

Allied Supreme Corp. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Allied Supreme Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Allied Supreme Corp. and its subsidiaries (collectively, the "Group") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Wen-Hsiang Chen Shu-Lin Liu

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2024

Notice to Readers

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

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

ALLIED SUPREME CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 28)	\$ 3,743,080	36	\$ 3,362,584	34	\$ 3,587,418	35
Financial assets at amortized cost - current (Notes 8 and 28)	132,240	1	-	-	127,975	1
Notes receivable (Notes 9, 22 and 28)	405,883	4	636,847	7	258,651	3
Trade receivables (Notes 9, 22 and 28)	1,405,804	14	1,334,739	13	1,886,718	18
Other receivables (Notes 9 and 28)	3,501	-	3,218	-	8,017	-
Current tax assets (Note 4)	-	-	3,732	-	3,803	-
Inventories (Note 10)	2,404,049	23	2,424,911	24	2,082,775	20
Other current financial assets (Notes 15, 28 and 30)	210,196	2	219,605	2	345,772	3
Other current assets (Note 15)	<u>113,302</u>	<u>1</u>	<u>115,218</u>	<u>1</u>	<u>144,525</u>	<u>2</u>
Total current assets	<u>8,418,055</u>	<u>81</u>	<u>8,100,854</u>	<u>81</u>	<u>8,445,654</u>	<u>82</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 28)	-	-	-	-	4,735	-
Property, plant and equipment (Notes 12 and 30)	1,734,666	17	1,724,604	17	1,726,511	17
Right-of-use assets (Note 13)	62,728	1	64,453	1	71,560	1
Other intangible assets (Note 14)	8,337	-	7,368	-	6,547	-
Deferred tax assets (Note 4)	31,193	-	32,795	-	42,032	-
Net defined benefit assets (Note 4)	6,272	-	6,031	-	-	-
Other financial assets (Notes 15, 28 and 30)	848	-	-	-	-	-
Other non-current assets (Note 15)	<u>93,680</u>	<u>1</u>	<u>34,071</u>	<u>1</u>	<u>32,781</u>	<u>-</u>
Total non-current assets	<u>1,937,724</u>	<u>19</u>	<u>1,869,322</u>	<u>19</u>	<u>1,884,166</u>	<u>18</u>
TOTAL	<u>\$ 10,355,779</u>	<u>100</u>	<u>\$ 9,970,176</u>	<u>100</u>	<u>\$ 10,329,820</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables (Notes 17 and 28)	\$ 546,388	5	\$ 440,856	4	\$ 598,011	6
Other payables (Notes 18 and 28)	1,464,672	14	529,698	5	1,516,634	15
Current tax liabilities (Note 4)	193,261	2	142,783	2	377,563	4
Provisions - current (Note 19)	39,496	-	41,761	-	34,660	-
Lease liabilities - current (Note 13)	7,685	-	8,379	-	9,016	-
Contract liabilities (Note 22)	474,247	5	767,471	8	823,654	8
Current portion of long-term borrowings (Notes 16, 28 and 30)	82,287	1	72,132	1	41,667	-
Other current liabilities (Note 18)	<u>1,836</u>	<u>-</u>	<u>3,548</u>	<u>-</u>	<u>5,459</u>	<u>-</u>
Total current liabilities	<u>2,809,872</u>	<u>27</u>	<u>2,006,628</u>	<u>20</u>	<u>3,406,664</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16, 28 and 30)	407,539	4	428,111	4	489,826	5
Non-current tax liabilities (Note 4)	93,958	1	87,049	1	89,535	1
Lease liabilities - non-current (Note 13)	3,994	-	5,624	-	9,730	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	-	-	2,461	-
Other non-current liabilities (Notes 18 and 28)	<u>-</u>	<u>-</u>	<u>69</u>	<u>-</u>	<u>69</u>	<u>-</u>
Total non-current liabilities	<u>505,491</u>	<u>5</u>	<u>520,853</u>	<u>5</u>	<u>591,621</u>	<u>6</u>
Total liabilities	<u>3,315,363</u>	<u>32</u>	<u>2,527,481</u>	<u>25</u>	<u>3,998,285</u>	<u>39</u>
EQUITY (Note 21)						
Share capital						
Ordinary shares	799,760	8	797,630	8	790,370	8
Capital surplus	2,044,981	20	2,040,362	21	2,022,583	19
Retained earnings						
Legal reserve	749,168	7	749,168	8	571,635	6
Special reserve	21,134	-	21,134	-	45,229	-
Unappropriated earnings	3,439,960	33	3,909,780	39	2,911,930	28
Other equity						
Exchange differences on translating foreign operations	<u>(14,587)</u>	<u>-</u>	<u>(75,379)</u>	<u>(1)</u>	<u>(10,212)</u>	<u>-</u>
Total equity	<u>7,040,416</u>	<u>68</u>	<u>7,442,695</u>	<u>75</u>	<u>6,331,535</u>	<u>61</u>
TOTAL	<u>\$ 10,355,779</u>	<u>100</u>	<u>\$ 9,970,176</u>	<u>100</u>	<u>\$ 10,329,820</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 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 1,479,217	100	\$ 1,704,042	100
OPERATING COSTS (Notes 10 and 23)	<u>811,161</u>	<u>55</u>	<u>914,768</u>	<u>54</u>
GROSS PROFIT	<u>668,056</u>	<u>45</u>	<u>789,274</u>	<u>46</u>
OPERATING EXPENSES (Notes 23, 26 and 29)				
Selling and marketing expenses	61,164	4	60,638	3
General and administrative expenses	54,464	4	51,839	3
Research and development expenses	30,435	2	45,457	3
Expected credit gain	<u>(11,542)</u>	<u>(1)</u>	<u>(3,520)</u>	<u>-</u>
Total operating expenses	<u>134,521</u>	<u>9</u>	<u>154,414</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>533,535</u>	<u>36</u>	<u>634,860</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	10,860	1	16,374	1
Other income	6,275	-	1,576	-
Other gains and losses	34,299	2	638	-
Finance costs	<u>(1,530)</u>	<u>-</u>	<u>(1,183)</u>	<u>-</u>
Total non-operating income and expenses	<u>49,904</u>	<u>3</u>	<u>17,405</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	583,439	39	652,265	38
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(93,547)</u>	<u>(6)</u>	<u>(114,048)</u>	<u>(7)</u>
NET PROFIT FOR THE PERIOD	<u>489,892</u>	<u>33</u>	<u>538,217</u>	<u>31</u>
OTHER COMPREHENSIVE INCOME (Note 21)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>60,792</u>	<u>4</u>	<u>10,922</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 550,684</u>	<u>37</u>	<u>\$ 549,139</u>	<u>32</u>

