the product characteristics.

We have accumulated practical experience in microporous preparation by continuously investing in PTFE microporous membrane (tube) development and have conducted a small quantity of sample trials. In addition to optimizing process parameters, adjusting equipment conditions, and testing product microporous values with precision equipment, the products are gradually conforming to international standards. Through the product research and development process, we possess the key technology for mass microporous material production. We expect to start the next stage of mass production of microporous membrane (tube) after further performance verification. The product testing will be planned to cover the fields of water resources, precision chemicals, gas filtration, medical, etc., which are commonly used in thin films.

(2)Development of composite materials

PTFE has many properties such as heat resistance, chemical resistance, insulation, non-adhesive and low friction compared to other plastics. Applications range from semiconductor devices and chemical packages to automotive and office automation equipment to household products.

PTFE, on the other hand, lacks wear and creep resistance, so it can be severely damaged when used in sliding parts such as bearings and may be subject to large deformations when used in load-bearing areas. By adding filler properties such as hardness, the wear resistance, deformation resistance, creep resistance, thermal conductivity and electrical conductivity can be improved while retaining many properties unique to PTFE, including a low coefficient of friction, excellent chemical resistance and a very wide operating temperature range.

After conducting a series of molding process tests, we have mastered the key technology of PTFE composite material production. Through our accumulated production experience and the demand for composite material applications in various industries, we have started to test the performance of composite materials and produce various composite materials for basic verification in accordance with the international standards, with a view of aligning with the validation program of various industries.

(3) Microfine powder

Fluorine materials can be used for fine powder applications, such as cutting and shredding in the production process, residual corners, residual products from the processing process. These efficiently managed materials can be converted into micronized powders, which can usually be used alone, mixed with virgin powders or used with other areas such as plastics, inks, coatings, etc. for functional additions.

We specialize in the processing of fluoroplastics and in response to the large amount of raw materials used each year, we intend to develop technologies to reuse the clean materials collected during the process. For the front-end collection and management of PTFE residual materials, how to go through the sieving management, as well as the necessary washing and drying process to obtain pure PTFE residual materials, to the subsequent development of crushing technology, how to crush to the required particle size specifications, all of these specifications require process parameter adjustments, as well as the recycling of different areas of quality changes, etc. The company will actively invest in the future, we will progress towards the set target in order to create the best quality micro powder fluoroplastic products.

So far, we have obtained the key technology of micro powder preparation and continue to carry out experimental reproduction verification to ensure the stability of product quality, and also carry out pre-production planning. At the same time, we also carry out product application experiments to clearly obtain product application data and product performance improvement to accelerate the future market introduction.

3. Research and development expenses for the most recent year up to the date of publication of the Annual Report

Unit: NTD thousand

Item	2023FY	2024 up to March 31 (Note)
R&D expenses	154,382	29,785
Net operating income	5,692,353	1,479,217
As a percentage of net sales	2.71%	2.01%

Note: Not yet reviewed by CPAs

4. Technology or products successfully developed

We specialize in the development and application of fluoropolymer (Teflon) processing, and have developed and produced our own chemical delivery, mixing and dilution systems, high purity chemical acid supply systems, tubing, tank and tank car, waste acid discharge systems, and even corrosive gas discharge lines from IC and TFT-LCD process reactions, providing a series of effective solutions for the semiconductor industry. Recent product developments are as follows.

Item	Technology or products successfully developed
New product development	<ol style="list-style-type: none"> 1. Fluoropolymer granulation products. 2. PFA rotationally molded containers. 3. Injection fluorine lined tubing. 4. Butterfly type vacuum resistant PTFE compensator. 5. Special temperature resistant fluorine pipe fittings. 6. Teflon spiral pipe. 7. Powerful expansion joint. 8. Diaphragm valve diaphragm.
Process technology	<ol style="list-style-type: none"> 1. PTFE powder automatic filling device. 2. Teflon plate/tube mating equipment. 3. Cleaning and packaging equipment. 4. Fluorine tank automatic cleaning device. 5. Wet automatic pressurized tank device. 6. Automatic processing machine for fluorine lining tube. 7. Teflon laminate production equipment. 8. Teflon automatic welding machine.
Quality upgrade	<ol style="list-style-type: none"> 1. Reaction tank for PFA thick coating. 2. High performance lined tubing. 3. Energy saving special corrosion resistant mixer unit. 4. Product defect automatic detection device.
System engineering	<ol style="list-style-type: none"> 1. Electronic grade chemical purification equipment. 2. Electronic chemical recycling plant. 3. Clean chemical mixing equipment.
Mold R&D	<ol style="list-style-type: none"> 1. Extrusion molds for corrosion resistance. 2. Multi-cavity corrosion resistant injection mold kernel. 3. Large fluorine tube molding dies.

(IV) Long- and short-term business development plans:

1. Short-term business development plans:

- (1) Strengthen customer relationships, and provide complete and prompt customer service.
- (2) Continue to expand market share of high-tech process equipment and engineering in China, in line with China's industrial policy.
- (3) Continue to expand market share of high-tech process equipment and engineering in the U.S., in line with the localization policy of the U.S. industry.
- (4) Regional economic development is taking shape, with Europe, the U.S., Japan and Southeast Asia (Singapore and Malaysia) all investing in new semiconductor production to reach and expand the development of each region.
- (5) Develop India and Southeast Asia distributors to expand the Southeast Asian market.
- (6) Promote BELLOWS market.
- (7) Continue to recruit and train talents to build up a talent pool for the stable development of the company.
- (8) Continue to participate in domestic and international academic exchanges and research to enhance the technical level.

2. Medium- and long-term business development plans:

- (1) Continue to conduct R&D for process auxiliary equipment to enhance product differentiation and increase product added value.
- (2) Invest in the exploration of new applications, and expand product lines and sales of new processes.
- (3) Continue to develop and upgrade environmental protection and waste reduction technologies to increase the entry barrier in line with the national environmental protection policy.
- (4) Cultivate talents for overseas markets and continue to develop new regions: Middle East and Europe.
- (5) Continue to improve and review existing production processes, and accelerate the progress of factory automation to improve product quality and production efficiency, shortening customer delivery time.

II. Overview of Market, Production, and Sales:

(I) Market analysis:

1. Sales region for major products (services)

The Company and its subsidiaries currently provide fluoropolymer equipment, fluoropolymer application materials and integrated services mainly in the domestic market and Mainland China.

2. Market share

The Company's production and sales scope covers the upstream, midstream and downstream of the fluoropolymer industry, and can provide complete solutions to meet customers' needs. Therefore, the Company covers a wide range of markets, from the supply of raw materials, sheets and fittings to manufacturers in the industry to the supply of various fluoropolymer products such as drums and tanks, tower joints and other finished fluoropolymer products, and even the planning of fluoropolymer-related systems and equipment so we cover a wide range of markets. As far as the supply of raw materials, sheets and tubes is concerned, there are only a few companies in the world that have the ability to supply sheets and tubes of fluoropolymer, and we are one of them. As for the planning of fluoropolymer application equipment and plant systems, the Company mainly provides system design, equipment manufacturing, piping construction, installation and testing services for high-tech industries such as semiconductor and panel manufacturing. There is no industry research institute that provides statistical information on the industry to which it belongs, so there are no clear statistics to be used as the basis for calculating the market share.

The latest quarterly "Global Wafer Fab Forecast Report" released by SEMI, the international semiconductor industry association, indicates that global wafer fab equipment spending is expected to experience a dip followed by a rebound. This is due to soft chip demand and increased inventory of consumer products and mobile devices. It is forecasted that total wafer fab equipment spending worldwide will decrease by 15% from the historical high of \$99.5 billion in 2022 to \$84 billion in 2023. However, it is projected to rebound by 15% in 2024, reaching \$97 billion.

SEMI forecasts that in 2024, wafer fab equipment spending is expected to rebound as semiconductor inventory adjustments conclude and demand increases for high-performance computing (HPC), memory, and other sectors.

Looking ahead to 2024, total memory spending is projected to experience a significant growth of up to 65%, reaching \$27 billion, marking a strong rebound from the 46% decline in 2023. Specifically, in the DRAM sector, after a 19% decline to \$11 billion in 2023, it is estimated to rebound to \$15 billion in 2024, with a year-on-year growth rate of 40%.

In 2024, Taiwan is projected to maintain its leading position in global wafer fab equipment spending, with a 4% increase to \$23 billion. South Korea follows closely, with spending expected to reach \$22 billion in 2024, representing a 41% increase from the current year, reflecting the recovery in the memory sector.

Additionally, due to restricted U.S. export controls and obstacles to the development of advanced processes and overseas investments for Chinese firms, total spending in China is expected to decline compared to the 2023 level, despite ranking third globally with \$20 billion in 2024. Despite these limitations, Chinese wafer foundries and IDM (Integrated Device Manufacturers) will continue to invest and strategize in mature processes.

3. Future supply and demand, and growth of the market

As the technology and demands in the high-tech industry are changing rapidly, the semiconductor process is becoming more and more sophisticated, and the requirements for materials and equipment are becoming more stringent. Suppliers need to adapt to the pace of market changes and expand their business development to survive and grow rapidly under the elimination mechanism between superiority and inferiority in the market.

As for the supply side, there are many competitors in the middle- and low-end markets due to the low technical requirements of fluoropolymer processors, but there is a lack of high quality suppliers in the high-end market, such as the material and equipment supply chain for the semiconductor industry processes and electronic chemicals, and there are few suppliers who can provide products that meet the requirements of advanced IC processes. Therefore, the Company has positioned itself to target the high-end market. For example, in the electronics industry in Mainland China, the Company is the leader in the Chinese market and is emulated by Mainland China companies. In addition, the Company has a proven track record in the electronic chemical and semiconductor industries in Taiwan and Korea, so the Company is the preferred partner of our customers.

The petrochemical industry has become more careful about the safety of chemical operations in response to regulations and industrial safety requirements. The Company is able to achieve one-stop control of the production system, from the raw material end to the final product, so that we can maintain stable production or even improve it with full control of product quality and industrial safety requirements. With these two prerequisites, it is not easy for latecomers to enter this high-end petrochemical market.

Competition in China is fierce, mainly due to the long history of the chemical industry in China and its well-developed supply chain. The Company's strength lies in the selection of raw materials with international standards and the stable quality of production under high safety requirements, therefore, the Company differentiates itself in China with high-end quality and safety requirements. The Company is also one of the leading suppliers of the chemical industry in China, and continues to accumulate and expand its chemical customers.

In terms of demand, for the semiconductor industry, advanced semiconductor manufacturers are moving towards larger-scale new plant construction, with a continuous increase in equipment and facility needs. According to SEMI's statistical estimates, the global semiconductor manufacturing equipment sales total in 2022 is expected to reach 108.54 billion US dollars, a growth of 6% compared to 2021.

Due to the inventory correction in the global consumer electronics market, the

uncertainty of the market outlook has increased, resulting in a reduction in capital expenditures by semiconductor manufacturers. It is estimated that the semiconductor equipment market size will decrease by 16% to \$91.2 billion in 2023. SEMI believes that with the end of inventory correction, the semiconductor equipment market will experience a significant recovery in 2024, with a market size of \$107.16 billion and a year-on-year growth of 18%, rewriting the historical second highest record, and Taiwan will regain the position of the world's largest market.

Taiwan is a global leader in high-end semiconductors, and continues to maintain R&D momentum to update processes in an attempt to close the gap with other competitors. In addition, China continues to increase its investment in the semiconductor industry, not only to accelerate its independent semiconductor development but also to actively invest in the development of the semiconductor industry, in order to establish a complete supply chain for its local upstream and downstream, as well as the recent U.S. government's intention to impose export controls on China's semiconductor industry, which will also help China's semiconductor industry to shift the benefits of the order. As the trade conflict between China and the U.S. continues, the European and U.S. markets can no longer rely entirely on China, and need a supply chain that they can control.

In the petrochemical industry, the sluggish economy in the second half of 2022 will continue until after the first quarter of 2023, and most industry experts have a pessimistic view of the petrochemical industry in 2023. In addition, the opening of new production capacity in China is the main reason for the downturn in the petrochemical industry in 2023. However, with the gradual control of the epidemic, the gradual relaxation of controls, and the restart of economic activities, global demand for petrochemical products will rebound in 2023, and the buying momentum in the mainland China market will gradually increase, which will support the petrochemical product market and provide positive news.

In the next decade, Taiwan's petrochemical industry faces its biggest challenge, which is reducing carbon emissions. By implementing "green processes" that reduce carbon emissions and introducing a "circular economy" that promotes recycling and reuse, the industry can produce a greater variety of higher-value green chemical products and become a green and environmentally friendly industry, which will enable it to move towards internationalization

4. Competitive advantage

- (1) Vertically integrated upstream and downstream products with excellent and stable quality as well as cost advantages.

The quality of the semi-finished products (such as Sheets, Liners, Parts, etc.) required for our processing has a key influence on the characteristics and quality of the materials used in the later stages of processing. All the raw materials required for our processing are produced in our Zhangbin Plant. Compared with other raw materials suppliers, one-stop production not only improves production efficiency, but also controls cost and quality, and it is less prone to errors in the integration process. The raw materials

required by us are sourced from international leaders such as Chemours, Daikin and 3M, which provide stable and high-quality raw materials, and the final products can be traced back to the raw material batch number. All manufacturing processes are independently controlled by us, so we have good control over the quality of our products.

(2) Customized products, complete product line, widely used in multiple industries.

Our main products are fluoropolymer application materials and fluoropolymer lining equipment. We use fluorine materials as the center of the circle to design and develop products related to the upstream and downstream needs of the industry chain, while industry peers are mostly limited to the processing of a single material or the use of a single material. Therefore, we are able to offer a wide range of different production methods when our customers have special customization needs. In addition, the threshold for standard products is relatively low and there are many competitors, while the technical demand for customized products and special processes is higher, which not only raises the competition threshold but also increases the gross profit. We have a wide range of materials and processing technologies, and this type of product serves a large niche.

The Company's product lines can be applied to industries such as semiconductor industry, panel industry, petroleum and chemical industry, energy industry, chemical production and manufacturing industry, etc. In addition, environmental regulations are becoming more stringent in various countries, and companies are emphasizing social responsibility (CSR) and are also aiming for green processes, which benefits the market expansion of our energy and environmental protection waste reduction products, and such demand is not limited to high-tech industries.

(3) With 40 years of experience and a dedicated R&D team as the cornerstone, we continue to improve product quality.

As the IC process generations continue to advance, semiconductor manufacturers are putting forward corresponding requirements for their supply chains, especially after entering the 3nm process era, the requirements for electronic-grade chemicals are also rising, from PPT Level (ultra-pure electronic-grade chemicals) to the next level. The requirements for equipment are also advancing with the times.

Since its establishment for nearly 40 years, the company has attached great importance to staff education and training as well as the recruitment of various professional personnel, and regularly and irregularly sends staff to participate in various educational trainings to strengthen their technical level and ability. In addition, we actively cooperate with universities and colleges to develop research and development of various technologies in order to maintain our leading position in technology and at the same time, to follow and lead the trend of product upgrades and replacements in order to gain the first opportunity in the market. We aim to strengthen our services and business with customers by offering competitive prices and quality, in order to satisfy customers' one-time purchase needs, and further enhance customer satisfaction and order stability.

Our products always grow together with our customers in the industry, and we are ready to continue to move on to the next generation.

- (4) We insist on producing and selling high-quality products, localizing production services and strengthening customer relationships.

The most important basis for the survival and development of a company is to provide high-quality products and the electronic chemical industry has even more stringent requirements for quality. Therefore, the Company implements "Total Quality Insistence" and our first priority is to continuously improve product quality to meet customer needs, and enhance customer service, which is helpful for product innovation, speed and perfect combination of technology to gain customers' trust. In addition, our production and service offices are located in Taiwan, China and the United States, so we can provide customers with nearby products as well as timely and thoughtful services. In the midst of the global shift in the electronics and chemical industries, the Company is able to utilize the advantage of our extensive presence to achieve "seamless connection" to our customers' localized services.

- (5) We have the ability of construction and subcontracting to enhance our competitiveness.

In addition to stable quality equipment and piping material suppliers, customers also need excellent engineering and construction companies, or even planning capabilities to provide engineering design and advice, and to propose improvements in professional processing. We can provide a complete one-stop service, from single item production to construction and installation, which can not only speed up the commissioning time of customers, but also effectively reduce the error of integration of various interfaces.

5. Favorable and unfavorable factors of development prospects, and corresponding measures

(1) Favorable factors:

- a. Emerging technology development continues to drive demand for semiconductors, so it is optimistic about the business opportunities from the related supply chain in the future.

With the development of 5G and the continuous rising demand for high-performance computing and other chip applications, the introduction of 5G will drive the expansion of various services, as well as the continued electronicization of vehicles and the advancement of emerging technology fields, such as AI and the Internet of Things, which will also drive the demand for the semiconductor industry.

With the increase in capital expenditures for plant construction or expansion in high-tech industries, the demand for process supply systems and equipment will increase, and the benefits of plant expansion will emerge gradually. The Company has established a good cooperation relationship with the high-tech industry in Taiwan and China for many years, and has gradually gained a foothold in the U.S. and Southeast Asian markets. The Company has a good reputation and track record in

Taiwan and China, and is highly competitive in high-tech industrial processes.

- b. New technology development brings new markets as manufacturers continue to replace obsolete process equipment.

The demand for process supply system is generated by the development of technology and upgraded with the advancement of technology, and the peripheral process equipment has to be upgraded with the process advancement in terms of process techniques and specifications to meet the increasingly stringent requirements of the end customers in the high-tech industry. With the rapid development of technology, the old process equipment is no longer sufficient, so manufacturers must continue to replace the obsolete equipment with the trends. At present, high-tech process supply equipment is mainly used in the semiconductor industry, panel industry, solar industry, petrochemical industry and energy industry, etc. As new technologies, new products and new industry ecosystems are formed, the scope of application of process supply equipment will continue to expand, creating new market opportunities for the Company.

- c. The trend of local production and demand for factory construction are emerging.

The impact of the trade war between the U.S. and China, and the new lifestyle caused by the COVID-19 pandemic have driven up the business transfer opportunities in the supply chain. The de-Americanization of the Chinese industry and the demand for local production of U.S. manufacturing industries proposed by the U.S. have led to the emergence of the trend of local production plant construction and related technologies are being actively introduced. In addition to providing services to our existing customers and growing together, we expect to expand our business in new markets and build a comprehensive network of local domestic sales channels.

- d. Growing environmental awareness increases demand for recycling and treatment of various chemicals.

Countries around the world are stepping up their efforts to control chemicals and placing increasing emphasis on environmental protection. Advanced countries such as Europe, the U.S. and Japan have gradually banned potentially dangerous chemicals, and strengthened environmental regulations. The Company also continues to develop green business, including the development of an integrated system for the recycling of waste solvents. The recycling, reclamation and reuse of waste solvents generated by high-tech companies after production not only effectively reduces production costs, but also forms an effective way to protect the global environment. In line with the global trend of environmental protection, the Company is developing green energy business, which not only fulfills its corporate social responsibility to protect the earth's ecology but also drives the Company's future business growth.

(2) Unfavorable factors and countermeasures

- a. Environmental protection and industrial safety awareness are on the rise, and standards are becoming increasingly stringent

The impact of global climate change on the economy, society and the environment has become more and more serious in recent years, making environmental protection awareness increasingly important to the world. The government has been promoting the awareness of occupational safety and the protection of the occupational environment in recent years, so the standards and regulations are becoming more stringent and the costs are increasing.

Countermeasure:

In order to implement environmental protection and industrial safety, we have set up a dedicated environmental safety unit to be responsible for environmental protection facilities, planning and improvement, and education and training of plant personnel. We have also set up comprehensive pollution prevention equipment and cooperate with professional organizations to conduct regular inspections, and introduce advanced processes and technologies to reduce treatment costs, meeting the requirements of environmental protection and industrial safety so that we can fulfill our social responsibility.

- b. Severe competition in the industry and price cutting in the market

In the high-end market of the electronics industry, Taiwan, Japan and Korea are the main sources of mature and more advanced technologies, while China has been vigorously promoting the development of the electronics industry in recent years. The industry peers from Japan and Korea follow their counterparties to invest in China, and have gradually taken a place with their investments in China, and may evolve into main competitors in the future. In addition to the original technology, the end-customers in each country have their own mature supply chain and it is more difficult for manufacturers in other regions to enter.

In addition, in the middle- and low-end markets, because of the lower technical requirements of customers and the large number of suppliers, the market competition is more intense, causing competitors to cut prices, resulting in a general decline in profitability.

Countermeasure:

The Company has been deeply involved in the fluorine processing industry for many years, and has the ability to produce key raw materials in-house and control the production progress, so it can effectively control the project costs and provide customers with competitive product quotations. In addition, the Company's subsidiary in Jiaying has a production base and can provide related equipment to nearby local customers in Mainland China, which can save transportation costs, customs duties, etc. Our price is competitive compared to those of foreign manufacturers. In the future, the Company will continue to establish a good localized

supply chain in order to control costs, maintain a competitive price advantage and increase future business opportunities. In addition, the Company will enhance customer loyalty through advanced technology, excellent product and construction quality and reasonable prices, and also increase its competitive advantage through excellent business reputation.

c. It is not easy to cultivate professional talents

The process supply system requires professional knowledge of chemistry, machinery, instrumentation and control, as well as the ability to manage construction, and to design and install a suitable supply system tailored to the customer's production technology, process model and product characteristics. With the rapidly changing technology in the high-tech industry, the complexity of process supply systems is increasing and experienced professionals are needed to meet the design needs of our customers. However, it takes a lot of time and experience to develop good professionals, so it is not easy to cultivate them and this affects the progress of our market development.

Countermeasure:

We manage to increase corporate visibility and attract talented people through stock listing on TWSE. In addition to establishing a good working environment, and using comprehensive welfare measures and related employee motivation measures to enhance employee motivation, we provide complete employee education and training, and establish a transparent and institutionalized promotion channel to make employees identify with the Company in order to retain outstanding talents.

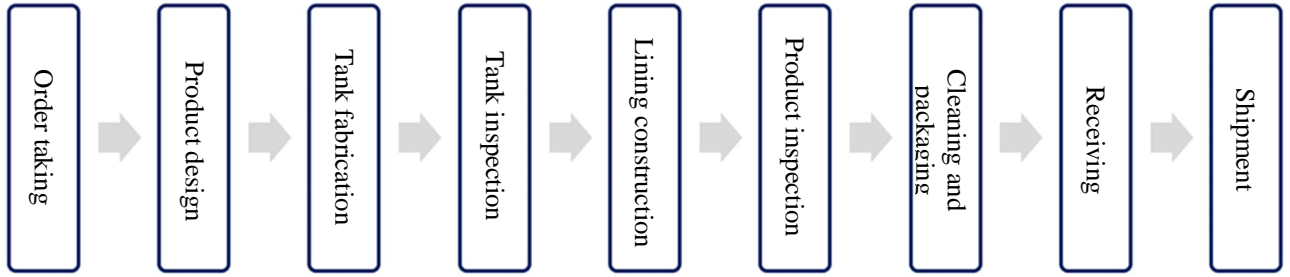
(II) Important Functions and Production Process of Major Products

1. Important applications of major products

Main products	Applications
Fluorine lining equipment	Including: Fluorine lining tank (drum tank, heat exchanger, tank car), acid supply system equipment and program control, electronic chemical purification equipment and program control. Function: High temperature or corrosive chemical liquid gas storage, mixing, purification, transportation, etc.
Fluorine application materials	Including: Fluorine lined tubes (including liquid transfer hoses/valve parts), fluorine lined coatings, fluorine injection molded products, fluorine tubing, fluorine sheets, fluorine composite sheets, fluorine diaphragms, fluorine welding materials, fluorine rods, etc. Function: High-temperature or corrosive chemical gas transport lines, fluorine lined tanks and fluorine lined pipes, electrical or construction materials, weathering, insulating, mechanical applications
Fluorine engineering revenue	Including: Tubing and piping, equipment instrumentation, lifting and supervision works, etc.

2. Production process of major products:

A. Fluorine lining equipment

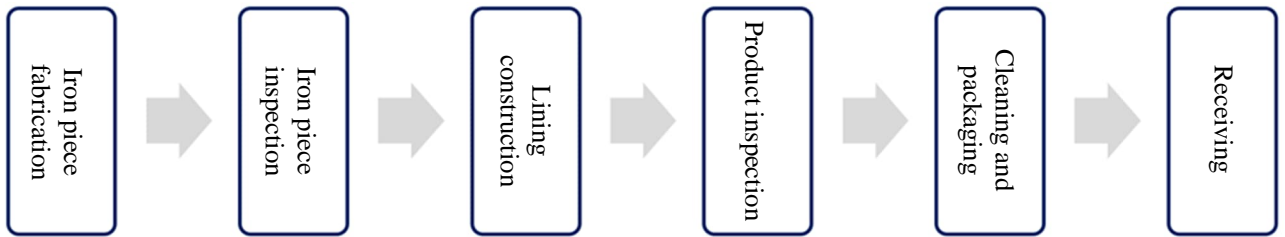


B. Fluorine application materials

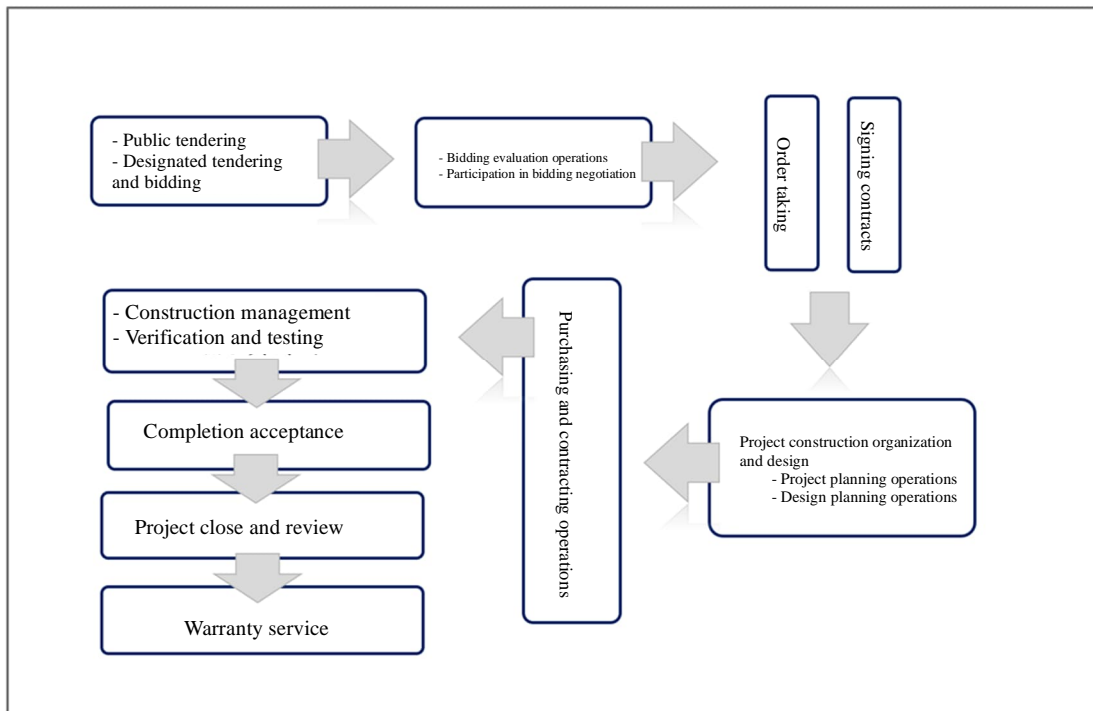
➤ Materials



➤ Pipe fittings



C. Fluorine engineering



(III) Supply status of main raw materials

Name of main raw material	Supply
Fluoropolymer granules and powder	Good
Carbon steel, stainless steel iron pieces	Good

(IV) The Names of Suppliers (Customers) Who Have Accounted for More than 10% of the Total Purchases (Sales) in Any of the Last Two Years and the Amount and Proportion of Their Purchases (Sales), and the reason for the increase or decrease:

1. Major suppliers for the last two years

Unit: Thousands of NTD; %

Item	2022				2023				2024 up to the first quarter			
	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer
1	Group III	471,962	14.78	Nil	Group I	499,088	19.23	Nil	(Note 2)			
2	Group I	447,804	14.03	Nil	Group II	224,119	8.63	Nil				
	Others	2,272,902	71.19	Nil	Others	1,872,631	72.14	Nil				
	Net purchases	3,192,668	100.00		Net purchases	2,595,838	100.00					

Note 1: The increase or decrease was due to the actual business requirements.

Note 2: The information up to the quarter preceding the publication of the Annual Report has not been reviewed by CPAs.

2. Major sales customers in the last two years

Unit: Thousands of NTD; %

Year Item	2022				2023				2024 up to the first quarter			
	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer
1	Group E	680,651	11.09	Nil	Group B	637,588	11.20	Nil	(Note 2)			
2	Group B	640,227	10.43	Nil	Group D	599,330	10.53	Nil				
3	Others	4,817,210	78.48	Nil	Others	4,455,435	78.27	Nil				
	Net sales	6,138,088	100.00		Net sales	5,692,353	100.00					

Note 1: The increase or decrease was due to the actual business requirements.

Note 2: The information up to the quarter preceding the publication of the Annual Report has not been reviewed by CPAs.

(V) Production Volume and Amount in the Last Two Years

Unit: NTD thousand

Year	2022			2023		
	Production capacity	Production quantity	Production amount	Production capacity	Production quantity	Production amount
Major product						
Fluorine lining equipment	Note 1	Note 1	4,435,925	Note 1	Note 1	4,095,512
Fluorine application materials			1,613,985			1,604,612
Fluorine engineering revenue			354,819			245,075
Total			6,404,729			5,945,199

Note 1: The Company supplies materials and equipment as well as engineering services for the semiconductor, panel, solar and chemical industries. We have many kinds of products and specifications, and they are made according to the specifications of customer requirements with their own uniqueness, so it is impossible to add up the production and sales volume. Therefore, we only tally the production and sales amount by product category.

(VI) Sales volume and Amount in the last two years:

Unit: NTD thousand

Year	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Major product								
Fluorine lined equipment	Note 1	1,411,411	Note 1	2,861,292	Note 1	1,281,530	Note 1	2,427,150
Fluorine lined pipe & fitting		224,438		301,449		204,396		266,031
Fluorine application materials		257,830		778,558		326,608		932,728
Fluorine engineering revenue		227,809		75,301		130,576		123,334
Total		2,121,488		4,016,600		1,943,110		3,749,243

Note 1: The Company supplies materials and equipment as well as engineering services for the semiconductor, panel, solar and chemical industries. We have many kinds of products and specifications, and they are made according to the specifications of customer requirements with their own uniqueness, so it is impossible to add up the production and sales volume. Therefore, we only tally the production and sales amount by product category.

III. Information on employees for the last two years up to the publication of the Annual Report:

		Unit: People; %		
Year		2022	2023	The current year up to March 31, 2024
Number of employees	Managerial officer	3	4	4
	Production line employees	444	441	457
	General staff	280	296	296
	Total	727	741	757
Average age (years old)		33.82	34.23	34.14
Average years of service (years)		4.41	5.32	4.17
Education distribution	Doctoral degree	0.28%	0.40%	0.40%
	Master's degree	4.13%	4.05%	4.36%
	Junior college	50.62%	50.07%	50.06%
	Senior high school	40.99%	41.70%	41.48%
	Below senior high school	3.98%	3.78%	3.70%

IV. Information on Environmental Protection Expenditure:

- (I) For the most recent year and for the current year up to the publication of the Annual Report, the amount of loss due to environmental pollution (including compensation and environmental protection audit results of violations of the environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses, including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

The Company has not suffered any loss due to environmental pollution in the last two years and in the current year as of the publication of the Annual Report, therefore, it is not applicable.

V. Labor-management Relations

- (I) List the Company's various employee welfare measures, education, training and retirement systems, and their implementation as well as agreements between management and employees of the Group and measures to protect the rights and interests of employees:

Harmony between labor and management is the driving force of business development. With this common philosophy, all employees of the Company have worked together with mutual trust, mutual assistance and mutual understanding to establish a stable working environment and a good corporate culture, which has contributed to the continuous growth and development of the Company and we will continue to do so. Meanwhile, the Company will continue to pursue the following activities in order to create better operating results for the benefit of its shareholders and all employees.

1. Employee welfare measures

- (1) Year-end bonus, three festivals bonus, distribution of remunerations, patent bonus, and improvement proposal bonus.
- (2) Exclusive employee restaurant, dedicated parking lot, and lactation room facilities provided.
- (3) The annual year-end banquet event, superior to legal requirements, includes health check-ups, lunch subsidies, and complimentary dinners.
- (4) Allowance and insurance - shift (meal) allowance, group insurance.
- (5) In addition to legally allocating employee welfare funds, the company allocates additional employee welfare funds each month according to Article 2, Paragraph 3 of the Employee Welfare Fund Regulations, deducting 0.5% of each employee's monthly salary to subsidize the Employee Welfare Committee in handling various employee welfare activities, such as holiday vouchers, birthday vouchers, wedding and funeral subsidies, departmental dinner subsidies, employee-contracted stores, etc.

2. Continuing education and training

- (1) Each unit submits the "Annual Training Plan" for the following year in the fourth quarter of each year, and after approval by the department head, it is transferred to the education and training unit for follow-up.
- (2) Source of annual education and training plan: Based on organizational development needs, short/medium/long-term strategies of the Company, and business objectives, the training plan is used as a direction to coach talents for their development.
- (3) The annual training plan shall include: pre-employment training, general knowledge training, professional training, environmental safety training, and supervisory training.
- (4) In the year 2023, a total of 1,725 employees participated in educational training sessions, averaging 3.76 training sessions per employee. The total training hours amounted to 4,064 hours, with an average of 8.85 training hours per employee.

3. Retirement system and implementation status

Our company has established a retirement policy for employees and set up a retirement fund management committee, with the chairman serving as the director. Since 2011, in order to ensure the rights and interests of our colleagues, the maximum limit for the amount of old retirement funds that are contributed has been adjusted to 15% and allocated to the labor retirement reserve fund supervision committee management account. Since June 2021, after being inspected by an actuary, the amount of old retirement funds that are contributed has been adjusted to 2% and is reviewed annually by the company and the actuary to ensure that the old retirement funds are sufficient. The new retirement funds are allocated in accordance with the Labor Standards Act and the Labor Retirement Benefit Regulations, with 6% being allocated to the retirement reserve fund and deposited into employees' individual retirement fund accounts. Applications for retirement benefits are processed according to our company's handover management policy for retirement and separation, and those who meet the retirement eligibility criteria will be processed accordingly.

4. Labor management agreement and various employee benefit protection measures

The Company attaches importance to labor relations and holds regular labor-management meetings every three months, and strives for rational communication between management and employees and advocates humane management, and directly responds to

personal opinions through complaint mail boxes and proper channels. We understand the needs of employees, and appropriately adjust and improve the relevant management regulations of the Company. We comply with the relevant laws and regulations, and protect employees' rights and interests.

The list of members for the current labor-management meeting was reported to the Taipei City Government and Changhua County Government on September 30, 2020. The term of office runs from November 22, 2020, to November 21, 2024. In 2023, four meetings were held on January 6th, April 6th, July 6th, and October 12th. The topics discussed included the annual calendar, principles for recognizing workdays for makeup days, pandemic prevention policy advocacy and discussion, workplace harassment awareness, discussion on policies for separating pedestrian and vehicular traffic within the factory premises, heatstroke prevention advocacy, etc., all aimed at ensuring the full protection of employee rights within the company.

- (II) For the most recent year and for the current year up to the date of publication of the Annual Report, the amount of loss due to labor disputes (including labor inspection results of violations of the labor pension act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated), and the estimated amount of current and potential future losses and countermeasures should be disclosed and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

The Company has maintained harmonious labor relations since its establishment and has not incurred any losses due to labor disputes.

VI. Cyber security management

- (I) Describe the cyber security risk management framework, the cyber security policy, the specific management plan, and the resources invested in cyber security management.

1. Cyber security framework

To ensure the security of the Company's own and customer partners' information assets, in view of the information security risk assessment and to protect the rights and interests of the Company and its stakeholders, the Company's information security responsible unit is the Information Technology Section, which is in charge of preparing annual information security strategies, integrating and supervising annual information security plans, and information security audit benchmarks. It coordinates the related resources and cross-unit activities, coordinates information security incident management, plans information security education, develops and implements information security operations, regularly reviews and resolves information security and information protection approaches and policies, and ensures the effectiveness of information security management measures.

2. Cyber security policy

- (1) Carry through information security and ensure sustainable operations.
- (2) Enhance information security training and intelligent detection and prevention.
- (3) Carry out emergency responses and recover quickly from disasters.

3. Specific implementation measures

The biggest risk to information services in recent years has come from the massive wave of ransomware fueled by the rise of cryptocurrencies. For this type of attack, the Company's response policy is divided into specific front-end and back-end measures as follows:

- (1) The front-end general user equipment is protected with anti-virus and anti-hacking software, and personnel are required to keep important operational information in the system and controlled storage area to reduce the risk of single-point storage. The company has invested in web filtering and mail filtering services as well as equipment to prevent personnel errors, and has strengthened personnel awareness of information security and planned social engineering drills to enhance information security incident awareness.
- (2) At the back-end, we strengthen the security of 321 backups, encrypt one copy of system snapshots to the cloud and keep two copies locally on two different hosts every day, and continue to perform different levels of restoration exercises every year to verify the normal operation of daily backup files and restoration processes. Maintain fast recovery capability for controlled storage areas, virtual machines.

4. Resources invested for cyber security

For the Company to maintain stable and continuous operations, we continuously track important information service equipment and invest in highly available, virtualized, and multi-backup operating systems or equipment year by year to reduce operational risks as follows:

- (1) Carry out virtualization of server hosts.
- (2) Introduce the DRM digital rights management system to protect digital documents and file contents through encryption technology.
- (3) Add redundant devices to increase the availability of virtual environments.

- (II) List the losses, possible impacts and countermeasures due to major information community security incidents in the most recent year and as of the publication date for this Annual Report. If it cannot be reasonably estimated, state why it cannot be reasonably estimated: None.

VII. Important contracts:

Contract nature	Party involved	Starting and ending date	Main content	Restrictions	
Bank Financing	Hua Nan Commercial Bank	2023/06/29~2024/06/29	Credit contract	Nil	
	Yuanta Commercial Bank	2023/05/19~2024/05/18	Credit approval notification	Nil	
	Taishin International Bank	2024/01/02~2024/12/31	Credit contract	Nil	
	Taipei Fubon Bank		2023/12/15~2024/12/14	Credit approval notification	Nil
			2020/12/28~2025/12/28	Credit approval notification	Government project
		2023/03/29~2028/03/29	Credit approval notification	Government	

Contract nature	Party involved	Starting and ending date	Main content	Restrictions
				project
	Mega International Commercial Bank	2024/02/04~2025/02/03	General credit contract - No. 375	Nil
		2024/02/04~2025/02/03	General credit contract - No. 375-1	Nil
		2023/05/11~2031/05/10	Medium- and long-term credit contract - No. 375-4	Government project
Contract	Eight Point International Corp.	2023/12/26	Real Estate Purchase Contract	Nil

Six. Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Last Five Years

(I) Condensed Balance Sheets

1. Consolidated Condensed Balance Sheets - IFRS

Unit: Thousands of NTD

Year		Financial data for the last 5 years (Note 1)					Financial data for the current year up to March 31, 2024
		2019	2020	2021	2022	2023	
Item							
Current assets		3,145,503	3,507,939	6,613,998	7,666,974	8,100,854	(Note 4)
Property, Plant and Equipment		660,462	1,101,189	1,428,231	1,705,680	1,724,604	
Intangible asset		9,060	9,123	6,480	7,101	7,368	
Other assets		286,604	111,598	103,340	149,101	137,350	
Total assets		4,101,629	4,729,849	8,152,049	9,528,856	9,970,176	
Current liabilities	Before distribution	1,253,758	1,531,647	1,982,183	2,325,397	2,006,628	
	After distribution (Note 3)	1,528,958	1,827,487	2,610,543	3,273,841	2,966,340 (note 2)	
Non-current liabilities		274,701	343,026	633,126	473,242	520,853	
Total liabilities	Before distribution	1,528,459	1,874,673	2,615,309	2,798,639	2,527,481	
	After distribution (Note 3)	1,803,659	2,170,513	3,243,669	3,747,083	3,487,193 (note 2)	
Equity attributable to owners of the parent company		2,573,170	2,855,176	5,536,740	6,730,217	7,442,695	
Share capital		688,000	688,000	785,450	790,280	797,630	
Capital surplus		72,824	75,044	2,004,465	2,022,050	2,040,362	
Retained earnings	Before distribution	1,869,028	2,127,754	2,792,054	3,939,021	4,680,082	
	After distribution (Note 3)	1,593,828	1,831,914	2,163,694	2,990,577	3,720,370 (note 2)	
Other equity interest		(56,682)	(35,622)	(45,229)	(21,134)	(75,379)	
Treasury stock		0	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total Equity	Before distribution	2,573,170	2,855,176	5,536,740	6,730,217	7,442,695	
	After distribution (Note 3)	2,297,970	2,559,336	4,908,380	5,781,773	6,482,983 (note 2)	

Note 1: The above financial data has been audited and attested by CPAs.

Note 2: The distribution of the Company's 2023 cash dividends was approved by the Board of Directors on March 8, 2024 but has not yet been reported at the shareholders' meeting.

Note 3: The above amounts after distribution are based on the resolution of the shareholders' meeting in the following year.

Note 4: The information for the year up to the quarter preceding the publication of the Annual Report has not been reviewed by CPAs.

2. Standalone Condensed Balance Sheets - IFRS

Unit: NTD thousand

Year		Financial data for the last 5 years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		2,386,249	2,286,253	4,898,184	5,384,494	4,849,145
Property, Plant and Equipment		377,621	824,658	1,165,582	1,259,792	1,274,034
Intangible asset		4,273	4,026	2,830	2,280	1,567
Other assets		1,176,631	1,280,162	1,625,664	2,223,394	3,041,691
Total assets		3,944,774	4,395,099	7,692,260	8,869,960	9,166,437
Current liabilities	Before distribution	1,096,903	1,196,897	1,522,844	1,666,500	1,202,889
	After distribution (Note 3)	1,372,103	1,492,737	2,151,204	2,614,944	2,162,601 (note 2)
Non-current liabilities		274,701	343,026	632,676	473,243	520,853
Total liabilities	Before distribution	1,371,604	1,539,923	2,155,520	2,139,743	1,723,742
	After distribution (Note 3)	1,646,804	1,835,763	2,783,880	3,088,187	2,683,454 (note 2)
Equity attributable to owners of the parent company		2,573,170	2,855,176	5,536,740	6,730,217	7,442,695
Share capital		688,000	688,000	785,450	790,280	797,630
Capital surplus		72,824	75,044	2,004,465	2,022,050	2,042,362
Retained earnings	Before distribution	1,869,028	2,127,754	2,792,054	3,939,021	4,680,082
	After distribution (Note 3)	1,593,828	1,831,914	2,163,694	2,990,577	3,720,370 (note 2)
Other equity interest		(56,682)	(35,622)	(45,229)	(21,134)	(75,379)
Treasury stock		0	0	0	0	0
Total Equity	Before distribution	2,573,170	2,855,176	5,536,740	6,730,217	7,442,695
	After distribution (Note 3)	2,297,970	2,559,336	4,908,380	5,781,773	6,482,983 (note 2)

Note 1: The financial statements were audited and attested by CPAs.

Note 2: The distribution of the Company's 2023 cash dividends was approved by the Board of Directors on March 8, 2024 but has not yet been reported at the shareholders' meeting.

Note 3: The above amounts after distribution are based on the resolution of the shareholders' meeting in the following year.

(II) Condensed Statements of Comprehensive Income

1. Consolidated Condensed Statements of Comprehensive Income - IFRS

Unit: Thousands of NTD, except for Earnings Per Share, which is in NTD

Item \ Year	Financial data for the last 5 years (Note 1)					Financial data for the current year up to March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenue	2,585,329	2,630,840	3,833,732	6,138,088	5,692,353	(Note 2)
Gross profit	983,266	978,604	1,656,869	2,765,339	2,643,996	
Operating gains or losses	632,077	667,767	1,194,198	2,132,205	2,002,947	
Non-operating income and expenses	(24,915)	(36,969)	(6,168)	49,511	78,177	
Net income before tax	607,162	630,798	1,188,030	2,181,716	2,081,124	
Net income of continuing business unit	494,538	526,392	966,297	1,776,017	1,683,253	
Loss on discontinued operations	0	0	0	0	0	
Net profit (loss) for the period	494,538	526,392	966,297	1,776,017	1,683,253	
Other comprehensive income (net of tax)	(39,665)	28,594	(15,764)	23,405	(47,993)	
Total comprehensive income for the period	454,873	554,986	950,533	1,799,422	1,635,260	
Net income attributed to shareholders of the parent	499,751	526,392	966,297	1,776,017	1,683,253	
Net profits attributable to non-controlling interests	(5,213)	0	0	0	0	
Comprehensive income (loss) attributable to owners of the parent company	460,086	554,986	950,533	1,799,422	1,635,260	
Total comprehensive income (loss) attributable to non-controlling interests	(5,213)	0	0	0	0	
Earnings per Share	7.30	7.65	13.94	22.54	21.22	

Note 1: The above financial data has been audited and attested by CPAs.

Note 2: The financial data for the year up to the quarter preceding the publication of the Annual Report has not been reviewed by CPAs.

2. Standalone Condensed Statements of Comprehensive Income - IFRS

Unit: Thousands of NTD, except for Earnings Per Share, which is in NTD

Item \ Year	Financial data for the last 5 years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	1,665,426	1,662,663	2,574,412	4,484,203	3,345,276
Gross profit	595,862	546,643	1,026,659	1,807,030	1,378,265
Operating gains or losses	391,763	362,940	741,438	1,442,163	1,045,210
Non-operating income and expenses	180,637	236,769	371,495	645,217	885,504
Net income before tax	572,400	599,709	1,112,933	2,087,380	1,930,714
Net income of continuing business unit	499,751	526,392	966,297	1,776,017	1,683,253
Loss on discontinued operations	0	0	0	0	0
Net profit (loss) for the period	499,751	526,392	966,297	1,776,017	1,683,253
Other comprehensive income (net of tax)	(39,665)	28,594	(15,764)	23,405	(47,993)
Total comprehensive income for the period	460,086	554,986	950,533	1,799,422	1,635,260
Net income attributed to shareholders of the parent	499,751	526,392	966,297	1,776,017	1,683,253
Net profits attributable to non-controlling interests	0	0	0	0	0
Comprehensive income (loss) attributable to owners of the parent company	460,086	554,986	950,533	1,799,422	1,635,260
Total comprehensive income (loss) attributable to non-controlling interests	0	0	0	0	0
Earnings per Share	7.30	7.65	13.94	22.54	21.22

Note 1: The financial statements were audited and attested by CPAs.

(III) Name of CPAs and Audit Opinions Thereof in the Last Five Years

Year	Accounting Firm	Attesting CPA	Opinion
2019	Deloitte Taiwan	Chen, Wen-Hsiang, Liu, Shu-Lin	Unqualified opinion
2020	Deloitte Taiwan	Chen, Wen-Hsiang, Liu, Shu-Lin	Unqualified opinion
2021	Deloitte Taiwan	Chen, Wen-Hsiang, Liu, Shu-Lin	Unqualified opinion
2022	Deloitte Taiwan	Chen, Wen-Hsiang, Liu, Shu-Lin	Unqualified opinion
2023	Deloitte Taiwan	Chen, Wen-Hsiang, Liu, Shu-Lin	Unqualified opinion

II. Financial Analysis in the Last Five Years

(I) Financial Analysis - IFRS (Consolidated Financial Statements)

Item		Year	Financial Analysis in the Last Five Years					The current year up to March 31, 2024
			2019	2020	2021	2022	2023	
Capital structure (%)	Debts to assets ratio		37.26	39.63	32.08	29.37	25.35	(Note 3)
	Long-term capital to property, plant and equipment ratio		431.19	290.43	431.99	422.32	461.76	
Liquidity (%)	Current ratio		250.89	229.03	333.67	329.71	403.70	
	Quick ratio		180.71	170.63	257.42	237.93	277.56	
	Interests coverage multiplier		70.94	96.95	473.94	583.25	352.07	
Operating performance	Accounts receivable turnover rate (times)		3.00	2.83	3.89	4.41	3.07	
	Average collection days		122	129	94	83	119	
	Inventory turnover rate (times)		1.65	1.62	1.94	1.97	1.37	
	Average turnover days		222	225	188	185	266	
	Accounts payable turnover rate (times)		6.12	6.72	5.76	6.56	6.14	
	Property, Plant and Equipment Turnover rate (times)		3.91	2.99	2.68	3.60	3.30	
	Total assets turnover rate (times)		0.63	0.60	0.47	0.64	0.57	
Profitability	Return on asset (%)		12.53	12.04	15.03	20.12	17.31	
	Return on equity (%)		19.96	19.39	23.02	28.96	23.75	
	Net profit before tax to paid-in capital (%)		88.25	91.69	151.25	276.07	260.91	
	Net profit margin (%)		19.13	20.01	25.20	28.93	29.57	
	Earnings per share (NTD) (Note 1)		7.30	7.65	13.94	22.54	21.22	
Cash flow	Cash flow ratio (%)		20.56	48.57	74.86	37.65	41.29	
	Cash flow adequacy ratio (%)		87.98	88.35	100.60	82.10	73.26	
	Cash reinvestment ratio (%)		(note 2)	12.38	17.64	3.16	-1.38	
Leverage	Operating leverage		1.11	1.10	1.08	1.06	1.08	
	Financial leverage		1.01	1.01	1.00	1.00	1.00	

Reasons for changes in financial ratios for the last two years. (Exempted if the change is less than 20%)

1. Current Ratio: The increase in the current ratio is primarily due to an increase in current assets.
2. Interest Coverage Ratio: The decrease in the interest coverage ratio is mainly due to a decrease in net income before income tax and interest expenses.
3. Accounts Receivable Turnover (Times): The decrease in accounts receivable turnover (times) is primarily due to a decrease in net sales.
4. Average Collection Period: The increase in the average collection period is mainly due to a decrease in net sales, resulting in a decrease in accounts receivable turnover.
5. Inventory Turnover (Times): The decrease in inventory turnover (times) is primarily due to a decrease in cost of goods sold.
6. Average Inventory Days: The increase in average inventory days is mainly due to a decrease in cost of goods sold, resulting in a decrease in inventory turnover (times).
7. Cash Reinvestment Ratio (%): The decrease in the cash reinvestment ratio (%) is mainly due to a decrease in cash flow from operating activities.