(Continued)

ALLIED SUPREME CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 6.14</u>		<u>\$ 6.81</u>	
Diluted	<u>\$ 6.12</u>		<u>\$ 6.70</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
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings			Other Equity Exchange Differences on Translating Foreign Operations	Total Equity
	Ordinary Shares (In Thousands of Shares)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2023	79,028	\$ 790,280	\$ 2,022,050	\$ 571,635	\$ 45,229	\$ 3,322,157	\$ (21,134)	\$ 6,730,217
Appropriation of 2022 earnings								
Cash dividends distributed by the Company	-	-	-	-	-	(948,444)	-	(948,444)
Net profit for the three months ended March 31, 2023	-	-	-	-	-	538,217	-	538,217
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	10,922	10,922
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	538,217	10,922	549,139
Share-based payment transactions (Note 26)	-	-	229	-	-	-	-	229
Issuance of ordinary shares under employee share options	9	90	304	-	-	-	-	394
BALANCE AT MARCH 31, 2023	<u>79,037</u>	<u>\$ 790,370</u>	<u>\$ 2,022,583</u>	<u>\$ 571,635</u>	<u>\$ 45,229</u>	<u>\$ 2,911,930</u>	<u>\$ (10,212)</u>	<u>\$ 6,331,535</u>
BALANCE AT JANUARY 1, 2024	79,763	\$ 797,630	\$ 2,040,362	\$ 749,168	\$ 21,134	\$ 3,909,780	\$ (75,379)	\$ 7,442,695
Appropriation of 2023 earnings								
Cash dividends distributed by the Company	-	-	-	-	-	(959,712)	-	(959,712)
Net profit for the three months ended March 31, 2024	-	-	-	-	-	489,892	-	489,892
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	60,792	60,792
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	489,892	60,792	550,684
Issuance of ordinary shares under employee share options	213	2,130	4,619	-	-	-	-	6,749
BALANCE AT MARCH 31, 2024	<u>79,976</u>	<u>\$ 799,760</u>	<u>\$ 2,044,981</u>	<u>\$ 749,168</u>	<u>\$ 21,134</u>	<u>\$ 3,439,960</u>	<u>\$ (14,587)</u>	<u>\$ 7,040,416</u>