Note 1: This refers to basic earnings per share.

Note 2: The ratio is negative.

Note 3: The financial data for the year up to the quarter preceding the publication of the Annual Report has not been reviewed by CPAs.

(II) Financial Analysis - IFRS (Standalone Financial Statements)

Item		Financial Analysis in the Last Five Years				
		2019	2020	2021	2022	2023
Capital structure (%)	Debts to assets ratio	34.77	35.04	28.02	24.12	18.81
	Long-term capital to property, plant and equipment ratio	754.16	387.82	529.29	571.80	625.07
Liquidity (%)	Current ratio	217.54	191.02	321.64	323.10	403.13
	Quick ratio	162.60	138.61	247.70	235.59	266.25
	Interests coverage multiplier	71.45	92.36	452.16	562.24	327.19
Operating performance	Accounts receivable turnover rate (times)	3.80	3.77	4.97	5.44	3.63
	Average collection days	97	97	73	67	101
	Inventory turnover rate (times)	1.76	1.68	1.88	2.16	1.35
	Average turnover days	208	217	194	169	270
	Accounts payable turnover rate (times)	5.10	5.98	5.16	6.36	5.66
	Property, Plant and Equipment Turnover rate (times)	4.41	2.77	2.20	3.56	2.63
	Total assets turnover rate (times)	0.42	0.40	0.33	0.51	0.37
Profitability	Return on asset (%)	13.20	12.75	16.02	21.48	18.72
	Return on equity (%)	20.26	19.39	23.02	28.96	23.75
	Net profit before tax to paid-in capital (%)	83.20	87.17	141.69	264.13	242.06
	Net profit margin (%)	30.01	31.66	37.53	39.61	50.32
	Earnings per share (NTD) (Note 1)	7.30	7.65	13.94	22.54	21.22
Cash flow	Cash flow ratio (%)	10.81	25.89	66.84	37	40.85
	Cash flow adequacy ratio (%)	67.75	57.14	75.25	64.03	53.35
	Cash reinvestment ratio (%)	(note 2)	0.98	11.07	(note 2)	(note 2)
Leverage	Operating leverage	1.09	1.12	1.09	1.11	1.07
	Financial leverage	1.02	1.02	1.00	1.003	1.006

Reasons for changes in financial ratios for the last two years. (Exempted if the change is less than 20%)

1. Debt to Asset Ratio: The decrease in the debt to asset ratio is primarily due to an increase in total assets.
2. Current Ratio: The increase in the current ratio is mainly due to a decrease in current liabilities.
3. Interest Coverage Ratio: The decrease in the interest coverage ratio is mainly due to a decrease in net income before income tax and interest expenses.
4. Accounts Receivable Turnover (Times): The decrease in accounts receivable turnover (times) is primarily due to a decrease in net sales.
5. Average Collection Period: The increase in the average collection period is mainly due to a decrease in net sales, resulting in a decrease in accounts receivable turnover.
6. Inventory Turnover (Times): The decrease in inventory turnover is due to a decrease in cost of goods sold.
7. Average Inventory Days: The increase in average inventory days is mainly due to a decrease in cost of goods sold, resulting in a decrease in inventory turnover (times).
8. Property, Plant, and Equipment Turnover (Times): The decrease in property, plant, and equipment turnover (times) is mainly due to a decrease in net sales.
9. Total Asset Turnover (Times): The decrease in total asset turnover is primarily due to a decrease in net sales.
10. Net Profit Margin: The increase in net profit margin is mainly due to a decrease in net sales and taxes after profit.
11. Cash Reinvestment Ratio (%): The decrease in the cash reinvestment ratio (%) is mainly due to a decrease in cash flow from operating activities.

Note 1: This refers to basic earnings per share.

Note 2: The ratio is negative.

Note 3: The formulae for the above financial analysis are as follows:

1. Capital structure:

(1) Debt to assets ratio = Total liabilities/Total assets.

(2) Long-term capital to property, plant and equipment ratio = (Total equity + Non-current liabilities) / Net worth of property, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Pre-payment) / Current liabilities.

(3) Interest earned ratio = Profit before income tax and interest expense / Interest expense.

3. Operating performance:

(1) Accounts receivable (include receivable amounts and receivable bills from operation) turnover = Net sales / Average accounts receivable in each period (include receivable amounts and receivable bills from operation) balance.

(2) Average collection days = 365/Accounts receivable turnover rate

(3) Inventory turnover = Sales cost / average inventory amount.

(4) Accounts payable (including accounts payable and notes payable arising from operations) turnover = Cost of sales/Balance of average payables for each period (including accounts payable and notes payable arising from operations).

(5) Average turnover days = 365/Inventory turnover rate.

(6) Property, plant and equipment turnover = Net sales /Average net worth of property, plant and equipment.

(7) Total assets turnover = Net sales / Average total assets.

4. Profitability

(1) Return on assets = [Profit or loss after tax + Interest expense x (1-Tax rate)] / Average total assets.

(2) Return on shareholders' equity = Earnings (loss) after tax / Average total equity.

(3) Profit ratio = Earnings (loss) after tax / Net sales.

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - Dividends from preferred stock)/Weighted average number of outstanding shares.

5. Cash flow:

(1) Cash flow adequacy ratio = Net cash flow from operating activities / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow from operating activities in the last five years/(Capital expenditure + Increase in inventories + Cash dividends) in the last five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.

(2) Financial leverage = Operating income/ (Operating income - Interest expense).

III. Audit Committee's review report on the financial statements for the last year

Allied Supreme Corporation Audit Committee's review report

The Audit Committee approved the financial statements of the Company for the year ended December 31, 2023, as resolved by the Board of Directors, and Deloitte Taiwan appointed by the Board of Directors has audited the financial statements and issued the independent auditor's report.

In addition, the Board of Directors has prepared and submitted the Company's 2023 business report and the earnings distribution proposal, which have been reviewed by the Audit Committee and found to be in conformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby make this report.

Please review.

To

The 2024 Regular Shareholders' Meeting of Allied Supreme Corporation

Allied Supreme Corporation
Audit Committee Convener:



March 8, 2024

- IV. Financial statements for the most recent year: Please refer to pages 130 to 222.**
- V. The Company's standalone financial statements for the most recent year audited and attested by CPAs: Please refer to pages 224 to 331.**
- VI. For the most recent year up to the publication of this Annual Report of the Company and affiliates, any occurrence of financial difficulties affecting the financial status of the Company: None.**

Seven. Analysis and Review of Financial Position and Financial Performance and Risk Issues

I. Financial Position

Unit: NTD thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	7,666,974	8,100,854	433,880	5.66%
Property, Plant and Equipment	1,705,680	1,724,604	18,924	1.11%
Intangible asset	7,101	7,368	267	3.76%
Other assets	149,101	137,350	(11,751)	(7.88%)
Total assets	9,528,856	9,970,176	441,320	4.63%
Current liabilities	2,325,397	2,006,628	(318,769)	(13.71%)
Non-current liabilities	473,242	520,853	47,611	10.06%
Total liabilities	2,798,639	2,527,481	(271,158)	(9.69%)
Stock capital	790,280	797,630	7,350	0.93%
Capital surplus	2,022,050	2,040,362	18,312	0.91%
Retained earnings	3,939,021	4,680,082	741,061	18.81%
Other equity interest	(21,134)	(75,379)	(54,245)	256.67%
Total Equity	6,730,217	7,442,695	712,478	10.59%
Description:				
If the percentage of change for the last two years is 20% or more and the amount of change is at least NT\$10 million:				
1. Other equity: mainly due to the decrease in foreign exchange differences on financial statements of overseas operating entities				

II. Financial Performance

Unit: NTD thousand

Item	2022	2023	Difference	
			Amount	%
Operating revenue	6,138,088	5,692,353	(445,735)	(7.26%)
Operating costs	3,372,749	3,048,357	(324,392)	(9.62%)
Gross profit	2,765,339	2,643,996	(121,343)	(4.39%)
Operating expenses	633,134	641,049	7,915	1.25%
Operating net profits	2,132,205	2,002,947	(129,258)	(6.06%)
Non-operating income and expenses	49,511	78,177	28,666	57.90%
Profit before tax	2,181,716	2,081,124	(100,592)	(4.61%)
Net profits for the period	1,776,017	1,683,253	(92,764)	(5.22%)
Description: If the percentage of change for the last two years is 20% or more and the amount of change is at least NT\$10 million:				
1. Non-operating income and expenses: mainly due to an increase in interest income.				

III. Cash flow

(I) Analysis of changes in the cash flows for the most recent year:

Unit: NTD thousand

Item \ Year	2022	2023	Increase or decrease	
	Amount	Amount	Amount	%
Cash inflows from operating activities	875,426	828,561	(46,865)	(5.35%)
Cash inflows (outflows) from investing activities	(456,451)	(5,617)	450,834	(98.77%)
Cash inflows (outflows) from financing activities	(790,756)	(845,728)	(54,972)	6.95%
Analysis of change in cash flows:				
1. Operating activities: The decrease in net cash inflow is mainly due to an increase in accounts receivable, inventories and a decrease in accounts payable.				
2. Investing activities: The increase in net cash inflow is mainly due to a decrease in PP&E.				
3. Financing activities: The decrease in net cash inflow is mainly due to the payment of dividends.				

(II) Improvement plan for lack of liquidity: None.

(III) Analysis of the cash flows for the coming year

Unit: NTD thousand

Opening balance of cash	Expected annual cash flows from operating activities	Expected annual cash flows from investing and financing activities	Expected cash surplus (deficit) amount	Expected cash deficiency amount remedies	
				Investment plan	Financing plan
3,362,584	1,600,623	(1,332,860)	3,630,347	—	—
1. Analysis of change in cash flows for the coming year:					
(1) Operating activities: Expected cash inflows from operating profit.					
(2) Investing activities: Expected cash outflows from capital expenditures for equipment purchases and new plants.					
(3) Financing activities: Expected the repayment of long-term loans and payment of dividends.					
2. Remedies for expected cash deficit amount: Not applicable					

IV. The Impact of Material Capital Expenditures on Financial Operations in the Last Year

In order to meet the demand for production capacity for the medium- and long-term operational growth in the Mainland market, the Board of Directors approved the expansion of the plant and the purchase of business equipment at the former site of our subsidiary in Jiaxing on April 14, 2021, in order to expand the production capacity of lining equipment products and pipe fittings processing, and to maintain the growth momentum to increase the operating revenue.

V. Investment Policy in the Last Year, the Main Reason For Its Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year :

(I) Investment policy: The Company's investment policy is based on sustainable management and operational growth, and the "Procedures for Acquisition and Disposal of Assets" are stipulated in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authorities as the basis for the Company's investment activities in order to keep track of its business and financial status. In addition, in order to enhance the supervision and management of the Company's investees, the Company has established the internal

control system to control and manage its subsidiaries, and set up the relevant regulations for information disclosure, finance, business, inventory and financial management, so that the Company can maximize the effectiveness of its investees.

(II) The main reasons for profits or losses for the last year and improvement plan.

Unit: NTD thousand

Investee Company	Main Businesses and Products	Investment income (loss) recognized for 2023	Main cause of profit or loss	Improvement plan
ALLIED SUPREME (SAMOA) CORP.	Investment holding	812,551	—	—
ALLIED SUPREME (CHINA) CORP.	Investment holding	812,559	—	—
ALLIED SUPREME Fluoroplastics (Jiaxing) Limited	Manufacturing of special functional composite materials and products	812,468	Continue to develop and sell fluorine materials and products, with good operating conditions.	—
ASTON FLUOROTECH CORP.	Trading of special functional composite materials and products	25,421	Continue to sell and develop market for fluorine materials and products, with good operating conditions.	—

(III) Investment plan for next year: None

VI. Risk analysis and assessment

(I) The impact of changes in interest rates and exchange rates, and inflation on the Company's profit or loss and future countermeasures

1. The impact of changes in interest rates on the Company's profit or loss and future countermeasures

(1) Effect of changes in interest rates on the Company and its subsidiaries

Interest income and interest expense accounted for less than 1% of the Company's revenue in 2023, indicating that changes in interest rates had no significant impact on profit or loss, and therefore the effect on the Company and its subsidiaries was limited.

Unit: NTD thousand

Item	2023	2024Q1
Interest income (1)	55,665	(Note 2)
Interest expense (2)	5,928	
Net operating revenue (3)	5,692,353	
Interest income to operating revenue ratio (1)/(3)	0.98%	
Interest expense to operating revenue ratio (2)/(3)	0.10%	

Note 1: The source of information for 2023 is the financial statements audited and attested by CPAs.

Note 2: The information for 2024Q1 has not been reviewed by CPAs.

(2) The Company's specific measures to respond to changes in interest rates

The interest expenses of the Company and its subsidiaries' are mainly for loans with banks for short-term operational funds, and the Company continues to maintain a close and friendly relationship with banks to obtain more favorable interest rates in order to reduce interest expenses.

2. Effect of changes in exchange rates on the Company and its subsidiaries and future countermeasures

(1) Effect of changes in interest rate on the Company and its subsidiaries

If the exchange rate of NTD had depreciated by 5% against USD and CNY at the end of the period, with all other variables held constant, the Company's net profit before tax would have increased by NT\$59,078 thousand for financial assets and liabilities denominated in foreign currencies held by the Company and subsidiaries.

Unit: NTD thousand

Item	2023	2024Q1
Exchange gain	767	(Note 2)
Net operating income	5,692,353	
Exchange gain (loss) to operating revenue	(0.01%)	
Operating profit	2,002,947	
Exchange gain (loss) to operating profit	(0.04%)	

Note 1: The source of information for 2023 is the financial statements audited and attested by CPAs.

Note 2: The information for 2024Q1 has not been reviewed by CPAs.

(2) The Company's main measures to respond to future changes in exchange rates

In order to effectively respond to exchange rate fluctuations, the Company and its subsidiaries use real-time foreign exchange market information provided by banks to immediately control and predict future trends, as well as to provide a basis for quotations to customers and raw material purchases, and to reduce foreign currency holdings in order to effectively control the effect of changes in exchange rates on revenue and profitability.

3. The impact of inflation on the Company's profit or loss and future countermeasures

(1) Effect of inflation on the Company and its subsidiaries' revenue and profitability

For the most recent year up to the publication of the Annual Report, there was no significant effect on the profit or loss of the Company's and subsidiaries due to inflation.

(2) The Company's specific measures to respond to inflation

The Company and its subsidiaries pay attention to the fluctuation of market prices at all times and maintain good interaction with suppliers in order to reduce the impact of cost changes on the Company's profit or loss. The Company also implements a budgeting system and internal control to effectively control operating costs and expenses.

(II) Policy for engaging in high-risk, high-leverage investments, lending of funds to others, provision of endorsements/guarantees to others, and derivatives trading, main reasons for profit or loss and future countermeasures

1. The Company and its subsidiaries have not engaged in high-risk, high-leverage investments for the most recent year up to the publication of the Annual Report, based on prudent and conservative principles.
2. The Company and subsidiaries have established "Procedures for Lending Funds to Others" as the basis for lending funds to others, and the procedures for lending funds to others are in accordance with the provisions of each company's "Procedures for Lending Funds to Others."
3. The Company and its subsidiaries have established the "Procedures for Endorsements and Guarantees" as the basis for handling external endorsements and guarantees, and the procedures

for endorsements and guarantees are in accordance with the provisions of each company's "Procedures for Endorsements and Guarantees."

4. The Company and its subsidiaries have established the "Procedures for Acquisition or Disposal of Assets" as the basis for engaging in derivative transactions, and the procedures for derivative transactions are in accordance with the provisions of each company's "Procedures for Acquisition or Disposal of Assets."

(III) Future R&D plans and estimated R&D expenses

1. Development of microporous membrane (tube) materials

PTFE membrane has natural hydrophobicity and excellent chemical resistance, making it an ideal membrane material for pure gas, water treatment, solvents, strong acids, and strong bases. The product application range covers the fields of solvents, water treatment, gas, medical, pharmaceuticals, and other industries in the semiconductor and optoelectronics industries.

Our research and development team continues to develop formula research, while also carrying out production line construction plans, formulating QC inspection standards and specifications, product sample and reliability testing verification. Subsequently, we will be able to integrate with market applications to obtain product application opportunities.

2. Development of composite materials

PTFE has many characteristics such as heat resistance, chemical resistance, insulation, non-stickiness, and low friction. Adding fillers not only retains the original properties but also improves the mechanical properties of PTFE. The material's application range covers various industrial applications and automation equipment parts.

Our company has mastered the key technology for producing PTFE composite materials. We have produced various composite materials for basic verification according to relevant product specifications, aiming to connect with various industries for verification plans in the future.

3. Development of microfine powder

Microfine powder for fluorine materials can usually be used alone, mixed with virgin powders or used with other areas such as plastics, inks, coatings, etc. for functional additions.

So far, we have obtained the key technology of micro powder preparation and continue to carry out experimental reproduction verification to ensure the stability of product quality, and also carry out pre-production planning; at the same time, we also carry out product application experiments to accelerate the future market introduction.

4. Modular products for special application chemicals

In response to the trend of environmental awareness, the discharge of wastewater into the environment is a necessary challenge faced by manufacturing industries such as semiconductors and chemicals. How to handle and recycle it in a low-cost and safe way has driven specialized modules to become the preferred device in the market.

We plan to invest in the development of specialized modules for fluorine materials and conduct experimental verification according to market demands. We will also apply for invention patents to provide excellent product applications for market demands in future environmental maintenance requirements.

5. Estimated additional investment of R&D expenses

In 2022, the Company continued to invest in research and development, with a long-term goal of spending 2% to 5% of the Company's revenue on research and development. The Company will continue to invest in research and development in the direction of smart manufacturing, environmental protection, green energy and new market applications, continue

to innovate to meet customer needs, pursue process integration and internal process reengineering, and reduce production costs to enhance its competitive advantage in the market.

Unit: NTD thousand

Project name	Current progress	Additional investment of R&D expenses	Mass production completion time	Project description	Major factors for future R&D success
Fluorine microporous membrane (tube) materials	In process of sample manufacturing	NT\$10,000	2024/12	After completing product samples and reliability testing, we officially begin production.	Management support the output results and collaborative team effort in development
Fluorine composite materials	In progress	NT\$3,500	2024/12	As the technology gradually matures, we strengthen cooperation with customers by conducting application testing.	High customer acceptance and accumulate testing experience
Fluorine microfine powder	In progress	NT\$1,000	2024/12	We have mastered the key technology and continue to improve our formula based on customer feedback from ongoing testing.	Testing and verification using fine powders produced
Modular products for special chemicals	In progress	NT\$20,000	2024/12	We ensure that product specifications and quality meet customer requirements.	High customer satisfaction and standardized processes

(IV) The impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures:

The Company and its subsidiaries continue to pay close attention to the changes in the important domestic and foreign policies and laws, and adjust the Company's business strategies in accordance with the collection of market conditions in order to effectively manage the impact on the Company's finance and business. For the most recent year up to the publication of the Annual Report, there was no significant impact on the Company's finance and business due to significant domestic and foreign policy and legal changes.

(V) The impact of changes in technology (including cyber security risk) and the industry on the Company's financial business and countermeasures

The Company keeps an eye on the technological changes and developments in its industry, and keeps abreast of the industry trends. In addition, the Company continuously enhances its research and development capabilities, applies for patent protection for various innovative concepts and designs, and actively expands the market applications in the future in order to respond to the impact of technological changes and industry changes on the Company.

In addition, we continue to strengthen and invest in manpower and resources in the protection and preservation of customer information as well as the prevention of improper and unlawful human intent in the area of cyber security. In recent years, cyber attacks and ransomware information security incidents have been spreading frequently, so we focus on information security risk control and protection, laying out a deep defense information security control protection network and implementing strict control measures. As of the publication of the Annual Report, there have been no changes in technology (including cyber security risk) or industry changes that have affected the Company's finances and business.

(VI) The impact of corporate image change on corporate crisis management and countermeasures:

Since the establishment of the Company and its subsidiaries, we have continued to keep pace with market the trends and have been committed to providing the best quality fluorine products. Over the years, we have served most of the well-known customers in the semiconductor and chemical industries, and have established an excellent reputation.

Since its establishment, the Company has been striving to achieve sustainable business operations, complying with the relevant laws and regulations, actively strengthening internal management, and maintaining harmonious labor relations in order to maintain a good corporate image. The Company has not experienced any things that would affect corporate image or result in crisis in the most recent year up to the publication of the Annual Report.

(VII) Expected benefits, potential risks, and countermeasures regarding mergers and acquisitions:
None.

(VIII) Expected benefits, potential risks and countermeasures regarding plant expansion:

The Company and its subsidiaries will continue to expand our plants, add equipment and improve manufacturing processes in response to customer demands. If the Company is unable to increase its revenue, it will have a negative impact on the Company's financial statements. The Company will continue to level off its production capacity planning to reduce risks.

(IX) Risks arising from purchase or sales concentration and countermeasures:

1. Risks arising from purchase concentration and countermeasures:

The Company and its subsidiaries are a professional fluoropolymer processor and manufacturer, and use a variety of raw materials, mainly fluoropolymer raw materials and barrel tank iron pieces. In order to diversify the risk of purchase concentration, we maintain the flexibility of price bargaining and ensure the stability of the source of supply. The Company maintains at least two or more suppliers for the purchase of major raw materials and maintains good cooperative relationships with them. If there is any shortage of supply or material, there are other qualified suppliers to replace them. Therefore, the source of supply is stable and there is no shortage or interruption of supply, so there is no risk of purchase concentration.

2. Risks arising from sales concentration and countermeasures:

Compared with other manufacturing industries, the Company and its subsidiaries do not have any regular customers among the top ten customers in terms of sales, and the proportion of revenue from a single customer or group of customers does not exceed 30%, so there is no risk of sales concentration. In order to control its credit risk, the Company also conducts credit assessment on customers when accepting orders from them, and keeps an eye on their operating conditions and market information to protect the Company's interests.

(X) The impact and risks of massive transfer or replacement of shares by directors, supervisors, or major shareholders holding more than 10% of the shares, and countermeasures: None.

(XI) The impact and risks of the change of management rights on the Company and countermeasures:
None.

(XII) For litigation or non-litigation cases, where the Company and its directors, president, substantive persons in charge, major shareholders holding more than 10% of shares or affiliates have

engaged in material litigation, non-litigation or administrative disputes that are finalized or on trial, and the results thereof may have a significant impact on shareholders' equity rights or securities prices, the facts in dispute, the amount in question, the starting date of the litigation, the main parties involved and the handling situation as of the publication date of the Annual Report shall be disclosed: None.

(XIII) Other significant risks and countermeasures: None.

VII. Other Important Matters: None

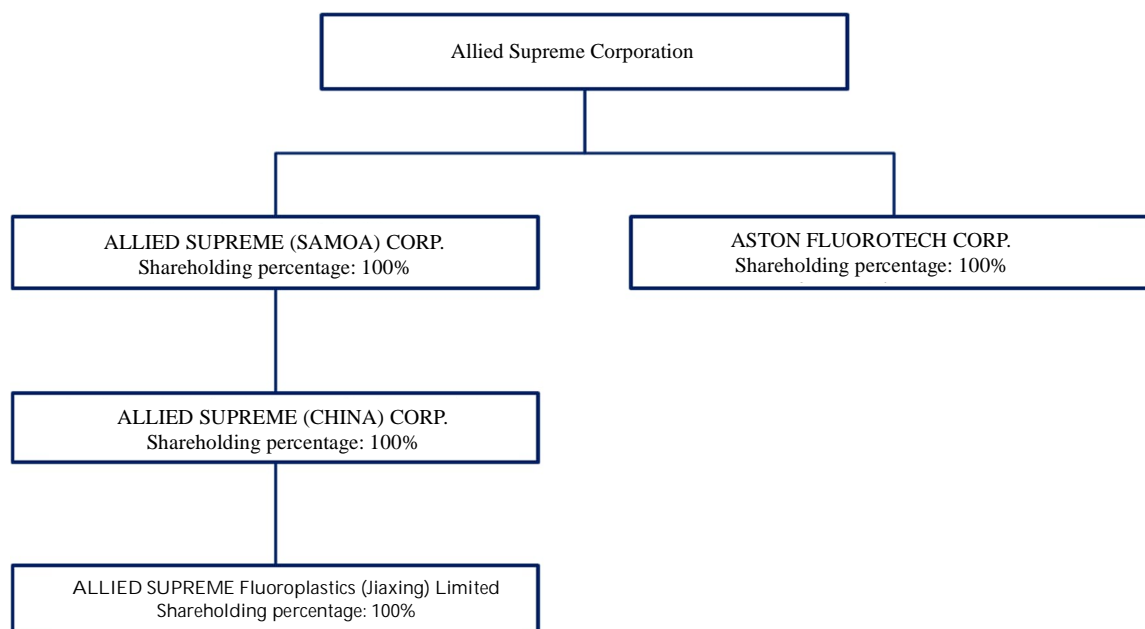
Eight. Special Disclosure

I. Relevant Information on Affiliates

(I) Affiliation Report

1. Affiliated enterprise organizational chart

Date: December 31, 2023



2. Basic information on affiliated enterprises

Unit: Thousands of NTD; December 31, 2023

Company Name	Establishment date	Address	Paid-in capital	Main business or products
Allied Supreme(Somoa) Corp.	2006/6/14	Samoa	373,284	Overseas investment holding
Allied Supreme(China) Corp.	2006/6/14	Samoa	373,284	Overseas investment holding
Allied Supreme Fluoroplastics (Jiaxing) Limited	2007/1/31	Zhejiang Province, China Jiaxing City	604,005	Manufacturing and sales of special functional composite materials and products
Aston Fluorotech Corp.	2019/1/7	U.S.A.	18,537	Trading of special functional composite materials and products

3. Information on the same shareholders of those who are in the control-subordinate relationship: None.

4. Industries covered by the business of all affiliates.

The industries covered by the business of all of the affiliates include investment holding, research and development, design, manufacturing, sales, and import and export of fluoropolymer products.

5.Names of directors, supervisors and presidents of the affiliates and their shareholdings or capital contributions to the affiliates

Company Name	Title	Name or representative	Shares held	
			Shares	Shares Ratio
Allied Supreme (Somoa) Corp.	Director	Legal representative of ASC: Hou, Chia-Sheng	0	0.00%
Allied Supreme (China) Corp.	Director	Representative of Allied Supreme (Somoa) Corp.: Hou, Chia-Sheng	0	0.00%
Allied Supreme Fluoroplastics (Jiaying) Limited	Director	Allied Supreme (China) Corp. Representative: Hou, Chia-Sheng	0	0.00%
Aston Fluorotech Corp.	Director	Legal representative of ASC: Li, Yuan-Chung	0	0.00%

6.Overview of operations of affiliates:

December 31, 2023; Unit: Thousands of NTD

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Net profit (loss) for the period
Allied Supreme(Somoa) Corp.	373,284	2,994,887	—	2,994,887	—	(24)	802,456
Allied Supreme(China) Corp.	373,284	2,994,427	—	2,994,427	—	(24)	802,464
Allied Supreme Fluoroplastics (Jiaying) Limited	604,005	3,878,969	888,186	2,990,782	2,662,513	916,417	802,373
Aston Fluorotech Corp.	18,537	134,909	81,330	53,579	89,972	31,272	25,421

(II) Consolidated Financial Statements of Affiliates:

The entities required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the company and its subsidiaries do not prepare a separate set of combined financial statements.

(III) Affiliation Report: Not applicable.

II. Private placement of securities during the last year or the current year up to the date of publication of the Annual Report: No such cases.

III. The Company's Shares Held or Disposed of by the Subsidiaries in the Last Year and As of the Publication Date of the Annual Report: No such cases.

IV. Other Necessary Supplementary Disclosure: The Company had no such cases.

Nine. For the most recent year up to the printing date of the Annual Report, occurrence of events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

Ten. Appendices

I. Consolidated Financial Statements and Independent Auditors' Report

Allied Supreme Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2023, as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

ALLIED SUPREME CORP.

By

March 8, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Allied Supreme Corp.

Opinion

We have audited the accompanying consolidated financial statements of Allied Supreme Corp. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of Operating Revenues from Specific Customers

For the year ended December 31, 2023, revenue amounted to \$5,692,353 thousand. Since revenue recognition is a presumed significant risk under auditing standards and the amount of sales revenue from specific customers increased significantly compared with the previous year, we identified sales revenue from specific customers as the key audit matter for the year ended December 31, 2023.

For other relevant disclosures, refer to Notes 4, 21 and 32.

We performed the audit procedures regarding the key audit matter as follows:

1. We obtained an understanding of the design and implementation of the relevant internal controls for revenue recognition and evaluated the effectiveness of the relevant controls.
2. We sampled and examined the supporting documents for revenue recognition and the collected payments.

Other Matter

We have also audited the parent company only financial statements of Allied Supreme Corp. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a

manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Shu-Lin Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

ALLIED SUPREME CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 27)	\$ 3,362,584	34	\$ 3,365,150	35
Notes receivable (Notes 8, 21 and 27)	636,847	7	268,399	3
Trade receivables (Notes 8, 21 and 27)	1,334,739	13	1,465,443	15
Other receivables (Notes 8 and 27)	3,218	-	3,053	-
Current tax assets (Note 23)	3,732	-	74	-
Inventories (Note 9)	2,424,911	24	2,037,463	22
Other current financial assets (Notes 14, 27 and 29)	219,605	2	403,237	4
Other current assets (Note 14)	115,218	1	124,155	1
Total current assets	<u>8,100,854</u>	<u>81</u>	<u>7,666,974</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	-	-	4,715	-
Property, plant and equipment (Notes 11 and 29)	1,724,604	17	1,705,680	18
Right-of-use assets (Note 12)	64,453	1	74,567	1
Other intangible assets (Note 13)	7,368	-	7,101	-
Deferred tax assets (Note 23)	32,795	-	42,210	1
Net defined benefit assets (Note 19)	6,031	-	-	-
Other non-current assets (Note 14)	34,071	1	27,609	-
Total non-current assets	<u>1,869,322</u>	<u>19</u>	<u>1,861,882</u>	<u>20</u>
TOTAL	<u>\$ 9,970,176</u>	<u>100</u>	<u>\$ 9,528,856</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Notes 16 and 27)	\$ 440,856	4	\$ 552,050	6
Other payables (Notes 17 and 27)	529,698	5	542,792	6
Current tax liabilities (Note 23)	142,783	2	289,301	3
Provisions - current (Note 18)	41,761	-	36,497	-
Lease liabilities - current (Note 12)	8,379	-	9,912	-
Contract liabilities (Note 21)	767,471	8	849,341	9
Current portion of long-term borrowings (Notes 15, 27 and 29)	72,132	1	41,667	-
Other current liabilities (Note 17)	3,548	-	3,836	-
Total current liabilities	<u>2,006,628</u>	<u>20</u>	<u>2,325,396</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15, 27 and 29)	428,111	4	371,038	4
Non-current tax liabilities (Note 23)	87,049	1	87,707	1
Lease liabilities - non-current (Note 12)	5,624	-	11,727	-
Net defined benefit liabilities - non-current (Notes 18 and 19)	-	-	2,702	-
Other non-current liabilities (Notes 17 and 27)	69	-	69	-
Total non-current liabilities	<u>520,853</u>	<u>5</u>	<u>473,243</u>	<u>5</u>
Total liabilities	<u>2,527,481</u>	<u>25</u>	<u>2,798,639</u>	<u>29</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	797,630	8	790,280	8
Capital surplus				
Share premium	2,038,281	21	2,021,516	21
Employee share options	205	-	534	-
Others	1,876	-	-	-
Retained earnings				
Legal reserve	749,168	8	571,635	6
Special reserve	21,134	-	45,229	1
Unappropriated earnings	3,909,780	39	3,322,157	35
Other equity				
Exchange differences on translating foreign operations	(75,379)	(1)	(21,134)	-
Total equity	<u>7,442,695</u>	<u>75</u>	<u>6,730,217</u>	<u>71</u>
TOTAL	<u>\$ 9,970,176</u>	<u>100</u>	<u>\$ 9,528,856</u>	<u>100</u>

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

ALLIED SUPREME CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 21)	\$ 5,692,353	100	\$ 6,138,088	100
OPERATING COSTS (Notes 9 and 22)	<u>3,048,357</u>	<u>54</u>	<u>3,372,749</u>	<u>55</u>
GROSS PROFIT	<u>2,643,996</u>	<u>46</u>	<u>2,765,339</u>	<u>45</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	251,938	4	253,504	4
General and administrative expenses	222,131	4	227,060	4
Research and development expenses	154,382	3	158,268	2
Expected credit loss (reversal)	<u>12,598</u>	<u>-</u>	<u>(5,698)</u>	<u>-</u>
Total operating expenses	<u>641,049</u>	<u>11</u>	<u>633,134</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>2,002,947</u>	<u>35</u>	<u>2,132,205</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	55,665	1	30,629	1
Other income	31,538	1	7,589	-
Other gains and losses	(3,098)	-	15,040	-
Finance costs	<u>(5,928)</u>	<u>-</u>	<u>(3,747)</u>	<u>-</u>
Total non-operating income and expenses	<u>78,177</u>	<u>2</u>	<u>49,511</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,081,124	37	2,181,716	36
INCOME TAX EXPENSE (Note 23)	<u>(397,871)</u>	<u>(7)</u>	<u>(405,699)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>1,683,253</u>	<u>30</u>	<u>1,776,017</u>	<u>29</u>
OTHER COMPREHENSIVE INCOME (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	7,815	-	(862)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(1,563)</u>	<u>-</u>	<u>172</u>	<u>-</u>
	<u>6,252</u>	<u>-</u>	<u>(690)</u>	<u>-</u>

(Continued)

ALLIED SUPREME CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (54,245)	(1)	\$ 24,095	-
Other comprehensive income (loss) for the year, net of income tax	(47,993)	(1)	23,405	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,635,260</u>	<u>29</u>	<u>\$ 1,799,422</u>	<u>29</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 21.22</u>		<u>\$ 22.54</u>	
Diluted	<u>\$ 21.04</u>		<u>\$ 22.16</u>	

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

(Concluded)

ALLIED SUPREME CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus			Retained Earnings			Other Equity	Total Equity
	Ordinary Shares							Exchange Differences on Translating Foreign Operations		
	(In Thousands of Shares)	Amount	Share Premium	Employee Share Options	Other	Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2022	78,545	\$ 785,450	\$ 2,001,648	\$ 2,817	\$ -	\$ 475,621	\$ 35,622	\$ 2,280,811	\$ (45,229)	\$ 5,536,740
Appropriation of 2021 earnings										
Legal reserve	-	-	-	-	-	96,014	-	(96,014)	-	-
Special reserve	-	-	-	-	-	-	9,607	(9,607)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(628,360)	-	(628,360)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	1,776,017	-	1,776,017
Other comprehensive (loss) income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	(690)	24,095	23,405
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	1,775,327	24,095	1,799,422
Share-based payment transactions (Note 25)	-	-	-	1,309	-	-	-	-	-	1,309
Issuance of ordinary shares under employee share options	483	4,830	19,868	(3,592)	-	-	-	-	-	21,106
BALANCE AT DECEMBER 31, 2022	79,028	790,280	2,021,516	534	-	571,635	45,229	3,322,157	(21,134)	6,730,217
Appropriation of 2022 earnings										
Legal reserve	-	-	-	-	-	177,533	-	(177,533)	-	-
Special reserve	-	-	-	-	-	-	(24,095)	24,095	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(948,444)	-	(948,444)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	1,683,253	-	1,683,253
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	6,252	(54,245)	(47,993)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	1,689,505	(54,245)	1,635,260
Exercise of disgorgement	-	-	-	-	1,876	-	-	-	-	1,876
Share-based payment transactions (Note 25)	-	-	-	378	-	-	-	-	-	378
Issuance of ordinary shares under employee share options	735	7,350	16,765	(707)	-	-	-	-	-	23,408
BALANCE AT DECEMBER 31, 2023	79,763	\$ 797,630	\$ 2,038,281	\$ 205	\$ 1,876	\$ 749,168	\$ 21,134	\$ 3,909,780	\$ (75,379)	\$ 7,442,695

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

ALLIED SUPREME CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,081,124	\$ 2,181,716
Adjustments for:		
Depreciation expenses	163,021	112,421
Amortization expenses	4,542	5,782
Expected credit loss (reversal)	12,598	(5,698)
Net gain on fair value changes of financial asset at fair value through profit or loss	(189)	(449)
Finance costs	5,928	3,747
Interest income	(55,665)	(30,629)
Compensation costs of employees share-based payments	378	1,309
Loss on disposal of property, plant and equipment	1,343	135
Property, plant and equipment transferred to expenses	2,733	-
Gain on lease modification	(1)	-
Write-down (reversal of) inventories	313	(409)
(Gain) loss on foreign currency exchange	(74,832)	27,538
Recognition of provisions	5,313	28,775
Changes in operating assets and liabilities		
Notes receivable	(368,448)	(61,209)
Trade receivables	131,859	(662,038)
Other receivables	(290)	15
Inventories	(385,719)	(658,119)
Other current assets	8,937	12,120
Other non-current assets	(11,181)	(7,605)
Notes payable	-	(6,615)
Trade payables	(106,005)	91,017
Other payables	(13,187)	155,113
Contract liabilities	(81,870)	(10,159)
Other current liabilities	(288)	2,116
Net defined benefit liabilities	(918)	(958)
Cash generated from operations	<u>1,319,496</u>	<u>1,177,916</u>
Interest received	55,790	29,224
Interest paid	(5,872)	(3,660)
Income tax paid	<u>(540,853)</u>	<u>(328,054)</u>
Net cash generated from operating activities	<u>828,561</u>	<u>875,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	-	55,360
Proceeds from sale of financial assets at fair value through profit or loss	4,904	-
Payments for property, plant and equipment	(185,499)	(382,847)
Proceeds from disposal of property, plant and equipment	2,721	3,267
Increase in refundable deposits	-	(11,584)
Decrease in refundable deposits	251	-

(Continued)

ALLIED SUPREME CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for intangible assets	\$ (4,913)	\$ (6,352)
Increase in other financial assets	-	(112,642)
Decrease in other financial assets	183,632	-
Increase in prepayments for equipment	<u>(6,713)</u>	<u>(1,653)</u>
Net cash used in investing activities	<u>(5,617)</u>	<u>(456,451)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(50,000)
Proceeds from long-term borrowings	129,204	-
Repayment of long-term loans	(41,666)	(128,000)
Proceeds from guarantee deposits received	-	51
Payment for principal portion of lease liabilities	(10,106)	(5,553)
Dividends paid to owners of the Company	(948,444)	(628,360)
Employee share options exercised	23,408	21,106
Exercise of disgorgement	<u>1,876</u>	<u>-</u>
Net cash used in financing activities	<u>(845,728)</u>	<u>(790,756)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>20,218</u>	<u>16,528</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,566)	(355,253)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,365,150</u>	<u>3,720,403</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,362,584</u>	<u>\$ 3,365,150</u>

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

(Concluded)

ALLIED SUPREME CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Allied Supreme Corp. (the “Company”) was established in the Republic of China (ROC) in 1981. The Company mainly manufactures and sells surface coating treatment of various metals and non-metals, special surface treatment of various machinery and parts, finished and semi-finished products such as fluorinated resin raw material round bars and flat plates.

In September 2020, the Company’s shares were listed on the Emerging Stock Board of the Taipei Exchange. In September 2021, the Company’s application for listing on the Taiwan Stock Exchange was approved by the Taiwan Stock Exchange Review Committee and submitted to the Financial Supervisory Commission for approval. In December 2021, the Company’s shares have been listed on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar. The Company and its subsidiaries are collectively referred to as the “Group”.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 8, 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if

it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with	January 1, 2024

Covenants”
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	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 IAS 21 "Lack of Exchangeability."	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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 assets (liabilities) which are measured at the fair value of plan assets less the present value of the defined benefit obligation.

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 the 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 the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

Principles for preparing the consolidated financial statements

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

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 used by the Company.

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 Group's interests 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.

See Note 10 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries or those that use currencies which are

different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of

those samples are recognized in profit or loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the

cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial

liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 720 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Advance receipts from sales of products are recognized as contract liabilities before the products arrive.

2) Revenue from the rendering of services

Revenue from product design and construction services is recognized when the performance obligations of services are fulfilled. Advance receipts from rendering of services are recognized as contract liabilities before the rendering of services are completed.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to

restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding

adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments granted to employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - share-based payment. The share-based payment is recognized as an expense in full at the grant date if vested immediately. The grant date of the Group issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, management is required to make judgments, estimates, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations, the economic environment implications of the military conflict between Russia, Ukraine and Red Sea, related international sanctions, inflation and interest rate fluctuations and volatility in energy markets when making its critical estimates on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 919	\$ 962
Checking accounts and demand deposits	1,294,098	1,258,090
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	2,067,567	2,037,805
Deposit in transit	<u>-</u>	<u>68,293</u>
	<u>\$ 3,362,584</u>	<u>\$ 3,365,150</u>

As of December 31, 2023 and 2022, the market rate intervals of time deposits with original maturities of 3 months or less were 0.675%-6.2% and 1.10%-4.89%, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ -</u>	<u>\$ 4,715</u>

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 636,847	\$ 268,399
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 636,847</u>	<u>\$ 268,399</u>

(Continued)

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,338,060	\$ 1,467,886
Less: Allowance for impairment loss	<u>(3,321)</u>	<u>(2,443)</u>
	<u>\$ 1,334,739</u>	<u>\$ 1,465,443</u>
<u>Overdue receivables</u>		
Gross carrying amount	\$ 28,652	\$ 17,471
Less: Allowance for impairment loss	<u>(28,652)</u>	<u>(17,471)</u>
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
Interest receivable	\$ 2,036	\$ 2,161
Others	<u>1,182</u>	<u>892</u>
	<u>\$ 3,218</u>	<u>\$ 3,053</u> (Concluded)

Credit periods are typically provided in the Group's sales agreements. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit limits and scores attributed to customers are reviewed regularly.

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 by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. Since the historical experience of credit losses of the Group shows that, except for a few specific customers, there is no significant difference in the loss patterns of different customer bases, the provision matrix for group assessment does not further distinguish the customer bases and the expected credit loss rate is determined based only on the number of days of accounts receivable.

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, or when the trade receivables are past due. 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 and overdue receivables based on the Group's provision matrix:

December 31, 2023

	Invoice Date 1 to 180 Days	Invoice Date 181 to 270 Days	Invoice Date 271 to 360 Days	Invoice Date 361 to 450 Days	Invoice Date 450 Day or More	Total
Expected credit loss rate	0%-0.05%	0%-1%	0%-4.5%	0%-50%	0%-100%	
Gross carrying amount	\$ 999,191	\$ 148,039	\$ 46,404	\$ 30,912	\$ 142,166	\$ 1,366,712
Loss allowance (Lifetime ECLs)	<u>(113)</u>	<u>(688)</u>	<u>(388)</u>	<u>(2,132)</u>	<u>(28,652)</u>	<u>(31,973)</u>
Amortized cost	<u>\$ 999,078</u>	<u>\$ 147,351</u>	<u>\$ 46,016</u>	<u>\$ 28,780</u>	<u>\$ 113,514</u>	<u>\$ 1,334,739</u>

December 31, 2022

	Invoice Date 1 to 180 Days	Invoice Date 181 to 270 Days	Invoice Date 271 to 360 Days	Invoice Date 361 to 450 Days	Invoice Date 450 Day or More	Total
Expected credit loss rate	0%	1%	3%	50%	100%	
Gross carrying amount	\$ 1,371,634	\$ 80,924	\$ 12,830	\$ 2,498	\$ 17,471	\$ 1,485,357
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(809)</u>	<u>(385)</u>	<u>(1,249)</u>	<u>(17,471)</u>	<u>(19,914)</u>
Amortized cost	<u>\$ 1,371,634</u>	<u>\$ 80,115</u>	<u>\$ 12,445</u>	<u>\$ 1,249</u>	<u>\$ -</u>	<u>\$ 1,465,443</u>

The movements of the loss allowance were as follows:

	For the Year Ended December 31, 2023			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 2,443	\$ 17,471	\$ 19,914
Expected credit loss recognized	-	923	11,675	12,598
Foreign exchange translation gains and losses	<u>-</u>	<u>(45)</u>	<u>(494)</u>	<u>(539)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 3,321</u>	<u>\$ 28,652</u>	<u>\$ 31,973</u>
	For the Year Ended December 31, 2022			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 15,696	\$ 9,781	\$ 25,477
Expected credit loss recognized (reversed)	-	(13,338)	7,640	(5,698)
Foreign exchange translation gains and losses	<u>-</u>	<u>85</u>	<u>50</u>	<u>135</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 2,443</u>	<u>\$ 17,471</u>	<u>\$ 19,914</u>

Overdue receivables were classified under other assets and provided with allowance for expected credit loss.

9. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 665,058	\$ 691,741
Semi-finished goods	86,173	85,376
Work in process	510,963	496,100
Finished goods	<u>1,162,717</u>	<u>764,246</u>
	<u>\$ 2,424,911</u>	<u>\$ 2,037,463</u>

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 3,048,044	\$ 3,373,158
Inventory loss (reversal) of write-downs	<u>313</u>	<u>(409)</u>
	<u>\$ 3,048,357</u>	<u>\$ 3,372,749</u>

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Percentage of Ownership		Remark
			2023	2022	
Allied Supreme Corp. ("ASC")	Allied Supreme (Samoa) Corp. ("ASC (Samoa)")	Investment	100.00	100.00	
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp. ("ASC (China)")	Investment	100.00	100.00	
Allied Supreme (China) Corp.	Allied Supreme (Jia Xing) Corp. ("ASC (Jia Xing)")	Production of special functional composite materials and products and sales of self- produced products	100.00	100.00	
ASC	Aston Fluorotech Corp. ("AFTC")	Sales of special functional composite materials and products	100.00	100.00	

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Other Equipment	Construction- in-progress and Equipment Ready for Inspection	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 259,857	\$ 956,979	\$ 630,502	\$ 54,480	\$ 185,985	\$ 2,087,803
Additions	-	5,523	31,749	6,978	338,597	382,847
Disposals	-	(2,520)	(29,667)	(828)	-	(33,015)
Reclassifications	-	11,653	75,814	34,926	(122,393)	-
Effect of exchange rate differences	<u>-</u>	<u>4,316</u>	<u>3,038</u>	<u>529</u>	<u>(336)</u>	<u>7,547</u>
Balance at December 31, 2022	<u>\$ 259,857</u>	<u>\$ 975,951</u>	<u>\$ 711,436</u>	<u>\$ 96,085</u>	<u>\$ 401,853</u>	<u>\$ 2,445,182</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Other Equipment	Construction- in-progress and Equipment Ready for Inspection	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 206,823	\$ 419,550	\$ 33,199	\$ -	\$ 659,572
Depreciation expense	-	42,242	53,691	9,406	-	105,339
Disposals	-	(1,800)	(27,054)	(759)	-	(29,613)
Effect of exchange rate differences	-	1,665	2,222	317	-	4,204
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 248,930</u>	<u>\$ 448,409</u>	<u>\$ 42,163</u>	<u>\$ -</u>	<u>\$ 739,502</u>
Carrying amount at December 31, 2022	<u>\$ 259,857</u>	<u>\$ 727,021</u>	<u>\$ 263,027</u>	<u>\$ 53,922</u>	<u>\$ 401,853</u>	<u>\$ 1,705,680</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 259,857	\$ 975,951	\$ 711,436	\$ 96,085	\$ 401,853	\$ 2,445,182
Additions	-	2,597	35,490	35,783	111,629	185,499
Disposals	-	(4,706)	(14,276)	(4,500)	-	(23,482)
Reclassifications	-	253,282	191,770	25,516	(473,301)	(2,733)
Effect of exchange rate differences	-	(7,770)	(5,428)	(931)	(625)	(14,754)
Balance at December 31, 2023	<u>\$ 259,857</u>	<u>\$ 1,219,354</u>	<u>\$ 918,992</u>	<u>\$ 151,953</u>	<u>\$ 39,556</u>	<u>\$ 2,589,712</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 248,930	\$ 448,409	\$ 42,163	\$ -	\$ 739,502
Depreciation expense	-	51,230	78,746	21,409	-	151,385
Disposals	-	(1,860)	(13,418)	(4,140)	-	(19,418)
Effect of exchange rate differences	-	(2,687)	(3,279)	(395)	-	(6,361)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 295,613</u>	<u>\$ 510,458</u>	<u>\$ 59,037</u>	<u>\$ -</u>	<u>\$ 865,108</u>
Carrying amount at December 31, 2023	<u>\$ 259,857</u>	<u>\$ 923,741</u>	<u>\$ 408,534</u>	<u>\$ 92,916</u>	<u>\$ 39,556</u>	<u>\$ 1,724,604</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	30-56 years
Building accessory equipment	3-11 years
Machinery equipment	3-11 years
Other equipment	3-11 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 63,262	\$ 73,374
Buildings	848	88
Transportation equipment	<u>343</u>	<u>1,105</u>
	<u>\$ 64,453</u>	<u>\$ 74,567</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 2,566</u>	<u>\$ 23,460</u>
Depreciation charge for right-of-use assets		
Land	\$ 10,505	\$ 6,129
Buildings	371	355
Transportation equipment	<u>760</u>	<u>598</u>
	<u>\$ 11,636</u>	<u>\$ 7,082</u>

Except for the above recognized depreciation expenses, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 8,379</u>	<u>\$ 9,912</u>
Non-current	<u>\$ 5,624</u>	<u>\$ 11,727</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1%-1.25%	0.85%-1.08%
Buildings	1.25%	1.15%
Transportation equipment	1%-4.23%	1%-4.23%

c. Material leasing activities and terms

The Group leases a number of buildings, as factories, offices, dormitories and office cars with lease terms of 2 to 4 years. Prepayments for land use rights in China are recognized as right-of-use assets - land. The Group does not have bargain purchase options to acquire the leasehold land, buildings and transport equipment at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 4,233</u>	<u>\$ 2,824</u>
Total cash outflow for leases	<u>\$(14,517)</u>	<u>\$ (8,473)</u>

The Group's leases of certain office equipment under leases which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	Computer Software	Patent	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 31,560	\$ 2,000	\$ 33,560
Additions	6,352	-	6,352
Effect of foreign currency exchange differences	<u>304</u>	<u>-</u>	<u>304</u>
Balance at December 31, 2022	<u>\$ 38,216</u>	<u>\$ 2,000</u>	<u>\$ 40,216</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 25,760	\$ 1,320	\$ 27,080
Amortization expense	5,347	435	5,782
Effect of foreign currency exchange differences	<u>253</u>	<u>-</u>	<u>253</u>
Balance at December 31, 2022	<u>\$ 31,360</u>	<u>\$ 1,755</u>	<u>\$ 33,115</u>
Carrying amount at December 31, 2022	<u>\$ 6,856</u>	<u>\$ 245</u>	<u>\$ 7,101</u>
<u>Cost</u>			

Balance at January 1, 2023	\$ 38,216	\$ 2,000	\$ 40,216
Additions	4,913	-	4,913
Effect of foreign currency exchange differences	<u>(520)</u>	<u>-</u>	<u>(520)</u>
Balance at December 31, 2023	<u>\$ 42,609</u>	<u>\$ 2,000</u>	<u>\$ 44,609</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 31,360	\$ 1,755	\$ 33,115
Amortization expense	4,297	245	4,542
Effect of foreign currency exchange differences	<u>(416)</u>	<u>-</u>	<u>(416)</u>
Balance at December 31, 2023	<u>\$ 35,241</u>	<u>\$ 2,000</u>	<u>\$ 37,241</u>
Carrying amount at December 31, 2023	<u>\$ 7,368</u>	<u>\$ -</u>	<u>\$ 7,368</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	1-3 years
Patent	3-5 years

14. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Other financial assets (Note 29)		
Guarantee deposits (Note)	<u>\$ 219,605</u>	<u>\$ 403,237</u>
Other non-current assets		
Prepayments	\$ 106,298	\$ 109,193
Tax credit	6,058	12,405
Others	<u>2,862</u>	<u>2,557</u>
	<u>\$ 115,218</u>	<u>\$ 124,155</u>
<u>Non-current</u>		
Other non-current assets		
Refundable deposits	\$ 20,050	\$ 20,301
Prepayments for equipment	14,021	7,308
Overdue receivables	28,652	17,471
Allowance for impairment loss - overdue receivables	<u>(28,652)</u>	<u>(17,471)</u>
	<u>\$ 34,071</u>	<u>\$ 27,609</u>

Note: Guarantee deposits are for financing loans. The ranges of weighted average effective interest rates on guarantee deposits were 0.045%-5.56% and 0.30%-4.15% at December 31, 2023 and 2022, respectively.