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

ALLIED SUPREME CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 583,439	\$ 652,265
Adjustments for:		
Depreciation expenses	42,855	36,970
Amortization expenses	1,253	1,052
Expected credit loss (reversed) on trade receivables	(11,542)	(3,520)
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(20)
Finance costs	1,530	1,183
Interest income	(10,860)	(16,374)
Compensation costs of employees share-based payments	-	229
(Gain) loss on disposal of property, plant and equipment	(3)	28
Property, plant and equipment transferred to expense	528	3,436
Gain on lease termination	-	(1)
(Reversal of) write-down of inventories	(12,608)	2,143
Net loss on foreign currency exchange	25,067	16,764
Reversal of provisions	(2,299)	(1,853)
Changes in operating assets and liabilities		
Notes receivable	230,964	9,748
Trade receivables	(69,909)	(446,206)
Other receivables	(627)	(4,615)
Inventories	31,407	(48,003)
Other current assets	1,916	(20,370)
Other non-current assets	12,899	13,451
Trade payables	104,799	49,066
Other payables	(24,676)	25,492
Contract liabilities	(293,224)	(25,687)
Other current liabilities	(1,712)	1,623
Net defined benefit assets/liabilities	(241)	(241)
Cash generated from operations	608,956	246,560
Interest received	11,204	16,025
Interest paid	(1,592)	(1,277)
Income tax paid	(30,826)	(27,509)
Net cash generated from operating activities	<u>587,742</u>	<u>233,799</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(132,240)	(127,975)
Payments for property, plant and equipment	(43,079)	(55,735)
Proceeds from disposal of property, plant and equipment	822	-
Increase in refundable deposits	-	(3,362)
Decrease in refundable deposits	3,915	-
Payments for intangible assets	(2,114)	(473)

(Continued)

ALLIED SUPREME CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2024	2023
Decrease in other financial assets	\$ 8,561	\$ 57,465
Increase in prepayments for property, plant and equipment	<u>(63,524)</u>	<u>(1,810)</u>
Net cash used in investing activities	<u>(227,659)</u>	<u>(131,890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	129,204
Repayment of long-term borrowings	(10,417)	(10,416)
Refund of guarantee deposits received	(69)	-
Repayment for principal portion of lease liabilities	(2,324)	(2,812)
Employee share options exercised	<u>6,749</u>	<u>394</u>
Net cash (used in) generated from financing activities	<u>(6,061)</u>	<u>116,370</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>26,474</u>	<u>3,989</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	380,496	222,268
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,362,584</u>	<u>3,365,150</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,743,080</u>	<u>\$ 3,587,418</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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (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 May 9, 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 FSC.

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

- b. 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
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact 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

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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. 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 11 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

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

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period;
- Liabilities for which the Group does not have the substantial right at the end of the reporting period 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.

2) Retirement benefits

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

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, 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, Red Sea and related international sanctions, inflation and interest rate fluctuations and volatility in energy markets 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

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 904	\$ 919	\$ 962
Checking accounts and demand deposits	2,235,722	1,294,098	1,320,574
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>1,506,454</u>	<u>2,067,567</u>	<u>2,265,882</u>
	<u>\$ 3,743,080</u>	<u>\$ 3,362,584</u>	<u>\$ 3,587,418</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the market rate intervals of time deposits with original maturities of 3 months or less were 0.8%-5.46%, 0.675%-6.2% and 1.19%-5.00%, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ _____ -	\$ _____ -	\$ <u>4,735</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ <u>132,240</u>	\$ _____ -	\$ <u>127,975</u>