15. BORROWINGS

Long-term Borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 29)</u>		
	\$ 287,705	\$ 287,705
Mega Bank (a)	<u>129,204</u>	<u>-</u>
Fubon Bank (b)	416,909	287,705

Unsecured borrowings

Fubon Bank (c)	83,334	125,000
Less: Current portion of long-term borrowings	<u>(72,132)</u>	<u>(41,667)</u>
	<u>\$ 428,111</u>	<u>\$ 371,038</u>

- a. As of December 31, 2023 and 2022, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (see Note 29) were 1.25% and 1.125% per annum, respectively.
- b. As of December 31, 2023, the weighted average effective interest rate of the bank borrowings secured by the Group's equipment (see Note 29) was 1.131% per annum.
- c. As of December 31, 2023 and 2022, the weighted average effective interest rate of the bank borrowings unsecured were 1.131% and 0.999% per annum, respectively.

Repayment and interest payment methods:

<u>Name</u>	<u>Period</u>	<u>Repayment and Interest Payment Methods</u>
Mega Bank (a)	2021.05-2031.05	Interest is paid monthly. Principal is payable in equal monthly amounts from the 37th month from the date of the loan.
Fubon Bank (b)	2023.03-2028.03	Interest is paid monthly. Principal is payable in equal monthly amounts from the 25th month from the date of the loan.
Fubon Bank (c)	2020.12-2025.12	Interest is paid monthly. Principal is payable in equal monthly amounts from the 25th month from the date of the loan.

16. NOTES PAYABLE AND TRADE PAYABLES

<u>December 31</u>	
2023	2022

Trade payables

Operating \$ 440,856 \$ 552,050

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries	\$ 249,458	\$ 290,175
Business taxes payable	87,605	67,920
Payables for equipment	48,737	68,113
Others	<u>143,898</u>	<u>116,584</u>
	<u>\$ 529,698</u>	<u>\$ 542,792</u>
Other liabilities		
Others	<u>\$ 3,548</u>	<u>\$ 3,836</u>

(Continued)

	December 31	
	2023	2022
<u>Non-current</u>		
Guarantee deposits received	<u>\$ 69</u>	<u>\$ 69</u> (Concluded)

18. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Warranties	<u>\$ 41,761</u>	<u>\$ 36,497</u>
<u>Non-current</u>		
Employee benefits (Note 19)	<u>\$ -</u>	<u>\$ 2,702</u>
		Warranties
Balance at January 1, 2022		\$ 7,663
Additions		28,775
Effect of foreign currency exchange differences		<u>59</u>
Balance at December 31, 2022		<u>\$ 36,497</u>
Balance at January 1, 2023		\$ 36,497
Additions		5,313
Effect of foreign currency exchange differences		<u>(49)</u>
Balance at December 31, 2023		<u>\$ 41,761</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under the legislation on the local sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the subsidiary Allied Supreme (Jia Xing) Corp. are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As Aston Fluorotech Corp. is not required to contribute to retirement benefit plan for employees, no related retirement benefit plan liabilities were recognized.

The amounts included in the consolidated statements of comprehensive income in respect of the Group's defined contribution plans were as follows:

	For the Year Ended December 31	
	2023	2022
Contributions	<u>\$ 45,822</u>	<u>\$ 38,533</u>

b. Defined benefit plan

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount

of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plan were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 87,530	\$ 94,726
Fair value of plan assets	<u>(93,561)</u>	<u>(92,024)</u>
Net defined benefit (assets) liabilities	<u>\$ (6,031)</u>	<u>\$ 2,702</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 86,051</u>	<u>\$(83,253)</u>	<u>\$ 2,798</u>
Service cost			
Current service cost	174	-	174
Interest expense (income)	<u>595</u>	<u>(579)</u>	<u>16</u>
Recognized in profit or loss	<u>769</u>	<u>(579)</u>	<u>190</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,044)	(7,044)
Actuarial gain - changes in financial assumptions	(2,833)	-	(2,833)
Actuarial loss - experience adjustments	<u>10,739</u>	<u>-</u>	<u>10,739</u>
Recognized in other comprehensive income	<u>7,906</u>	<u>(7,044)</u>	<u>862</u>
Contributions from the employer	<u>-</u>	<u>(1,148)</u>	<u>(1,148)</u>
Balance at December 31, 2022	<u>94,726</u>	<u>(92,024)</u>	<u>2,702</u>
Service cost			
Current service cost	185	-	185
Interest expense (income)	<u>1,124</u>	<u>(1,099)</u>	<u>25</u>
Recognized in profit or loss	<u>1,309</u>	<u>(1,099)</u>	<u>210</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(843)	(843)
Actuarial gain - experience adjustments	<u>(6,972)</u>	<u>-</u>	<u>(6,972)</u>
Recognized in other comprehensive income	<u>(6,972)</u>	<u>(843)</u>	<u>(7,815)</u>
Contributions from the employer	<u>-</u>	<u>(1,128)</u>	<u>(1,128)</u>
Benefits paid	<u>(1,533)</u>	<u>(1,533)</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 87,530</u>	<u>\$(93,561)</u>	<u>\$ (6,031)</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.2%	1.2%
Expected rate(s) of salary increase	4.0%	4.0%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.1% increase	<u>\$ (87)</u>	<u>\$ (547)</u>
0.1% decrease	<u>\$ 88</u>	<u>\$ 553</u>
Expected rate of salary increase		
0.1% increase	<u>\$ 88</u>	<u>\$ 466</u>
0.1% decrease	<u>\$ (87)</u>	<u>\$ (461)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 1,200</u>	<u>\$ 1,320</u>
Average duration of the defined benefit obligation	5.2 years	5.7 years

20. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	2023	2022
Shares authorized (in thousands of shares)	<u>168,000</u>	<u>168,000</u>
Shares authorized, par value of \$10	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>
Shares issued and fully paid (in thousands of shares)	<u>79,763</u>	<u>79,028</u>
Shares issued and fully paid	<u>\$ 797,630</u>	<u>\$ 790,280</u>

As of December 31, 2023 and 2022, the Company's share capital increased by 735 thousand shares and 483 thousand shares, respectively, due to the employees exercising their share options to convert into ordinary shares.

b. Capital surplus

	<u>December 31</u>	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	\$ 2,038,281	\$ 2,021,516
<u>May only be used to offset deficits</u>		
Exercise of disgorgement	1,876	-
<u>May not be used for any purpose</u>		
Employee share options	<u>205</u>	<u>534</u>
	<u>\$ 2,040,362</u>	<u>\$ 2,022,050</u>

* 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.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a 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 in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and

resolved by more than half of the directors present and reported to the shareholders in their meeting.

The Company's dividend policy is based on the consideration of the industrial environment, investment environment, capital needs, profit situation, capital structure and future operating needs, taking into account the interests of shareholders, balancing dividends and the Company's long-term financial planning, and setting aside the distributable surplus every year. No less than 10% of dividends shall be distributed to shareholders. If the share price is less than \$0.1, dividends may not be distributed; when distributed to shareholders, dividends shall be distributed in cash or shares, of which cash dividends shall not be less than 30% of the total dividends.

For the rules on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-g.

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 Company shall set aside from or reverse to unappropriated earnings amounts of special reserve for the net amount of other equity deductions accumulated in prior periods.

The appropriations of earnings and dividends per share for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 177,533</u>	<u>\$ 96,014</u>
Special reserve	<u>\$ (24,095)</u>	<u>\$ 9,607</u>
Cash dividends	<u>\$ 948,444</u>	<u>\$ 628,360</u>
Dividends per share (NT\$)	\$ 12	\$ 8

The above 2022 and 2021 appropriations for cash dividends for 2022 were resolved by the Company's board of directors on March 8, 2023 and March 14, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings to be held on May 26, 2023 and May 31, 2022.

The appropriations of earnings for 2023, which were proposed by the Company's board of directors on March 8, 2024, were as follows:

	For the Year Ended December 31
Provision of legal reserve	<u>\$ 168,950</u>
Reserved of special reserve	<u>\$ 54,245</u>
Cash dividends	<u>\$ 959,712</u>
Dividends per share (NT\$)	\$ 12

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Other equity

Exchange differences on the translating of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$(21,134)	\$(45,229)
Recognized for the year:		
Exchange differences on the translation of the financial statement of the foreign operations	<u>(54,245)</u>	<u>24,095</u>
Balance at December 31	<u>\$(75,379)</u>	<u>\$(21,134)</u>

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	\$ 5,438,443	\$ 5,834,978
Revenue from the rendering of services	<u>253,910</u>	<u>303,110</u>
	<u>\$ 5,692,353</u>	<u>\$ 6,138,088</u>

a. Contract information

For contract information, refer to Note 4(l) for summary of material accounting policy information.

b. Contract balances

	December 31	
	2023	2022
Trade receivables (Note 8)	<u>\$ 1,971,586</u>	<u>\$ 1,733,842</u>
Contract liabilities - current		
Revenue from the sale of goods and rendering of services	<u>\$ 767,471</u>	<u>\$ 849,341</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 55,663	\$ 30,549
Others	<u>2</u>	<u>80</u>
	<u>\$ 55,665</u>	<u>\$ 30,629</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	<u>\$ 31,538</u>	<u>\$ 7,589</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (losses) gains	\$ (767)	\$ 17,859
Loss on disposal of property, plant and equipment	(1,343)	(135)
Gain on lease modification	1	-
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	189	449
Others	<u>(1,178)</u>	<u>(3,133)</u>
	<u>\$ (3,098)</u>	<u>\$ 15,040</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 5,750	\$ 3,651
Interest on lease liabilities	<u>178</u>	<u>96</u>
	<u>\$ 5,928</u>	<u>\$ 3,747</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 151,385	\$ 105,339
Right-of-use assets	11,636	7,082
Intangible assets	<u>4,542</u>	<u>5,782</u>
	<u>\$ 167,563</u>	<u>\$ 118,203</u>
An analysis of depreciation by function		
Operating cost	\$ 133,364	\$ 93,006
Operating expenses	<u>29,657</u>	<u>19,415</u>
	<u>\$ 163,021</u>	<u>\$ 112,421</u>
An analysis of amortization by function		
Operating cost	\$ 295	\$ 487
Operating expenses	<u>4,247</u>	<u>5,295</u>
	<u>\$ 4,542</u>	<u>\$ 5,782</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 45,822	\$ 38,533
Defined benefit plans	<u>210</u>	<u>190</u>
	46,032	38,723
Share-based payment		
Equity-settled	378	1,309
Other employee benefit	<u>896,585</u>	<u>873,979</u>
Total employee benefits expense	<u>\$ 942,995</u>	<u>\$ 914,011</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 539,543	\$ 516,330
Operating expenses	<u>403,452</u>	<u>397,681</u>
	<u>\$ 942,995</u>	<u>\$ 914,011</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of 5%-10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 8, 2024 and March 8, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	5.92%	7.05%
Remuneration of directors	1.53%	1.56%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Share	Cash	Share
Compensation of employees	\$ 123,437	\$ -	\$ 160,914	\$ -
Remuneration of directors	31,888	-	35,631	-

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.

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, 2022 and 2021.

Information on the compensation of employees 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. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 59,214	\$ 139,021
Foreign exchange losses	<u>(59,981)</u>	<u>(121,162)</u>
	<u>\$ (767)</u>	<u>\$ 17,859</u>

23. INCOME TAXES RELATED TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 361,668	\$ 415,618
Income tax on unappropriated earnings	33,672	11,308
Adjustments for prior year	(4,663)	(5,549)
Deferred tax		
In respect of the current year	<u>7,194</u>	<u>(15,678)</u>
Income tax expense recognized in profit or loss	<u>\$ 397,871</u>	<u>\$ 405,699</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 2,081,124</u>	<u>\$ 2,181,716</u>
Income tax expense calculated at the statutory rate	\$ 528,190	\$ 519,410
Nondeductible expenses in determining taxable income	13,247	9,319
Income tax on appropriated earnings	33,672	11,308
Tax-exempt income	(2,632)	(11,921)
Deferred tax effect of earnings of subsidiaries	(167,595)	(120,384)
Adjustments for prior years' tax	(4,663)	(5,549)
Effect of different tax rates of entities operating in other jurisdictions	<u>(2,348)</u>	<u>3,516</u>
Income tax expense recognized in profit or loss	<u>\$ 397,871</u>	<u>\$ 405,699</u>

Since the subsidiaries in China have extend the high-tech enterprise certificate in 2023, the applicable tax rate has been remained 15%, and the effective period is three years.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current period		
Remeasurement of defined benefit plans	<u>\$ 1,563</u>	<u>\$ (172)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 3,732</u>	<u>\$ 74</u>
Current tax liabilities		
Income tax payable	<u>\$ 142,783</u>	<u>\$ 289,301</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized profit from subsidiaries	\$ 18,184	\$ (7,045)	\$ -	\$ 11,139
Defined benefit obligation	1,711	-	(1,563)	148
Unrealized loss on write-down of inventories	13,817	(1,746)	-	12,071
Unrealized foreign exchange losses	-	720	-	720
Others	<u>8,498</u>	<u>219</u>	<u>-</u>	<u>8,717</u>
	<u>\$ 42,210</u>	<u>\$ (7,852)</u>	<u>\$ (1,563)</u>	<u>\$ 32,795</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment gain by equity method	\$ 87,049	\$ -	\$ -	\$ 87,049
Unrealized exchange gain	405	(405)	-	-
Others	<u>253</u>	<u>(253)</u>	<u>-</u>	<u>-</u>
	<u>\$ 87,707</u>	<u>\$ (658)</u>	<u>\$ -</u>	<u>\$ 87,049</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized profit from subsidiaries	\$ 7,637	\$ 10,547	\$ -	\$ 18,184
Defined benefit obligation	1,539	-	172	1,711
Unrealized loss on write-down of inventories	15,334	(1,517)	-	13,817
Others	<u>2,728</u>	<u>5,770</u>	<u>-</u>	<u>8,498</u>
	<u>\$ 27,238</u>	<u>\$ 14,800</u>	<u>\$ 172</u>	<u>\$ 42,210</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment gain by equity method	\$ 87,049	\$ -	\$ -	\$ 87,049
Unrealized exchange gain	1,455	(1,050)	-	405
Others	<u>81</u>	<u>172</u>	<u>-</u>	<u>253</u>
	<u>\$ 88,585</u>	<u>\$ (878)</u>	<u>\$ -</u>	<u>\$ 87,707</u>

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the aggregate deductible temporary differences associated with investments for which no deferred income tax liabilities have been recognized amounted to \$2,295,506 thousand and \$1,457,534 thousand, respectively.

f. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 21.22</u>	<u>\$ 22.54</u>
Diluted earnings per share	<u>\$ 21.04</u>	<u>\$ 22.16</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 Year Ended December 31	
	2023	2022
Net profits attributable to the owners of the Company	<u>\$ 1,683,253</u>	<u>\$ 1,776,017</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,329	78,782
Effect of potentially dilutive ordinary shares:		
Employee share options	191	805
Compensation of employees issued in the form of shares	<u>464</u>	<u>568</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>79,984</u>	<u>80,155</u>

The Group may settle compensation of employees by cash or shares; therefore, the Group assumes that the entire amount of the compensation 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. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company were granted 2,000 thousand options in May 2020. Each option entitles the holder to subscribe for 1,000 ordinary shares of the Company. The options granted are valid for 4 years and exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	Employee Share Option Plan Granted in May 2020			
	For the Year Ended December 31			
	2023		2022	
	Weighted		Weighted	
	-	-	-	
	Number of	average	Number of	average
	Options (In	Exercise	Options (In	Exercise
	Thousands	Price	Thousands	Price
	of Units)	(\$)	of Units)	(\$)
Balance at January 1	953	\$ 43.7	1,446	\$ 51.7
Options granted	-	-	-	-
Options forfeited	(4)	-	(10)	-
Options exercised	(9)	43.7	(483)	43.7
Options exercised	(726)	31.7	-	-
Options expired	-	-	-	-
Balance at December 31	<u>214</u>	31.7	<u>953</u>	43.7
Options exercisable, end of the year	<u>214</u>		<u>60</u>	
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options was as follows:

	December 31	
	2023	2022
Range of exercise price (\$)	\$ 31.70	\$ 43.70
Weighted-average remaining contractual life (in years)	0.42	1.42

Options granted in May 2020 is priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	Employee Share Option Plan Granted in May 2020
Grant-date share price	\$40.75
Exercise price	\$60
Expected volatility	29.86%
Expected life (in years)	4
Risk-free interest rate	0.50%

The expected volatility is based on the average annualized standard deviation calculated from the daily rate of return on share prices of the comparable listed companies in the past year. The Company assumes that employees will exercise stock options when the stock price after the expiry of the vested period is higher than the exercise price.

Compensation costs recognized were \$378 thousand and \$1,309 thousand for the years ended December 31, 2023 and 2022, respectively.

26. 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 Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

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

Except the financial instruments measured at fair value, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

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

Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ -	\$ -	\$ -	\$ -

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				

Mutual funds	<u>\$ 4,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,715</u>
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There were no transfers between Levels 1 and 2 in the current and prior years.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 4,715
Financial assets at amortized cost (1)	5,556,993	5,505,282
<u>Financial liabilities</u>		
Amortized cost (2)	1,470,866	1,507,616

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, and other financial assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes and trade payables, other payables, the current portion of long-term debt, long-term loans, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (foreign currency risk and interest rate risk and other price 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 (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risk or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar and the Chinese yuan.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 5% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	<u>USD Impact</u>		<u>RMB Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit or loss	\$ 38,751	\$ 10,874	\$ 20,327	\$ 17,699

Note: This was mainly attributable to the exposure on outstanding USD and RMB bank deposits and receivables which were not hedged at the end of the reporting period.

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 based on management's knowledge and insight obtained from the financial markets to maintain an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Cash flow interest rate risk	\$ 500,243	\$ 412,705

The Group was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for 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 100-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 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$5,002 thousand and \$4,127 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk (without consideration of the collaterals held as security or other credit enhancements, and irrevocable maximum exposure amounts), which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of 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 are made for irrecoverable amounts.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

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.

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had 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. 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 at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 970,623	\$ -	\$ -	\$ -	\$ 970,623
Variable interest rate liabilities	<u>72,132</u>	<u>114,588</u>	<u>218,763</u>	<u>94,760</u>	<u>500,243</u>
	<u>\$ 1,042,755</u>	<u>\$ 114,588</u>	<u>\$ 218,763</u>	<u>\$ 94,760</u>	<u>\$ 1,470,866</u>

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,094,911	\$ -	\$ -	\$ -	\$ 1,094,911
Variable interest rate liabilities	<u>41,667</u>	<u>72,131</u>	<u>163,527</u>	<u>135,380</u>	<u>412,705</u>
	<u>\$ 1,136,578</u>	<u>\$ 72,131</u>	<u>\$ 163,527</u>	<u>\$ 135,380</u>	<u>\$ 1,507,616</u>

The amounts of floating rate instruments for the above non-derivative financial assets and liabilities will vary due to the difference between the floating rate and the rate estimated at the balance sheet date.

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities:		
Amount used	\$ 83,334	\$ 125,000
Letter of guarantee used	10,609	29,037
Amount unused	<u>1,292,050</u>	<u>811,998</u>
	<u>\$ 1,385,993</u>	<u>\$ 966,035</u>
Secured bank loan facilities:		
Amount used	\$ 416,909	\$ 287,705
Letter of guarantee used	101,553	306,539
Amount unused	<u>582,501</u>	<u>1,472,455</u>
	<u>\$ 1,100,963</u>	<u>\$ 2,066,699</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group had transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face values of the transferred but unsettled bills receivable, and as of December 31, 2023 and 2022, the face values of these unsettled bills receivable were \$75,121 thousand and \$164,481 thousand,

respectively. The unsettled bills receivable will be due in 6 months after December 31, 2023 and 2022, respectively. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During 2023 and 2022, the Group did not recognize gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

28. 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 information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Remuneration of Key Management Personnel

The amounts of the remuneration of directors and key management personnel for the years ended December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 82,492	\$ 87,037
Share-based payment	<u>378</u>	<u>278</u>
	<u>\$ 82,870</u>	<u>\$ 87,315</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or customs guarantee for imported materials and supplies:

	December 31		Object
	2023	2022	
Land	\$ 61,436	\$ 132,847	Bank borrowings
Property	286,362	351,083	Bank borrowings
Machinery equipment and other equipment	105,254	-	Bank borrowings
Time deposit (other financial assets - current)	<u>219,605</u>	<u>403,237</u>	Bank borrowings and borrowings of usance L/C
	<u>\$ 672,657</u>	<u>\$ 887,167</u>	

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those items which have been disclosed in other notes, the significant contingent liabilities and unrecognized contract commitments of the Group as of December 31, 2023 were as follows:

- a. The Group had outstanding notes payable for security deposits amounting to \$30,225 thousand.

- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$112,162 thousand.

- c. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for standby letter of credit under various construction projects amounting to RMB4,111 thousand.

- d. On July 12, 2023, the Group's board of directors approved the purchase of a pre-sale commercial office building for a total amount of \$107,650 thousand, which will be paid in six installments. As of December 31, 2023, the first installment had not yet been paid.

In addition to those items which have been disclosed in other notes, the significant contingent liabilities and unrecognized contract commitments of the Group as of December 31, 2022 were as follows:

- a. The Group had outstanding notes payable for security deposits amounting to \$179,102 thousand.
- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$113,596 thousand.
- c. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to US\$68 thousand.
- d. The Group had outstanding notes payable to Hua Nan Commercial Bank for security deposits under various construction projects amounting to \$11,666 thousand.
- e. The Group had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to \$126,819 thousand.
- f. The Group had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to US\$2,165 thousand.
- g. The Group had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to

\$10,964 thousand.

- h. Taipei Fubon Bank issued an import charge of EUR121 thousand to the Group.
- i. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for standby letter of credit under various construction projects amounting to RMB4,968 thousand.
- j. The Group had outstanding notes payable to East West Bank for security deposits under various construction projects amounting to US\$501 thousand.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies (aggregated by the foreign currencies) other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 29,303	30.705	\$ 899,749
RMB	93,593	4.327	406,535

Financial liabilities

Monetary items			
USD	4,062	30.705	124,724

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			

Monetary items			
USD	\$ 14,573	30.710	\$ 447,537
RMB	80,306	4.408	353,989

Financial liabilities

Monetary items			
USD	7,491	30.710	230,049

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(767) thousand and \$17,859 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

32. SEGMENT INFORMATION

a. Segment Revenue and Results

The following was an analysis of the Group's revenue, profits and assets from continuing operations by reportable segments:

	For the Year Ended December 31, 2023				
	China	America	Taiwan	Adjustment and Reversal	Total
Revenue from external customers	\$ 2,658,265	\$ 89,972	\$ 2,944,116	\$ -	\$ 5,692,353
Inter-segment revenue	<u>4,247</u>	<u>-</u>	<u>401,160</u>	<u>(405,407)</u>	<u>-</u>
	<u>\$ 2,662,512</u>	<u>\$ 89,972</u>	<u>\$ 3,345,276</u>	<u>\$ (405,407)</u>	<u>\$ 5,692,353</u>
Segment profit (loss)	<u>\$ 947,065</u>	<u>\$ 31,222</u>	<u>\$ 1,930,714</u>	<u>\$ (827,877)</u>	<u>\$ 2,081,124</u>
Segment assets	<u>\$ 3,883,072</u>	<u>\$ 134,909</u>	<u>\$ 9,166,437</u>	<u>\$ (3,214,242)</u>	<u>\$ 9,970,176</u>
	For the Year Ended December 31, 2022				
	China	America	Taiwan	Adjustment and Reversal	Total
Revenue from external customers	\$ 2,112,678	\$ 76,188	\$ 3,949,222	\$ -	\$ 6,138,088
Inter-segment revenue	<u>69,667</u>	<u>-</u>	<u>534,981</u>	<u>(604,648)</u>	<u>-</u>
	<u>\$ 2,182,345</u>	<u>\$ 76,188</u>	<u>\$ 4,484,203</u>	<u>\$ (604,648)</u>	<u>\$ 6,138,088</u>
Segment profit (loss)	<u>\$ 679,875</u>	<u>\$ 17,325</u>	<u>\$ 2,087,380</u>	<u>\$ (602,864)</u>	<u>\$ 2,181,716</u>
Segment assets	<u>\$ 3,017,054</u>	<u>\$ 60,925</u>	<u>\$ 8,869,960</u>	<u>\$ (2,419,083)</u>	<u>\$ 9,528,856</u>

Note: The Group operates in three principal geographical areas - China, America and Taiwan.

- b. Product-specific Information: Teflon products account for more than 90% of the Group's total revenue.
- c. Geographical Information: The main operating areas of the Group are the basis for the operating divisions.
- d. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2023	2022
Customer A (Note 2)	\$ (Note 1)	\$ 680,651
Customer B (Note 3)	599,330	(Note 1)
Customer C (Note 2)	<u>572,491</u>	<u>(Note 1)</u>
	<u>\$ 1,171,821</u>	<u>\$ 680,651</u>

Note 1: The amount of revenue did not reach 10% of the total revenue of the Group.

Note 2: Revenue from Taiwan.

Note 3: Revenue from China.

33. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
 - 1) Financing provided to others: None
 - 2) Endorsements/guarantees provided: Table 1 (attached).

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None.
- 4) Marketable securities acquired or disposed of at costs or prices of 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: Table 2 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: Table 4 (attached).
- 11) Information on investees: Tables 5 to 6 (attached).

b. 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 (attached).
- 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: Table 8 and Table 1 (attached).
 - 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 receipt of services.

c. 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: Table 9 (attached).

ALLIED SUPREME CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	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	Note
		Name	Relationship											
0	Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Subsidiaries	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	\$ 90,120 (RMB 20,000)	\$ 77,886 (RMB 18,000) (Note B)	\$ -	\$ -	1.05	Note A	Y	N	Y	
		Aston Fluorotech Corp.	Subsidiaries	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	16,213 (US\$ 500)	15,353 (US\$ 500) (Note B)	-	-	0.21	Note A	Y	N	N	

Note A: Aggregate endorsement/guarantee limit is 40% of the net value of the financing company = \$7,442,695 x 40% = \$2,977,078.

Note B: The calculation of the maximum amount endorsed/guaranteed during the period and outstanding endorsement/guarantee at the end of the period was based on the average buy/sell closing exchange rate for the year ended December 31, 2023.

ALLIED SUPREME CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)			Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total	
Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Third-tier subsidiary	Sale	\$(345,588)	(10)	Note	Note	Note	Accounts receivable	\$ 145,966	18	

Note: The transactions as follows:

Sale of goods

Allied Supreme (Jia Xing) Corp.: The terms of the transaction are determined based on bargaining, while the collection period is 90 days.

ALLIED SUPREME CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Second-tier subsidiary	Accounts receivable \$ 145,966	2.48	\$ -	-	\$ 66,549	\$ -

ALLIED SUPREME CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			% of Total Sales or Assets (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp. Allied Supreme (Jia Xing) Corp. Allied Supreme (Jia Xing) Corp. Allied Supreme (Jia Xing) Corp. Allied Supreme (Jia Xing) Corp. Aston Fluorotech Corp. Aston Fluorotech Corp.	1 1 1 1 1 1 1	Accounts receivable	\$ 145,966	Note D	1
				Accounts payable	797	Note D	-
				Sales	345,588	Note D	6
				Cost of goods sold	4,247	Note D	-
				Other equipment	845	Note D	-
				Accounts receivable	19,013	Note D	-
				Sales	55,572	Note D	1

Note A: The intercompany transactions between each company are identified and numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered starting from 1.

Note B: The types of transactions between related parties are as follows:

1. From parent company to subsidiary.
2. From subsidiary to parent company.
3. Between subsidiaries.

Note C: The percentage to total assets or sales is the ratio of the ending balance to consolidated assets or the cumulative income amount to consolidated revenue.

Note D: The transactions between parent company and subsidiary.

1. Purchase of goods
Allied Supreme (Jia Xing) Corp.: The terms of the transaction are determined based on bargaining, while the payment term is 75 days after shipment.
2. Sale of goods
Allied Supreme (Jia Xing) Corp.: The terms of the transaction are determined based on bargaining, while the collection period is 90 days.
Aston Fluorotech Corp.: The terms of the transaction are determined based on bargaining, while the collection period is 115 days.

ALLIED SUPREME CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Allied Supreme Corp.	Allied Supreme (Samoa) Corp. Aston Fluorotech Corp.	Samoa. U.S.A.	Investment Trading of special functional composite materials and products	\$ 373,284 18,537	\$ 373,284 18,537	11,750,000 600,000	100 100	\$ 2,922,463 50,472	\$ 802,456 25,421	\$ 812,551 25,421	Subsidiary Subsidiary
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp.	Samoa.	Investment	373,284	373,284	11,750,000	100	2,922,004	802,464		Second-tier subsidiary

ALLIED SUPREME CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total		
Allied Supreme (Jia Xing) Corp.	Allied Supreme Corp.	Investments accounted for using the equity method	Purchase	\$ 345,588	21	Note	Note	Note	Accounts payable	\$ (145,966)	(49)	

Note: Refer to Table 2.

ALLIED SUPREME CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

Investee Company	Manufacture of Special Functional Composite Materials and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Allied Supreme (Jia Xing) Corp.	Manufacturing of special functional composite materials and products	\$ 604,005 (US\$20,000)	Note	\$ 373,284 (US\$11,750)	\$ -	\$ -	\$ 373,284 (US\$11,750)	\$ 802,373	100	\$ 812,468	\$ 2,918,359	\$ -	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$373,284 (US\$ 11,750)	\$604,005 (US\$ 20,000)	\$4,465,617

Note: Parent company: Allied Supreme Corp.; subsidiary: Allied Supreme (Samoa) Corp.; second-tier subsidiary: Allied Supreme (China) Corp.; third-tier subsidiary: Allied Supreme (Jia Xing) Corp.

ALLIED SUPREME 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 YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company in Mainland China	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	
			Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Allied Supreme (Jia Xing) Corp.	Sales of goods	\$ 4,247	Note	Note	Note	Accounts receivable	\$ 797	-	\$ 1,274
	Purchases of goods	345,588	Note	Note	Note	Accounts payable	(145,966)	(49)	71,149

Note: The payment term is 90 days and the collection term is 75 days after shipment, according to the specifications set by both parties.

TABLE 9

ALLIED SUPREME CORP. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Ching Investment Co., Ltd.	6,770,732	8.48
Ying Sheng Investment Co., Ltd.	5,163,485	6.47
Hsieh, Sheng Kuo	4,672,640	5.85
Shang He Investment Co., Ltd.	4,520,825	5.66

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

II. Standalone Financial Statements and Independent Auditors' Report

Allied Supreme Corp.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Allied Supreme Corp.

Opinion

We have audited the accompanying parent company only financial statements of Allied Supreme Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the parent company only financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of Operating Revenues from Specific Customers

For the year ended December 31, 2023, revenue amounted to \$3,345,276 thousand. Since revenue recognition is a presumed significant risk under auditing standards and the amount of sales revenue from specific customers increased significantly compared with the previous year, we identified sales revenue from specific customers as the key audit matter for the year ended December 31, 2023.

For the accounting policy on revenue recognition and other relevant disclosures, refer to Notes 4 and 21.

We performed the audit procedures regarding the key audit matter as follows:

1. We obtained an understanding of the design and implementation of the relevant internal controls for revenue recognition and evaluated the effectiveness of the relevant controls.
2. We sampled and examined the supporting documents for revenue recognition and the collected payments.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company

only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Wen-Hsiang Chen and Shu-Lin Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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' report and financial statements shall prevail.

ALLIED SUPREME CORP.

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 27)	\$ 2,193,989	24	\$ 2,504,718	28
Notes receivable (Notes 8, 21 and 27)	43,951	1	13,288	-
Trade receivables from unrelated parties (Notes 8, 21, and 27)	591,361	6	883,632	10
Trade receivables from related parties (Notes 8, 21, 27 and 28)	164,979	2	140,843	2
Other receivables (Notes 8, 27 and 28)	2,086	-	5,276	-
Inventories (Note 9)	1,596,026	17	1,382,521	16
Other financial assets - current (Notes 14, 27 and 29)	200,280	2	365,963	4
Other current assets (Note 14)	56,473	1	88,253	1
Total current assets	<u>4,849,145</u>	<u>53</u>	<u>5,384,494</u>	<u>61</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss non-current (Notes 7 and 27)	-	-	4,715	-
Investments accounted for using the equity method (Notes 10 and 28)	2,972,935	33	2,142,242	24
Property, plant and equipment (Notes 11 and 29)	1,274,034	14	1,259,792	14
Right-of-use assets (Note 12)	13,935	-	21,155	-
Intangible assets (Note 13)	1,567	-	2,280	-
Deferred tax assets (Note 23)	32,795	-	42,210	1
Net defined benefit assets - non-current (Note 19)	6,031	-	-	-
Other non-current assets (Note 14)	15,995	-	13,072	-
Total non-current assets	<u>4,317,292</u>	<u>47</u>	<u>3,485,466</u>	<u>39</u>
TOTAL	<u>\$ 9,166,437</u>	<u>100</u>	<u>\$ 8,869,960</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Notes 16 and 27)	\$ 280,375	3	\$ 430,271	5
Trade payables to related parties (Notes 16, 27 and 28)	797	-	492	-
Other payables (Notes 17 and 27)	298,721	3	340,383	4
Current tax liabilities (Note 23)	101,463	1	262,939	3
Provisions - current (Note 18)	39,155	1	34,061	-
Lease liabilities - current (Note 12)	8,379	-	9,456	-
Contract liabilities (Note 21)	398,490	4	543,554	6
Current portion of long-term borrowings (Notes 15, 27 and 29)	72,132	1	41,667	1
Other current liabilities (Note 17)	3,377	-	3,677	-
Total current liabilities	<u>1,202,889</u>	<u>13</u>	<u>1,666,500</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15, 27 and 29)	428,111	5	371,038	4
Deferred tax liabilities (Note 23)	87,049	1	87,707	1
Lease liabilities - non-current (Note 12)	5,624	-	11,727	-
Net defined benefit liabilities - non-current (Notes 18 and 19)	-	-	2,702	-
Other non-current liabilities (Notes 17 and 27)	69	-	69	-
Total non-current liabilities	<u>520,853</u>	<u>6</u>	<u>473,243</u>	<u>5</u>
Total liabilities	<u>1,723,742</u>	<u>19</u>	<u>2,139,743</u>	<u>24</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	797,630	9	790,280	9
Capital surplus				
Share premium	2,038,281	22	2,021,516	23
Employee share options	205	-	534	-
Others	1,876	-	-	-
Retained earnings				
Legal reserve	749,168	8	571,635	6
Special reserve	21,134	-	45,229	1
Unappropriated earnings	3,909,780	43	3,322,157	37
Other equity				
Exchange differences on translating foreign operations	(75,379)	(1)	(21,134)	-
Total equity	<u>7,442,695</u>	<u>81</u>	<u>6,730,217</u>	<u>76</u>
TOTAL	<u>\$ 9,166,437</u>	<u>100</u>	<u>\$ 8,869,960</u>	<u>100</u>

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

ALLIED SUPREME CORP.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 3,345,276	100	\$ 4,484,203	100
OPERATING COSTS (Notes 9, 22 and 28)	<u>2,013,977</u>	<u>60</u>	<u>2,606,695</u>	<u>58</u>
GROSS PROFIT	1,331,299	40	1,877,508	42
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(74,257)	(2)	(121,223)	(3)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>121,223</u>	<u>3</u>	<u>50,745</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>1,378,265</u>	<u>41</u>	<u>1,807,030</u>	<u>40</u>
OPERATING EXPENSES (Notes 22, 25 and 28)				
Selling and marketing expenses	141,521	4	152,475	3
General and administrative expenses	137,620	4	172,292	4
Research and development expenses	56,298	2	51,808	1
Expected credit gain	<u>(2,384)</u>	<u>-</u>	<u>(11,708)</u>	<u>-</u>
Total operating expenses	<u>333,055</u>	<u>10</u>	<u>364,867</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>1,045,210</u>	<u>31</u>	<u>1,442,163</u>	<u>32</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)				
Interest income	45,351	2	24,658	1
Other income	4,597	-	4,262	-
Other gains and losses	3,503	-	18,097	-
Finance costs	(5,919)	-	(3,719)	-
Share of profit of subsidiaries	<u>837,972</u>	<u>25</u>	<u>601,919</u>	<u>14</u>
Total non-operating income and expenses	<u>885,504</u>	<u>27</u>	<u>645,217</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	1,930,714	58	2,087,380	47
INCOME TAX EXPENSE (Note 23)	<u>(247,461)</u>	<u>(8)</u>	<u>(311,363)</u>	<u>(7)</u>
NET PROFIT	<u>1,683,253</u>	<u>50</u>	<u>1,776,017</u>	<u>40</u>

(Continued)

ALLIED SUPREME CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 7,815	-	\$ (862)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,563)	-	172	-
	<u>6,252</u>	-	<u>(690)</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(54,245)</u>	<u>(1)</u>	<u>24,095</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(47,993)</u>	<u>(1)</u>	<u>23,405</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,635,260</u>	<u>49</u>	<u>\$ 1,799,422</u>	<u>40</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$ 21.22</u>		<u>\$ 22.54</u>	
Diluted	<u>\$ 21.04</u>		<u>\$ 22.16</u>	

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

(Concluded)

ALLIED SUPREME CORP.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus			Retained Earnings			Other Equity	Total Equity
	Ordinary Shares (In Thousands of Shares)	Amount	Share Premium	Employee Share Options	Others	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	
BALANCE AT JANUARY 1, 2022	78,545	\$ 785,450	\$ 2,001,648	\$ 2,817	\$ -	\$ 475,621	\$ 35,622	\$ 2,280,811	\$ (45,229)	\$ 5,536,740
Appropriation of 2021 earnings										
Legal reserve	-	-	-	-	-	96,014	-	(96,014)	-	-
Special reserve	-	-	-	-	-	-	9,607	(9,607)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(628,360)	-	(628,360)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	1,776,017	-	1,776,017
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	(690)	24,095	23,405
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	1,775,327	24,095	1,799,422
Share-based payment transaction (Note 25)	-	-	-	1,309	-	-	-	-	-	1,309
Issuance of ordinary shares under employee share options	483	4,830	19,868	(3,592)	-	-	-	-	-	21,106
BALANCE AT DECEMBER 31, 2022	79,028	790,280	2,021,516	534	-	571,635	45,229	3,322,157	(21,134)	6,730,217
Appropriation of 2022 earnings										
Legal reserve	-	-	-	-	-	177,533	-	(177,533)	-	-
Special reserve	-	-	-	-	-	-	(24,095)	24,095	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(948,444)	-	(948,444)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	1,683,253	-	1,683,253
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	6,252	(54,245)	(47,993)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	-	1,689,505	(54,245)	1,635,260
Exercise of disgorgement	-	-	-	-	1,876	-	-	-	-	1,876
Share-based payment transaction (Note 25)	-	-	-	378	-	-	-	-	-	378
Issuance of ordinary shares under employee share options	735	7,350	16,765	(707)	-	-	-	-	-	23,408
BALANCE AT DECEMBER 31, 2023	79,763	\$ 797,630	\$ 2,038,281	\$ 205	\$ 1,876	\$ 749,168	\$ 21,134	\$ 3,909,780	\$ (75,379)	\$ 7,442,695

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

ALLIED SUPREME CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,930,714	\$ 2,087,380
Adjustments for:		
Depreciation expense	112,875	80,869
Amortization expense	2,383	3,088
Expected credit gain on trade receivables	(2,384)	(11,708)
Net gain on fair value changes of financial assets at fair value through profit or loss	(189)	(449)
Finance costs	5,919	3,719
Interest income	(45,351)	(24,658)
Compensation costs of employee share-based payments	378	1,309
Gain on disposal of property, plant and equipment	(537)	(335)
Gain on lease modification	(1)	-
Share of profit of subsidiaries	(837,972)	(601,919)
Property, plant and equipment transferred to expenses	1,250	-
Reversal of write-down of inventories	(8,727)	(7,585)
Unrealized gain on transactions with subsidiaries	74,257	121,223
Realized gain on transactions with subsidiaries	(121,223)	(50,745)
Unrealized loss (gain) on foreign currency exchange	2,565	(37,432)
Recognition of provisions	5,094	30,074
Changes in operating assets and liabilities		
Notes receivable	(30,663)	37,020
Trade receivables from unrelated parties	296,688	(509,853)
Trade receivables from related parties	(26,310)	15,430
Other receivables	150	(97)
Inventories	(204,778)	(345,324)
Other current assets	31,780	10,963
Notes payable	-	(6,615)
Trade payables to unrelated parties	(144,724)	75,430
Trade payables to related parties	322	(17,881)
Other payables	(41,755)	72,232
Contract liabilities	(145,064)	(101,342)
Other current liabilities	(300)	2,084
Net defined benefit liabilities	(918)	(958)
Cash generated from operations	853,479	823,920
Interest received	45,476	23,253
Interest paid	(5,863)	(3,761)
Income tax paid	(401,743)	(226,789)
Net cash generated from operating activities	<u>491,349</u>	<u>616,623</u>

(Continued)

ALLIED SUPREME CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	\$ -	\$ 55,360
Proceeds from disposal of financial assets at fair value through profit or loss	4,904	-
Payments for property, plant and equipment	(119,010)	(172,883)
Proceeds from disposal of property, plant and equipment	873	3,267
Increase in refundable deposits	-	(9,755)
Decrease in refundable deposits	985	-
Increase in other receivables from related parties	-	(2,170)
Decrease in other receivables from related parties	2,915	-
Payments for intangible assets	(1,670)	(2,538)
Increase in other financial assets	-	(83,603)
Decrease in other financial assets	165,683	-
(Increase) decrease in prepayments for equipment	<u>(3,908)</u>	<u>1,479</u>
Net cash generated from (used in) investing activities	<u>50,772</u>	<u>(210,843)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(50,000)
Proceeds from long-term borrowings	129,204	-
Payment for long-term borrowings	(41,666)	(128,000)
Proceeds from guarantee deposits received	-	51
Payment for the principal portion of lease liabilities	(9,651)	(5,113)
Dividends paid to owners of the Company	(948,444)	(628,360)
Employee share options exercised	23,408	21,106
Exercise of disgorgement	<u>1,876</u>	<u>-</u>
Net cash used in from financing activities	<u>(845,273)</u>	<u>(790,316)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(7,577)</u>	<u>59,858</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(310,729)	(324,678)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,504,718</u>	<u>2,829,396</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,193,989</u>	<u>\$ 2,504,718</u>

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

(Concluded)

ALLIED SUPREME CORP.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Allied Supreme Corp. (the “Company”) was established in the Republic of China (ROC) in 1981. The Company mainly manufactures and sells surface coating treatment of various metals and non-metals, special surface treatment of various machinery and parts, finished and semi-finished products such as fluorinated resin raw material round bars and flat plates.

In September 2020, the Company’s shares were listed on the Emerging Stock Board of the Taipei Exchange. In September 2021, the Company’s application for listing on the Taiwan Stock Exchange was approved by the Taiwan Stock Exchange Review Committee and submitted to the Financial Supervisory Commission for approval. In December 2021, the Company’s shares have been listed on the Taiwan Stock Exchange.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 8, 2024.

3. APPLICATION OF NEW 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Company refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their

respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	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 IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company'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

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 the 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 the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the Company's financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, semi-finished goods, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entities) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount

as assessed based on the financial statements of the invested company as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Cost includes professional fees and borrowing costs eligible for capitalization.

Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- i. Impairment of property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill), to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables (include from related parties), other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 720 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Advance receipts from sales of products are recognized as contract liabilities before the products arrive.

2) Revenue from the rendering of services

Revenue from product design and construction services is recognized when the performance obligations of services are fulfilled. Advance receipts from rendering of services are recognized as contract liabilities before the rendering of services are completed.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as Lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments granted to employees is expensed on a straight-line

basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - share-based payment. The share-based payment is recognized as an expense in full at the grant date if vested immediately. The grant date of the Company issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference

and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company's considers the possible impact of climate change and related government policies and regulations, the economic environment implications of the military conflict between Russia and Ukraine, related international sanctions, inflation and interest rate fluctuations and volatility in energy markets when making its critical estimates on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 305	\$ 348
Checking accounts and demand deposits	778,248	839,299
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,415,436	1,596,778
Deposit in transit	-	68,293
	<u>\$ 2,193,989</u>	<u>\$ 2,504,718</u>

As of December 31, 2023 and 2022, the market rate intervals of time deposits with original maturities of 3 months or less were 1.3%-6.2% and 1.11%-4.89%, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ -	\$ 4,715

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 43,951	\$ 13,288
Less: Allowance for impairment loss	-	-
	<u>\$ 43,951</u>	<u>\$ 13,288</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount from related parties	\$ 164,979	\$ 140,843
Gross carrying amount from unrelated parties	592,151	884,046
Less: Allowance for impairment loss	(790)	(414)
	<u>\$ 756,340</u>	<u>\$ 1,024,475</u>
<u>Overdue receivables</u>		
Gross carrying amount	\$ 136	\$ 2,896
Less: Allowance for impairment loss	(136)	(2,896)
	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>		
Other receivables from related parties	\$ -	\$ 2,915
Interest receivable	2,036	2,161
Others	50	200
	<u>\$ 2,086</u>	<u>\$ 5,276</u>

Credit periods are typically provided in the Company's sales agreements. Before accepting any new customer, the Company assesses the potential customer's credit quality and defines its credit limits. Credit limits and scores attributed to customers are reviewed regularly.

In order to minimize credit risk, the management of the Company 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company 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, or when the trade receivables are past due. For trade receivables that have been written off, the Company 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 and overdue receivables from unrelated parties based on the Company's provision matrix:

December 31, 2023

	Invoice Date 1 to 180 Days	Invoice Date 181 to 270 Days	Invoice Date 271 to 360 Days	Invoice Date 361 to 450 Days	Invoice Date 450 Day or More	Total
Expected credit loss rate	0%-0.05%	0%-0.4%	0%-4.5%	0%-7%	0%-100%	
Gross carrying amount	\$ 323,324	\$ 88,551	\$ 39,365	\$ 27,396	\$ 113,651	\$ 592,287
Loss allowance (Lifetime ECLs)	<u>(113)</u>	<u>(126)</u>	<u>(176)</u>	<u>(375)</u>	<u>(136)</u>	<u>(296)</u>
Amortized cost	<u>\$ 323,211</u>	<u>\$ 88,425</u>	<u>\$ 39,189</u>	<u>\$ 27,021</u>	<u>\$ 113,515</u>	<u>\$ 591,361</u>

December 31, 2022

	Invoice Date 1 to 180 Days	Invoice Date 181 to 270 Days	Invoice Date 271 to 360 Days	Invoice Date 361 to 450 Days	Invoice Date 450 Day or More	Total
Expected credit loss rate	0%	1%	3%	50%	100%	
Gross carrying amount	\$ 843,548	\$ 40,081	\$ 417	\$ -	\$ 2,896	\$ 886,942
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(401)</u>	<u>(13)</u>	<u>-</u>	<u>(2,896)</u>	<u>(3,310)</u>
Amortized cost	<u>\$ 843,548</u>	<u>\$ 39,680</u>	<u>\$ 404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 883,632</u>

The movements of the loss allowance were as follows:

	For the Year Ended December 31, 2023			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 414	\$ 2,896	\$ 3,310
Add: Net remeasurement of loss allowance	<u>-</u>	<u>376</u>	<u>(2,760)</u>	<u>(2,384)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 790</u>	<u>\$ 136</u>	<u>\$ 926</u>
	For the Year Ended December 31, 2022			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 10,591	\$ 4,427	\$ 15,018
Add: Net remeasurement of loss allowance	<u>-</u>	<u>(10,177)</u>	<u>(1,531)</u>	<u>(11,708)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 414</u>	<u>\$ 2,896</u>	<u>\$ 3,310</u>

There was no movements of the loss allowance on note receivables.

Overdue receivables were classified under other assets and provided with allowance for expected credit loss.

9. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 411,323	\$ 486,534
Semi-finished goods	79,739	85,376
Work in process	357,757	365,703
Finished goods	<u>747,207</u>	<u>444,908</u>
	<u>\$ 1,596,026</u>	<u>\$ 1,382,521</u>

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 2,022,704	\$ 2,614,280
Reversal of write-downs on inventories	<u>(8,727)</u>	<u>(7,585)</u>
	<u>\$ 2,013,977</u>	<u>\$ 2,606,695</u>

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Subsidiaries	December 31	
	2023	2022
Allied Supreme (Samoa) Corp.	\$ 2,922,463	\$ 2,114,267
Aston Fluorotech Corp.	<u>50,472</u>	<u>27,975</u>
	<u>\$ 2,972,935</u>	<u>\$ 2,142,242</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31	
	2023	2022
Allied Supreme (Samoa) Corp.	100	100
Aston Fluorotech Corp.	100	100

The share of profit or loss and other comprehensive income of the investments accounted for using the equity method for the years ended December 31, 2023 and 2022 was based on the subsidiaries' audited financial statements for the same years.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Other Equipment	Property under Construction and Ready for Inspection Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 259,857	\$ 664,024	\$ 433,439	\$ 28,100	\$ 167,943	\$ 1,553,363
Additions	-	5,523	13,634	5,092	148,634	172,883
Disposals	-	(2,520)	(27,078)	(132)	-	(29,730)
Reclassifications	-	11,653	75,814	34,926	(122,393)	-
Balance at December 31, 2022	<u>\$ 259,857</u>	<u>\$ 678,680</u>	<u>\$ 495,809</u>	<u>\$ 67,986</u>	<u>\$ 194,184</u>	<u>\$ 1,696,516</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 90,873	\$ 278,794	\$ 18,114	\$ -	\$ 387,781
Depreciation expense	-	28,512	41,266	5,963	-	75,741
Disposals	-	(1,800)	(24,866)	(132)	-	(26,798)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 117,585</u>	<u>\$ 295,194</u>	<u>\$ 23,945</u>	<u>\$ -</u>	<u>\$ 436,724</u>
Carrying amount at December 31, 2022	<u>\$ 259,857</u>	<u>\$ 561,095</u>	<u>\$ 200,615</u>	<u>\$ 44,041</u>	<u>\$ 194,184</u>	<u>\$ 1,259,792</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 259,857	\$ 678,680	\$ 495,809	\$ 67,986	\$ 194,184	\$ 1,696,516
Additions	-	2,597	9,543	3,163	103,707	119,010
Disposals	-	(933)	(8,911)	(223)	-	(10,067)
Reclassifications	-	102,512	132,779	25,516	(262,057)	(1,250)
Balance at December 31, 2023	<u>\$ 259,857</u>	<u>\$ 782,856</u>	<u>\$ 629,220</u>	<u>\$ 96,442</u>	<u>\$ 35,834</u>	<u>\$ 1,804,209</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 117,585	\$ 295,194	\$ 23,945	\$ -	\$ 436,724
Depreciation expense	-	32,880	58,195	12,107	-	103,182
Disposals	-	(933)	(8,575)	(223)	-	(9,731)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 149,532</u>	<u>\$ 344,814</u>	<u>\$ 35,829</u>	<u>\$ -</u>	<u>\$ 530,175</u>
Carrying amount at December 31, 2023	<u>\$ 259,857</u>	<u>\$ 633,324</u>	<u>\$ 284,406</u>	<u>\$ 60,613</u>	<u>\$ 35,834</u>	<u>\$ 1,274,034</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	30-56 years
Building accessory equipment	3-11 years
Machinery equipment	3-11 years
Other equipment	3-11 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

December 31	
2023	2022

Carrying amount

Land	\$ 12,744	\$ 20,545
Buildings	848	88
Transportation equipment	<u>343</u>	<u>522</u>
	<u>\$ 13,935</u>	<u>\$ 21,155</u>

For the Year Ended
December 31

	2023	2022
Additions to right-of-use assets	<u>\$ 2,556</u>	<u>\$ 23,460</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,143	\$ 4,758
Buildings	371	355
Transportation equipment	<u>179</u>	<u>15</u>
	<u>\$ 9,693</u>	<u>\$ 5,128</u>

Except for the aforementioned additions and depreciations, there was no significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 8,379</u>	<u>\$ 9,456</u>
Non-current	<u>\$ 5,624</u>	<u>\$ 11,727</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.00%-1.25%	0.85%-1.08%

Buildings	1.25%	1.15%
Transportation equipment	1%	1%

c. Material leasing activities and terms

The Company leases land, buildings, dormitories and office car with lease terms of 2 to 4 years. Prepayments for land use rights in China are recognized as right-of-use assets - land. The Company does not have bargain purchase options to acquire the leasehold land, and buildings and transport equipment at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 2,837</u>	<u>\$ 1,790</u>
Total cash outflow for leases	<u>\$(12,657)</u>	<u>\$(6,971)</u>

The Company's leases of certain buildings and office equipment qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	Software	Patent	Amount
<u>Cost</u>			
Balance at January 1, 2022	\$ 10,150	\$ 2,000	\$ 12,150
Additions	<u>2,538</u>	<u>-</u>	<u>2,538</u>
Balance at December 31, 2022	<u>\$ 12,688</u>	<u>\$ 2,000</u>	<u>\$ 14,688</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 8,000	\$ 1,320	\$ 9,320
Amortization expense	<u>2,653</u>	<u>435</u>	<u>3,088</u>
Balance at December 31, 2022	<u>\$ 10,653</u>	<u>\$ 1,755</u>	<u>\$ 12,408</u>
Carrying amount at December 31, 2022	<u>\$ 2,035</u>	<u>\$ 245</u>	<u>\$ 2,280</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 12,688	\$ 2,000	\$ 14,688
Additions	<u>1,670</u>	<u>-</u>	<u>1,670</u>
Balance at December 31, 2023	<u>\$ 14,358</u>	<u>\$ 2,000</u>	<u>\$ 16,358</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 10,653	\$ 1,755	\$ 12,408
Amortization expense	<u>2,138</u>	<u>245</u>	<u>2,383</u>
Balance at December 31, 2023	<u>\$ 12,791</u>	<u>\$ 2,000</u>	<u>\$ 14,791</u>
Carrying amount at December 31, 2023	<u>\$ 1,567</u>	<u>\$ -</u>	<u>\$ 1,567</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	1-3 years
Patent	3-5 years

14. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Other financial assets (Note 29)		
Guarantee deposits (Note)	<u>\$ 200,280</u>	<u>\$ 365,963</u>

(Continued)

	December 31	
	2023	2022
Other current assets		
Prepayments to suppliers	\$ 42,682	\$ 69,828
Prepaid expenses	7,733	6,020
Tax credit	<u>6,058</u>	<u>12,405</u>
	<u>\$ 56,473</u>	<u>\$ 88,253</u>
<u>Non-current</u>		
Other non-current assets		
Prepayments for equipment	\$ 6,215	\$ 2,307
Overdue receivables	136	2,896
Allowance for impairment loss - overdue receivables	(136)	(2,896)
Refundable deposits	<u>9,780</u>	<u>10,765</u>
	<u>\$ 15,995</u>	<u>\$ 13,072</u>
		(Concluded)

Note: Guarantee deposits are for financing loans. The ranges of weighted average effective interest rates on guarantee deposits were 0.55%-5.56% and 0.32%-4.15% at December 31, 2023 and 2022, respectively.

15. BORROWINGS

Long-term Borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 29)</u>		
Mega Bank (a)	\$ 287,705	\$ 287,705
Fubon Bank (b)	<u>129,204</u>	<u>-</u>
	416,909	287,705
<u>Unsecured borrowings</u>		
Fubon Bank (c)	83,334	125,000
Less: Current portion of long-term borrowings	<u>(72,132)</u>	<u>(41,667)</u>
	<u>\$ 428,111</u>	<u>\$ 371,038</u>

- a. As of December 31, 2023 and 2022, the weighted average effective interest rate of the bank borrowings secured by the Company's

freehold land and buildings (see Note 29) were 1.25% and 1.125% per annum, respectively.

b. As of December 31, 2023, the weighted average effective interest rate of the bank borrowings secured by the Company's equipment (see Note 29) was 1.131% per annum.

c. As of December 31, 2023 and 2022, the weighted average effective interest rate of the bank borrowings unsecured were 1.131% and 0.999% per annum, respectively.

The repayment and interest payment methods of long-term borrowings are as follows:

Name	Period	Repayment and Interest Payment Methods
Mega Bank (a)	2021.05-2031.05	Interest is paid monthly. Principal is payable in equal monthly amounts from the 37th month from the date of the loan.
Fubon Bank (b)	2023.03-2028.03	Interest is paid monthly. Principal is payable in equal monthly amounts from the 25th month from the date of the loan.
Fubon Bank (c)	2020.12-2025.12	Interest is paid monthly. Principal is payable in equal monthly amounts from the 25th month from the date of the loan.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
<u>Trade payables from unrelated parties</u>		
Operating	<u>\$ 280,375</u>	<u>\$ 430,271</u>
<u>Trade payables from related parties</u>		
Operating	<u>\$ 797</u>	<u>\$ 492</u>

17. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries	\$ 65,556	\$ 66,313
Payables for compensation of employees and remuneration of directors	155,325	196,545
Payables for equipment	35,392	30,917
Others	<u>42,448</u>	<u>46,608</u>
	<u>\$ 298,721</u>	<u>\$ 340,383</u>
Other liabilities		
Others	<u>\$ 3,377</u>	<u>\$ 3,677</u>
<u>Non-current</u>		
Guarantee deposits received	<u>\$ 69</u>	<u>\$ 69</u>

18. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Warranties	<u>\$ 39,155</u>	<u>\$ 34,061</u>
<u>Non-current</u>		
Employee benefits (Note 19)	<u>\$ -</u>	<u>\$ 2,702</u>
		Warranties
Balance at January 1, 2022		\$ 3,987
Additional provisions recognized		<u>30,074</u>
Balance at December 31, 2022		<u>\$ 34,061</u>
Balance at January 1, 2023		\$ 34,061
Reversal of unused balance		<u>5,094</u>
Balance at December 31, 2023		<u>\$ 39,155</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under the legislation on the local sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

The amounts included in the consolidated statements of comprehensive income in respect of the Company's defined

contribution plans were as follows:

	For the Year Ended December 31	
	2023	2022
Contributions	<u>\$ 14,173</u>	<u>\$ 13,996</u>

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 87,530	\$ 94,726
Fair value of plan assets	<u>(93,561)</u>	<u>(92,024)</u>
Net defined benefit (assets) liabilities	<u>\$ (6,031)</u>	<u>\$ 2,702</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 86,051</u>	<u>\$(83,253)</u>	<u>\$ 2,798</u>
Service cost			
Current service cost	174	-	174
Interest expense (income)	<u>595</u>	<u>(579)</u>	<u>16</u>
Recognized in profit or loss	<u>769</u>	<u>(579)</u>	<u>190</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,044)	(7,044)
Actuarial gain - changes in financial assumptions	(2,833)	-	(2,833)
Actuarial loss - experience adjustments	<u>10,739</u>	<u>-</u>	<u>10,739</u>
Recognized in other comprehensive income	<u>7,906</u>	<u>(7,044)</u>	<u>862</u>
Contributions from the employer	<u>-</u>	<u>(1,148)</u>	<u>(1,148)</u>
Balance at December 31, 2022	<u>94,726</u>	<u>(92,024)</u>	<u>2,702</u>
Service cost			
Current service cost	185	-	185
Interest expense (income)	<u>1,124</u>	<u>(1,099)</u>	<u>25</u>
Recognized in profit or loss	<u>1,309</u>	<u>(1,099)</u>	<u>210</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (843)	\$ (843)
Actuarial gain - experience adjustments	<u>(6,972)</u>	<u>-</u>	<u>(6,972)</u>
Recognized in other comprehensive income	<u>(6,972)</u>	<u>(843)</u>	<u>(7,815)</u>
Contributions from the employer	<u>-</u>	<u>(1,128)</u>	<u>(1,128)</u>
Benefits paid	<u>(1,533)</u>	<u>1,533</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 87,530</u>	<u>\$(93,561)</u>	<u>\$ (6,031)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.2%	1.2%

Expected rate(s) of salary increase	4.0%	4.0%
-------------------------------------	------	------

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.1% increase	<u>\$ (87)</u>	<u>\$ (547)</u>
0.1% decrease	<u>\$ 88</u>	<u>\$ 553</u>
Expected rate of salary increase/decrease		
0.1% increase	<u>\$ 88</u>	<u>\$ 466</u>
0.1% decrease	<u>\$ (87)</u>	<u>\$ (461)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 1,200</u>	<u>\$ 1,320</u>
Average duration of the defined benefit obligation	5.2 years	5.7 years

20. EQUITY

- a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>168,000</u>	<u>168,000</u>
Shares authorized, par value of \$10	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>
Shares issued and fully paid (in thousands of shares)	<u>79,763</u>	<u>79,028</u>
Shares issued and fully paid	<u>\$ 797,630</u>	<u>\$ 790,280</u>

As of December 31, 2023 and 2022, the Company's share capital increased by 735 thousand shares and 483 thousand shares, respectively, due to the employees exercising their share options to convert into ordinary shares.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	\$ 2,038,281	\$ 2,021,516
<u>May only be used to offset a deficit</u>		
Exercise of disgorgement	1,876	-
<u>May not be used for any purpose</u>		
Employee share options	<u>205</u>	<u>534</u>
	<u>\$ 2,040,362</u>	<u>\$ 2,022,050</u>

* 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.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a 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 in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

The Company's dividend policy is based on the consideration of the industrial environment, investment environment, capital needs, profit situation, capital structure and future operating needs, taking into account the interests of shareholders, balancing dividends and the Company's long-term financial planning, and setting aside the distributable surplus every year. No less than 10% of dividends shall be distributed to shareholders. If the share price is less than \$0.1 dividends, it may not be distributed; when distributed to shareholders, dividends shall be distributed in cash or shares, of which cash dividends shall not be less than 30% of the total dividends.

For the rules on the distribution of compensation of employees

and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-g.

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 Company shall set aside from or reverse to unappropriated earnings amounts of special reserve for the net amount of in other equity deductions accumulated in prior periods.

The appropriations of earnings and dividends per share for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended</u>	
	<u>December 31</u>	
	2022	2021
Legal reserve	<u>\$ 177,533</u>	<u>\$ 96,014</u>
Special reserve	<u>\$ (24,095)</u>	<u>\$ 9,607</u>
Cash dividends	<u>\$ 948,444</u>	<u>\$ 628,360</u>
Dividends per share (NT\$)	\$ 12	\$ 8

The above 2022 and 2021 appropriations for cash dividends for 2022 were resolved by the Company's board of directors on March 8, 2023 and March 14, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings to be held on May 26, 2023 and May 31, 2022.

The appropriations of earnings for 2023, which were proposed by the Company's board of directors on March 8, 2024, were as follows:

	Appropriation of Earnings
Provision of legal reserve	<u>\$ 168,950</u>
Provision of special reserve	<u>\$ 54,245</u>
Cash dividends	<u>\$ 959,712</u>
Dividends per share (NT\$)	\$ 12

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2024.

d. Other equity

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$(21,134)	\$(45,229)
Recognized for the year:		
Exchange differences on translating the foreign operations	<u>(54,245)</u>	<u>24,095</u>
Balance at December 31	<u>\$(75,379)</u>	<u>\$(21,134)</u>

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 3,213,219	\$ 4,241,330
Revenue from the rendering of services	<u>132,057</u>	<u>242,873</u>
	<u>\$ 3,345,276</u>	<u>\$ 4,484,203</u>

a. Contract information

For contract information, refer to Note 4(I) for summary of material accounting policy information.

b. Contract balances

	<u>December 31</u>	
	2023	2022
Trade receivables (Note 8)	<u>\$ 800,291</u>	<u>\$ 1,037,763</u>
Contract liabilities - current		
Revenue from the sale of goods and rendering of services	<u>\$ 398,490</u>	<u>\$ 543,554</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations attributable to:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 45,349	\$ 24,578
Others	<u>2</u>	<u>80</u>
	<u>\$ 45,351</u>	<u>\$ 24,658</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	<u>\$ 4,597</u>	<u>\$ 4,262</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 2,982	\$ 19,546
Gain on disposal of property, plant and equipment	537	335
Gain on disposal of right-of-use assets	1	-
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	189	449
Others	<u>(206)</u>	<u>(2,233)</u>
	<u>\$ 3,503</u>	<u>\$ 18,097</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 5,750	\$ 3,651
Interest on lease liabilities	<u>169</u>	<u>68</u>
	<u>\$ 5,919</u>	<u>\$ 3,719</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 103,182	\$ 75,741
Right-of-use assets	9,693	5,128
Other intangible assets	<u>2,383</u>	<u>3,088</u>
	<u>\$ 115,258</u>	<u>\$ 83,957</u> (Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 98,810	\$ 71,334
Operating expenses	<u>14,065</u>	<u>9,535</u>
	<u>\$ 112,875</u>	<u>\$ 80,869</u>
An analysis of amortization by function		
Operating cost	\$ 295	\$ 487
Operating expenses	<u>2,088</u>	<u>2,601</u>
	<u>\$ 2,383</u>	<u>\$ 3,088</u> (Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 19)		
Defined contribution plans	\$ 14,173	\$ 13,996
Defined benefit plans	<u>210</u>	<u>190</u>
	14,383	14,186
Share-based payment	378	1,309
Other employee benefits	<u>586,748</u>	<u>638,380</u>
Total employee benefits expense	<u>\$ 601,509</u>	<u>\$ 653,875</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 347,851	\$ 375,363
Operating expenses	<u>253,658</u>	<u>278,512</u>
	<u>\$ 601,509</u>	<u>\$ 653,875</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of 5%-10% and no higher than 3%, respectively, of net profit before income tax, compensation of

employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 8, 2024 and March 8, 2023 were as follows:

	<u>Accrual rate</u>	
	For the Year Ended December 31	
	2023	2022
Compensation of employees	5.92%	7.05%
Remuneration of directors	1.53%	1.56%

	<u>Amount</u>			
	For the Year Ended December 31			
	2023		2022	
	Cash	Share	Cash	Share
Compensation of employees	\$ 123,437	\$ -	\$ 160,914	\$ -
Remuneration of directors	31,888	-	35,631	-

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the individual financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees 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. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 53,133	\$ 134,287
Foreign exchange losses	<u>(50,151)</u>	<u>(114,741)</u>
	<u>\$ 2,982</u>	<u>\$ 19,546</u>

23. INCOME TAXES RELATED TO CONTINUING OPERATIONS

- a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 215,388	\$ 321,338
Income tax on unappropriated earnings	33,672	11,308
Adjustments for prior years	(8,793)	(5,605)
Deferred tax		
In respect of the current year	<u>7,194</u>	<u>(15,678)</u>
Income tax expense recognized in profit or loss	<u>\$ 247,461</u>	<u>\$ 311,363</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 1,930,714</u>	<u>\$ 2,087,380</u>
Income tax expense calculated at the statutory rate	\$ 386,143	\$ 417,476
Nondeductible expenses in determining taxable income	6,382	5,052
Income tax on unappropriated earnings	33,672	11,308
Deferred tax effect of earnings of subsidiaries	(167,595)	(120,384)
Adjustments for prior years' tax	(8,793)	(5,605)
Effect of different tax rates of entities operating in other jurisdictions	<u>(2,348)</u>	<u>3,516</u>
Income tax expense recognized in profit or loss	<u>\$ 247,461</u>	<u>\$ 311,363</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current period		
Remeasurement of defined benefit plans	<u>\$ 1,563</u>	<u>\$ (172)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 101,463</u>	<u>\$ 262,939</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized profit from subsidiaries	\$ 18,184	\$ (7,045)	\$ -	\$ 11,139
Defined benefit obligation	1,711	-	(1,563)	148
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Unrealized loss on write-down of inventories	\$ 13,817	\$ (1,746)	\$ -	\$ 12,071
Unrealized exchange loss	-	720	-	720
Other	<u>8,498</u>	<u>219</u>	<u>-</u>	<u>8,717</u>
	<u>\$ 42,210</u>	<u>\$ (7,852)</u>	<u>\$ (1,563)</u>	<u>\$ 32,795</u>

Deferred tax liabilities

Temporary differences				
Investment gain by equity method	\$ 87,049	\$ -	\$ -	\$ 87,049
Unrealized exchange gain	405	(405)	-	-
Other	<u>253</u>	<u>(253)</u>	<u>-</u>	<u>-</u>
	<u>\$ 87,707</u>	<u>\$ (658)</u>	<u>\$ -</u>	<u>\$ 87,049</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized profit from subsidiaries	\$ 7,637	\$ 10,547	\$ -	\$ 18,184
Defined benefit obligation	1,539	-	172	1,711
Unrealized loss on write-down of inventories	15,334	(1,517)	-	13,817
Other	<u>2,728</u>	<u>5,770</u>	<u>-</u>	<u>8,498</u>

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
	<u>\$ 27,238</u>	<u>\$ 14,800</u>	<u>\$ 172</u>	<u>\$ 42,210</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment gain by equity method	\$ 87,049	\$ -	\$ -	\$ 87,049
Unrealized exchange gain	1,455	(1,050)	-	405
Other	<u>81</u>	<u>172</u>	<u>-</u>	<u>253</u>
	<u>\$ 88,585</u>	<u>\$ (878)</u>	<u>\$ -</u>	<u>\$ 87,707</u>

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the aggregate deductible temporary differences associated with investments for which no deferred income tax liabilities have been recognized amounted to \$2,295,506 thousand and \$1,457,534 thousand, respectively.

- f. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 21.22</u>	<u>\$ 22.54</u>
Diluted earnings per share	<u>\$ 21.04</u>	<u>\$ 22.16</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 Year Ended December 31	
	2023	2022
Net profits attributable to the owner of the Company	<u>\$ 1,683,253</u>	<u>\$ 1,776,017</u>

Weighted Average Number of Ordinary Shares Outstanding

Unit: In Thousands of Shares

For the Year Ended

	December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,329	78,782
Effect of potentially dilutive ordinary shares:		
Employee share options	191	805
Compensation of employees issued in the form of shares	<u>464</u>	<u>568</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>79,984</u>	<u>80,155</u>

The Company may settle compensation of employees by cash or shares; therefore, the Company assumes that the entire amount of the compensation 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. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company were granted 2,000 thousand options in May 2020. Each option entitles the holder to subscribe for 1,000 ordinary shares of the Company. The options granted are valid for 4 years and exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	Employee Share Option Plan Granted in May 2020			
	For the Year Ended December 31			
	2023		2022	
	Number of Options (In Thousands of Units)	Weighted -average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted -average Exercise Price (\$)
Balance at January 1	953	\$ 43.7	1,446	\$ 51.7
Options granted	-	-	-	-
Options forfeited	(4)	-	(10)	-
Options exercised	(9)	43.7	-	-
Options exercised	(726)	31.7	(483)	43.7
Options expired	-	-	-	-
Balance at December 31	<u>214</u>	31.7	<u>953</u>	43.7
Options exercisable, end of the year	<u>214</u>		<u>60</u>	
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on outstanding options was as follows:

	December 31	
	2023	2022
Range of exercise price (\$)	\$ 31.70	\$ 43.70
Weighted-average remaining contractual life (in years)	0.42	1.42

Options granted in May 2020 is priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

Employee
Share Option
Plan Granted
in May 2020

Grant-date share price	\$40.75
Exercise price	\$60
Expected volatility	29.86%
Expected life (in years)	4
Risk-free interest rate	0.50%

The expected volatility is based on the average annualized standard deviation calculated from the daily rate of return on share prices of the comparable listed companies in the past year. The Company assumes that employees will exercise stock options when the stock price after the expiry of the vested period is higher than the exercise price.

Compensation costs recognized were \$378 thousand and \$1,309 thousand for the years ended December 31, 2023 and 2022, respectively.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company’s overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value
Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximate their fair values.

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

	<u>Fair value hierarchy</u>			
	<u>December 31, 2023</u>			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>December 31, 2022</u>			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 4,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,715</u>

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 4,715
Financial assets at amortized cost (1)	3,196,646	3,913,720
<u>Financial liabilities</u>		
Amortized cost (2)	1,080,205	1,183,920

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables (with related parties), other receivables, other financial assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes and trade payables, other payables, the current portion of long-term debt, long-term loans, and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, trade receivables, trade payables and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

There has been no change to the Company's exposure to market risk or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Company is mainly exposed to the U.S. dollar and the Chinese yuan.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 5% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 38,010	\$ 12,946	\$ 20,327	\$ 17,699

Note: This was mainly attributable to the exposure on outstanding USD and CNY bank deposits and receivables which were not hedged at the end of the reporting period.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company based on the management's knowledge and insight obtained from the financial markets to maintain an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Cash flow interest rate risk	\$ 500,243	\$ 412,705

The Company was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was based on the Company's exposure to interest rates for 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 100 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 100 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$5,002 thousand and \$4,127 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk (without consideration of the collaterals held as security or other credit enhancements, and irrevocable maximum exposure amounts), which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts.

The counterparties of trade receivables cover a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of the counterparties of the trade receivables and credit insurance will be purchased if necessary.

3) Liquidity risk

The Company manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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.

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

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. 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 at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	Less than 1 Year	1-2 Years	2-5 Years	More than 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 579,962	\$ -	\$ -	\$ -	\$ 579,962
Variable interest rate liabilities	72,132	114,588	218,763	94,760	500,243
Financial guarantee contracts	<u>93,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,239</u>
	<u>\$ 745,333</u>	<u>\$ 114,588</u>	<u>\$ 218,763</u>	<u>\$ 94,760</u>	<u>\$ 1,173,444</u>

December 31, 2022

	Less than 1 Year	1-2 Years	2-5 Years	More than 5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 771,215	\$ -	\$ -	\$ -	\$ 771,215
Variable interest rate liabilities	41,667	72,131	163,527	135,380	412,705
Financial guarantee contracts	-	-	103,515	-	103,515
	<u>\$ 812,882</u>	<u>\$ 72,131</u>	<u>\$ 267,042</u>	<u>\$ 135,380</u>	<u>\$ 1,287,435</u>

The amounts of floating rate instruments for the above non-derivative financial assets and liabilities will vary due to the difference between the floating rate and the rate estimated at the balance sheet date.

b) Financing facilities

	<u>December 31</u>	
	2023	2022
Unsecured bank loan facilities		
Amount used	\$ 83,334	\$ 125,000
Letter of guarantee used	10,609	29,037
Amount unused	<u>1,292,050</u>	<u>811,998</u>
	<u>\$ 1,385,993</u>	<u>\$ 966,035</u>
Secured bank loan facilities		
Amount used	\$ 416,909	\$ 287,705
Letter of guarantee used	101,553	306,539
Amount unused	<u>502,243</u>	<u>1,377,756</u>
	<u>\$ 1,020,705</u>	<u>\$ 1,972,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Aston Fluorotech Corp. (AFTC)	Subsidiary
Allied Supreme (Jia Xing) Corp. (Jia Xing)	Second-tier subsidiary

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary/AFTC	\$ 55,572	\$ 34,630
Second-tier subsidiary/Jia Xing	<u>345,588</u>	<u>500,351</u>
	<u>\$ 401,160</u>	<u>\$ 534,981</u>

Prices and terms were determined in accordance with mutual agreements made between the Company and its related parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Second-tier subsidiary/Jia Xing	<u>\$ 4,247</u>	<u>\$ 69,667</u>

Prices and terms were determined in accordance with mutual agreements made between the Company and its related parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiary/AFTC	\$ 19,013	\$ 8,654
	Second-tier subsidiary/Jia Xing	<u>145,966</u>	<u>132,189</u>
		<u>\$ 164,979</u>	<u>\$ 140,843</u>
Other receivables	Second-tier subsidiary/Jia Xing	<u>\$ -</u>	<u>\$ 2,915</u>

e. Payables to related parties

Related Party Category/Name	December 31	
	2023	2022
Second-tier subsidiary/Jia Xing	<u>\$ 797</u>	<u>\$ 492</u>

f. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Second-tier subsidiary/Jia Xing	<u>\$ 845</u>	<u>\$ 2,915</u>	<u>\$ 845</u>	<u>\$ 1,712</u>

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2023	2022
Second-tier subsidiary/Jia Xing	RMB 18,000	RMB 20,000
Subsidiary/AFTC	US\$ 500	US\$ 500

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 76,367	\$ 83,173
Share-based payment	<u>378</u>	<u>278</u>
	<u>\$ 76,745</u>	<u>\$ 83,451</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and collateral for borrowings of usance L/C:

	December 31		Object
	2023	2022	
Land	\$ 61,436	\$ 132,847	Bank borrowings
Property	286,362	351,083	Bank borrowings
Machinery equipment and other equipment	105,254	-	Bank borrowings
Time deposit (other financial assets - current)	<u>200,280</u>	<u>365,963</u>	Bank borrowings and borrowings of usance L/C
	<u>\$ 653,332</u>	<u>\$ 849,893</u>	

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those items which have been disclosed in other notes, the significant contingent liabilities and unrecognized contract commitments of the Company as of December 31, 2023 were as follows:

- a. The Company had outstanding notes payable for security deposits amounting to \$30,225 thousand.

- b. The Company had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$112,162 thousand.

- c. The Company provided endorsements and guarantees amounting to RMB18,000 thousand and US\$500 for subsidiaries.

- d. On July 12, 2023, the board of directors of the Company approved the purchase of a pre-sold commercial office building, with a total transaction price of \$107,650 thousand, to be paid in 6 installments. As of December 31, 2023, the Company has not paid the first installment.

In addition to those items which have been disclosed in other notes, the significant contingent liabilities and unrecognized contract commitments of the Company as of December 31, 2022 were as follows:

- a. The Company had outstanding notes payable for security deposits amounting to \$179,102 thousand.
- b. The Company had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$113,596 thousand.
- c. The Company had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to US\$68 thousand.
- d. The Company had outstanding notes payable to Hua Nan Commercial Bank for security deposits under various construction projects amounting to \$11,666 thousand.
- e. The Company had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to \$126,819 thousand.
- f. The Company had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to US\$2,165 thousand.

- g. The Company had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to \$10,964 thousand.
- h. Taipei Fubon Bank issued an import charge of EUR121 thousand to the Company.
- i. The Company provided endorsements and guarantees amounting to RMB20,000 thousand and US\$500 for subsidiaries.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies (aggregated by the foreign currencies) other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,621	30.705	\$ 878,813
RMB	93,953	4.327	406,535
Non-monetary items			
Investments accounted for using the equity method			
USD	1,643	30.705	50,472
RMB	675,402	4.327	2,922,463
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 3,863	30.705	\$ 118,613 (Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,816	30.710	\$ 454,999
RMB	80,306	4.408	353,989
Non-monetary items			
Investments accounted for using the equity method			
USD	911	30.710	27,975
RMB	479,643	4.408	2,114,267

Financial liabilities

Monetary items			
USD	6,385	30.710	196,083

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$2,982 thousand and \$19,546 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: Table 1 (attached).
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None.
- 4) Marketable securities acquired or disposed of at costs or prices of 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: Table 2 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- 9) Trading in derivative instruments: None.
- 10) Information on investees: Tables 4 to 5 (attached).

b. 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 6 (attached).
- 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 7 and 1 (attached).
 - 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 receipt of services.

c. 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: Table 8 (attached).

ALLIED SUPREME CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	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	Note
		Name	Relationship											
0	Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Subsidiaries	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	\$ 90,120 (RMB 20,000)	\$ 77,886 (RMB 18,000) (Note 2)	\$ -	\$ -	1.05	(Note 1)	Y	N	Y	
		Aston Fluorotech Corp.	Subsidiaries	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	16,213 (US\$ 500)	15,353 (US\$ 500) (Note 2)	-	-	0.21	(Note 1)	Y	N	N	

Note A: Aggregate endorsement/guarantee limit is 40% of the net value of the financing company = \$7,442,695 x 40% = \$2,977,078.

Note B: The calculation of the maximum amount endorsed/guaranteed during the period and outstanding endorsement/guarantee at the end of the period was based on the average buy/sell closing exchange rate for the year ended December 31, 2023.

ALLIED SUPREME CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total		
Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Third-tier subsidiary	(Sale)	\$(345,588)	(10)	Note	Note	Note	Accounts receivable	\$ 145,966	18	

Note: Terms of the transactions are as follows:

Sales of goods

Allied Supreme (Jia Xing) Corp.: Terms of the transaction is determined based on bargaining, while the collection period is 90 days.

ALLIED SUPREME CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Second-tier subsidiary	Accounts receivable \$ 145,966	2.48	\$ -	-	\$ 66,549	\$ -

ALLIED SUPREME CORP.

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Allied Supreme Corp.	Allied Supreme (Samoa) Corp. Aston Fluorotech Corp.	Samoa. U.S.A.	Investment Trading of special functional composite materials and products	\$ 373,284 18,537	\$ 373,284 18,537	11,750,000 600,000	100 100	\$ 2,922,463 50,472	\$ 802,456 25,421	\$ 812,551 25,421	Subsidiary Subsidiary
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp.	Samoa.	Investment	373,284	373,284	11,750,000	100	2,922,004	802,464		Second-tier subsidiary

ALLIED SUPREME CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total		
Allied Supreme (Jia Xing) Corp.	Allied Supreme Corp.	Investments accounted for using the equity method	Purchase	\$ 345,588	21	Note	Note	Note	Accounts payable	\$(145,966)	(49)	

Note: Refer to Table 2.

ALLIED SUPREME CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Allied Supreme (Jia Xing) Corp.	Manufacture of special functional composite materials and products	\$ 604,005 (US\$20,000)	Note	\$ 373,284 (US\$11,750)	\$ -	\$ -	\$ 373,284 (US\$11,750)	\$ 802,373	100	\$ 812,468	\$ 2,918,359	\$ -	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 373,284 (US\$11,750)	\$ 604,005 (US\$20,000)	\$ 4,465,617

Note: Parent company: Allied Supreme Corp.; subsidiary: Allied Supreme (Samoa) Corp.; second-tier subsidiary: Allied Supreme (China) Corp.; third-tier subsidiary: Allied Supreme (Jia Xing) Corp.

ALLIED SUPREME CORP.

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 YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company in Mainland China	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	
			Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Allied Supreme (Jia Xing) Corp.	Sales of goods	\$ 4,247	Note	Note	Note	Accounts receivable	\$ 797	-	\$ 1,274
	Purchases of goods	345,588	Note	Note	Note	Accounts payable	(145,966)	(49)	71,149

Note: The payment term is 90 days and the collection term is 75 days after shipment, according to the specifications set by both parties.

ALLIED SUPREME CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Ching Investment Co., Ltd.	6,770,732	8.48
Ying Sheng Investment Co., Ltd.	5,163,485	6.47
Hsieh, Sheng Kuo	4,672,640	5.85
Shang He Investment Co., Ltd.	4,520,825	5.66

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the individual financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

ALLIED SUPREME CORP.

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ALLIED SUPREME CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 305
Bank deposits		
Cash deposits		450,572
Foreign currency deposits		
US\$4,374 thousand @30.705		134,309
EUR1,156 thousand @33.98		39,281
RMB35,610 thousand @4.327		154,086
Time deposits		
From 2023.12.06 to 2024.01.06, interest rate at 5.6%, including US\$2,966 thousand @30.705		91,062
From 2023.12.04 to 2024.01.04, interest rate at 5.64%, including US\$1,065 thousand @30.705		32,695
From 2023.12.13 to 2024.01.15, interest rate at 5.67%, including US\$1,013 thousand @30.705		31,107
From 2023.12.25 to 2024.01.25, interest rate at 6.2%, including US\$683 thousand @30.705		20,980
From 2023.12.27 to 2024.01.27, interest rate at 5.66%, including US\$1,004 thousand @30.705		30,841
From 2023.12.11 to 2024.01.11, interest rate at 5.62%, including US\$3,000 thousand @30.705		92,115
From 2023.12.01 to 2024.01.02, interest rate at 5.48%, including US\$1,171 thousand @30.705		35,970
From 2023.12.27 to 2024.01.27, interest rate at 2.4%, including RMB20,273 thousand @4.327		87,723
From 2023.12.05 to 2024.01.05, interest rate at 2.6%, including RMB22,201 thousand @4.327		96,064
From 2023.12.05 to 2024.01.05, interest rate at 2.6%, including RMB3,495 thousand @4.327		15,125
From 2023.12.06 to 2024.01.15, interest rate at 2.9%, including RMB5,028 thousand @4.327		21,754
From 2023.12.13 to 2024.01.05, interest rate at 1.3%		260,000

From 2023.12.25 to 2024.01.25, interest rate at 1.32%	300,000
From 2023.12.27 to 2024.01.29, interest rate at 1.32%	<u>300,000</u>
	<u>2,193,684</u>
	<u>\$ 2,193,989</u>

ALLIED SUPREME CORP.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Company A	Payment of goods	\$ 14,080
Company B	Payment of goods	11,613
Company C	Payment of goods	7,588
Company D	Payment of goods	4,743
Company E	Payment of goods	4,347
Others (Note)	Payment of goods	<u>1,580</u>
		<u>\$ 43,951</u>

Note: Each note does not exceed 5% of the total account balance.

ALLIED SUPREME CORP.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Unrelated parties		
Company A	Payment of goods	\$ 259,018
Company B	Payment of goods	63,899
Company C	Payment of goods	49,488
Company D	Payment of goods	35,052
Company E	Payment of goods	29,695
Others (Note)	Payment of goods	<u>154,999</u>
		592,151
Less: Allowance for impairment loss		<u>(790)</u>
		<u>591,361</u>
Related parties		
Allied Supreme (Jia Xing) Corp.	Payment of goods	145,966
Aston Fluorotech Corp.	Payment of goods	<u>19,013</u>
		<u>164,979</u>
		<u>\$ 756,340</u>

Note: Each account does not exceed 5% of the total account balance.

ALLIED SUPREME CORP.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Interest receivables		\$ 2,036
Others		<u>50</u>
		<u>\$ 2,086</u>

ALLIED SUPREME CORP.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Items	Description	Amount	
		Cost	Fair Value
Raw materials		\$ 431,412	\$ 411,323
Semi-finished goods		89,673	79,739
Work in process		372,150	357,757
Finished goods		<u>763,148</u>	<u>747,207</u>
		1,656,383	<u>\$ 1,596,026</u>
Less: Allowance for loss due to market price decline and obsolete and slow-moving inventories		<u>(60,357)</u>	
		<u>\$ 1,596,026</u>	

Note: Inventories are measured at the lower of cost and net realizable value, and the Company inspects the inventories on an item-by-item basis.

ALLIED SUPREME CORP.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Prepayments	Prepaid vendor payments, etc.	\$ 42,682
Prepaid expenses	Prepaid insurance fee, etc.	7,733
Others	Supplies inventory and payment on behalf of others and provisional payments etc.	<u>6,058</u>
		<u>\$ 56,473</u>

ALLIED SUPREME CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name of Investee Company	Balance, January 1, 2023		Increase in the Current Year		Decrease in the Current Year		Investment Gain (Loss)	Accumulated Exchange Differences on Translating Foreign Operations	Balance, December 31, 2023			Market Price or Net Asset Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	%	Amount		
Allied Supreme (Samoa) Corp. (Note 1)	11,750,000	\$ 2,114,267	-	\$ 120,667	-	\$ 71,149	\$ 812,551	\$ (53,873)	11,750,000	100	\$ 2,922,463	\$ 2,993,612	None
Aston Fluorotech Corp. (Note 2)	600,000	<u>27,975</u>	-	<u>556</u>	-	<u>3,108</u>	<u>25,421</u>	<u>(372)</u>	600,000	100	<u>50,472</u>	<u>53,580</u>	None
		<u>\$ 2,142,242</u>		<u>\$ 121,223</u>		<u>\$ 74,257</u>	<u>\$ 837,972</u>	<u>\$ (54,245)</u>			<u>\$ 2,972,935</u>	<u>\$ 3,047,192</u>	

Note 1: The increase in the current year is due to the realized gain on transactions with subsidiaries, associates and joint ventures of \$120,667 thousand, while the decrease in the current year is due to the unrealized gain on transactions with subsidiaries, associates and joint ventures of \$71,149 thousand.

Note 2: The increase in the current year is due to the realized gain on transactions with subsidiaries, associates and joint ventures of \$556 thousand; while the decrease in the current year is due to the unrealized gain on transactions with subsidiaries, associates and joint ventures of \$3,108 thousand.

ALLIED SUPREME CORP.

STATEMENT OF RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Transportation	Remark
<u>Cost</u>				
Balance at January 1, 2023	\$ 26,732	\$ 1,062	\$ 537	
Additions	1,425	1,131	-	
Disposal	<u>(3,809)</u>	<u>(1,062)</u>	<u>-</u>	
Balance at December 31, 2023	<u>\$ 24,348</u>	<u>\$ 1,131</u>	<u>\$ 537</u>	
<u>Accumulated depreciation</u>				
Balance at January 1, 2023	\$ 6,187	\$ 974	\$ 15	
Additions	9,143	371	179	
Disposal	<u>(3,726)</u>	<u>(1,062)</u>	<u>-</u>	
Balance at December 31, 2023	<u>\$ 11,604</u>	<u>\$ 283</u>	<u>\$ 194</u>	
Carrying amount at December 31, 2023	<u>\$ 12,744</u>	<u>\$ 848</u>	<u>\$ 343</u>	

ALLIED SUPREME CORP.

STATEMENT OF TRADE PAYABLES TO RELATED PARTIES
 DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Unrelated parties		
Company A	Payable for goods	\$ 45,186
Company B	Payable for goods	38,266
Company C	Payable for goods	32,791
Company D	Payable for goods	30,121
Others (Note)	Payable for goods	<u>134,011</u>
		<u>280,375</u>
Related parties		
Allied Supreme (Jia Xing) Corp.	Payable for goods	<u>797</u>
		<u>\$ 281,172</u>

Note: Each individual vendor balance does not exceed 5% of the total account balance.

ALLIED SUPREME CORP.

STATEMENT OF LONG-TERM BORROWINGS
 DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Creditor	Description (Repayment Method)	Contract Period	Range of Interest Rate (%)	Amount			Collateral
				Due within One Year	Due after One Year	Total Amount	
Mega International Commercial Bank	Interest is payable monthly. Principal is payable in equal monthly amounts from the 37th month from the date of the loan.	2021.05-2031.05	1.25	\$ 30,465	\$ 257,240	\$ 287,705	Property
Fubon Bank	Interest is payable monthly. Principal is payable in equal monthly amounts from the 25th month from the date of the loan.	2023.03-2028.03	1.131	-	129,204	129,204	Equipment
Fubon Bank	Interest is payable monthly. Principal is payable in equal monthly amounts from the 25th month from the date of the loan.	2020.12-2025.12	1.131	<u>41,667</u>	<u>41,667</u>	<u>83,334</u>	None
				<u>\$ 72,132</u>	<u>\$ 428,111</u>	<u>\$ 500,243</u>	

ALLIED SUPREME CORP.

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Balance
Buildings	Mainly for the use of offices	2023.04-2026.04	1.25	\$ 852
Land	Required for operation	2022.03-2024.08	1.25	1,902
	Required for operation	2022.12-2025.11	1.00	10,904
Transportation equipment	Office car	2022.11-2025.11	1.00	<u>345</u>
				14,003
Less: Current portion				<u>(8,379)</u>
Lease liabilities - non-current				<u>\$ 5,624</u>

ALLIED SUPREME CORP.

STATEMENT OF COST OF GOODS SOLD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Balance, beginning of the year	\$ 197,883
Add: Raw materials purchased	750,634
Less: Raw materials, end of the year	(251,074)
Raw materials transferred to expenses	<u>(1,888)</u>
	<u>695,555</u>
Materials	
Balance, beginning of the year	306,145
Add: Materials purchased	826,626
Less: Materials, end of the year	(180,338)
Materials transferred to expenses	<u>(47,742)</u>
	<u>904,691</u>
Direct labor cost	<u>229,855</u>
Manufacturing expenses	<u>431,966</u>
Manufacturing cost	2,262,067
Add: Work in process and semi-finished goods, beginning of the year	489,214
Work in process and semi-finished goods purchased	70,190
Less: Work in process and semi-finished goods, end of the year	(461,823)
Transferred to expenses	<u>(10,218)</u>
Cost of work in process	2,349,430
Cost of finished goods	
Add: Finished goods, beginning of the year	458,363
Finished goods purchased	4,796
Less: Finished goods, end of the year	(763,148)
Transferred to expenses	<u>(26,312)</u>
Cost of finished goods sold	2,023,129
Reversed loss on market price decline and obsolete and slow-moving inventories	(8,727)
Other operating cost	<u>(425)</u>
	<u>\$ 2,013,977</u>

ALLIED SUPREME CORP.

STATEMENT OF MANUFACTURING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Name	Total
Payroll and related expenses	\$ 107,582
Rental expenses	2,096
Stationery expenses	552
Traveling expenses	2,754
Shipping expenses	3,182
Postage expenses	1,067
Repair and maintenance expenses	11,244
Utilities expenses	51,950
Insurance expenses	7,929
Entertainment expenses	6
Taxes	2,305
Depreciation expenses	98,810
Amortization	295
Employee benefits	3,034
Meal expenses	1,030
Training expenses	285
Miscellaneous expenses	7,338
Professional service fees	129
Consumables	62,001
Processing cost	29,431
Other expenses	<u>38,946</u>
	<u>\$ 431,966</u>

ALLIED SUPREME CORP.

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Name	Selling Expense	General and Administrative Expense	Research and Development Expenses	Total
Payroll and related expenses	\$ 98,546	\$ 105,686	\$ 33,351	\$ 237,583
Rental expenses	644	97	-	741
Stationery expenses	158	262	99	519
Traveling expenses	7,614	1,916	358	9,888
Shipping expenses	11,270	4	14	11,288
Postage expenses	440	124	9	573
Repair and maintenance expenses	361	611	481	1,453
Advertisement expenses	2,493	75	-	2,568
Utilities expenses	122	-	-	122
Insurance expenses	6,881	4,988	2,620	14,489
Entertainment expenses	3,062	380	22	3,464
Donation expenses	105	60	-	165
Taxes	163	51	-	214
Depreciation	609	6,012	7,444	14,065
Amortization	34	1,741	313	2,088
Meal expenses	884	451	217	1,552
Employee benefits	676	596	309	1,581
Contracted research expenses	-	-	6,013	6,013
Training expenses	63	233	32	328
Other expenses	7,396	14,333	5,016	26,745
	<u>\$ 141,521</u>	<u>\$ 137,620</u>	<u>\$ 56,298</u>	335,439
Expected credit gain on reversal				<u>(2,384)</u>
				<u>\$ 333,055</u>

ALLIED SUPREME CORP.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Classified by Function Classified by Nature	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salaries and bonuses	\$ 294,514	\$ 200,250	\$ 494,764	\$ 325,010	\$ 220,260	\$ 545,270
Labor and health insurance	28,726	12,615	41,341	26,225	11,020	37,245
Pension	9,208	5,175	14,383	8,955	5,231	14,186
Remuneration of directors	-	32,157	32,157	-	37,980	37,980
Others	15,403	3,461	18,864	15,173	4,021	19,194
Depreciation	98,810	14,065	112,875	71,334	9,535	80,869
Amortization	295	2,088	2,383	487	2,601	3,088

Note:

- For the years ended December 31, 2023 and 2022, the Company had an average of 472 and 450 employees (including directors), respectively, which included 4 non-employee directors for both years.
- Average labor cost for the years ended December 31, 2023 and 2022 were \$1,217 thousand and \$1,381 thousand, respectively.
- Average salaries and bonuses for the years ended December 31, 2023 and 2022 were \$1,057 thousand and \$1,223 thousand, respectively. Average salaries and bonuses decreased by 13.5% year over year.
- The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

a. Directors and managers:

The remuneration of directors are in accordance with the Company's Articles of Incorporation. If the Company has profit (which means income before deduction of amounts for compensation of employees and directors), no more than 3% of the profit shall be distributed as remuneration of directors in cash. Furthermore, the remuneration of the Company's directors and managers is based on "Rules for directors and managers salary policies and management of retirement".

The remuneration of managers is based on the Company's overall operating performance and individual's performance achievement rate, as well as peer salary level in the same industry, position, responsibilities assumed and rationalized correlation of future risks.

Relevant performance appraisal and remuneration reasonableness are approved by the Salary and Remuneration Committee and the Board of Directors, and remuneration system is reviewed at any time in accordance with the actual operating conditions, and relevant laws and regulations, to meet the Company's sustainable operation and risk management.

b. Compensation of employees:

The Company has established an "Employee Remuneration Policy" which is approved by the Salary and Remuneration Committee and Board of Directors. The remuneration includes fixed and variable portions. Fixed remuneration is adjusted by peer salary level in the same industry, while variable remuneration depends on the Company's operating performance, individual authority and performance.

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Chairperson: Hou, Chia-Sheng

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