As of March 31, 2024 and 2023, the interest rate of time deposits with original maturities of more than 3 months was 2.05% and 2.12%-2.55%, respectively.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 405,883	\$ 636,847	\$ 258,651
Less: Allowance for impairment loss	_____ -	_____ -	_____ -
	<u>\$ 405,883</u>	<u>\$ 636,847</u>	<u>\$ 258,651</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,410,950	\$ 1,338,060	\$ 1,899,200
Less: Allowance for impairment loss	_____ (5,146)	_____ (3,321)	_____ (12,482)
	<u>\$ 1,405,804</u>	<u>\$ 1,334,739</u>	<u>\$ 1,886,718</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Overdue receivables</u>			
Gross carrying amount	\$ 15,753	\$ 28,652	\$ 4,020
Less: Allowance for impairment loss	<u>(15,753)</u>	<u>(28,652)</u>	<u>(4,020)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
Income tax refund receivable	\$ -	\$ -	\$ 4,808
Interest receivable	1,692	2,036	2,510
Others	<u>1,809</u>	<u>1,182</u>	<u>699</u>
	<u>\$ 3,501</u>	<u>\$ 3,218</u>	<u>\$ 8,017</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 evidence 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:

March 31, 2024

	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 Days or More	Total
Expected credit loss rate	0%-0.05%	0%-1%	0%-4.5%	0%-50%	0%-100%	
Gross carrying amount	\$ 1,068,801	\$ 148,208	\$ 84,058	\$ 40,279	\$ 85,357	\$ 1,426,703
Loss allowance (Lifetime ECLs)	<u>(205)</u>	<u>(1,106)</u>	<u>(883)</u>	<u>(2,418)</u>	<u>(16,287)</u>	<u>(20,889)</u>
Amortized cost	<u>\$ 1,068,596</u>	<u>\$ 147,102</u>	<u>\$ 83,175</u>	<u>\$ 37,861</u>	<u>\$ 69,070</u>	<u>\$ 1,405,804</u>

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 Days 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>

March 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 Days or More	Total
Expected credit loss rate	0%	1%	3%	50%	100%	
Gross carrying amount	\$ 1,690,837	\$ 139,839	\$ 49,316	\$ 19,208	\$ 4,020	\$ 1,903,220
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,398)</u>	<u>(1,480)</u>	<u>(9,604)</u>	<u>(4,020)</u>	<u>(16,502)</u>
Amortized cost	<u>\$ 1,690,837</u>	<u>\$ 138,441</u>	<u>\$ 47,836</u>	<u>\$ 9,604</u>	<u>\$ -</u>	<u>\$ 1,886,718</u>

The movements of the loss allowance were as follows:

	For the Three Months Ended March 31, 2024			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 3,321	\$ 28,652	\$ 31,973
Expected credit loss recognized (reversed)	-	1,763	(13,305)	(11,542)
Foreign exchange translation gains and losses	<u>-</u>	<u>62</u>	<u>406</u>	<u>468</u>
Balance at March 31	<u>\$ -</u>	<u>\$ 5,146</u>	<u>\$ 15,753</u>	<u>\$ 20,899</u>
	For the Three Months Ended March 31, 2023			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 2,443	\$ 17,471	\$ 19,914
Expected credit loss recognized (reversed)	-	10,038	(13,558)	(3,520)
Foreign exchange translation gains and losses	<u>-</u>	<u>1</u>	<u>107</u>	<u>108</u>
Balance at March 31	<u>\$ -</u>	<u>\$ 12,482</u>	<u>\$ 4,020</u>	<u>\$ 16,502</u>

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

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 724,735	\$ 665,058	\$ 662,585
Semi-finished goods	92,701	86,173	92,859
Work in process	461,741	510,963	458,123
Finished goods	<u>1,124,872</u>	<u>1,162,717</u>	<u>869,208</u>
	<u>\$ 2,404,049</u>	<u>\$ 2,424,911</u>	<u>\$ 2,082,775</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 are as follows:

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 823,769	\$ 912,625
Inventory (reversal) loss of write-downs	<u>(12,608)</u>	<u>2,143</u>
	<u>\$ 811,161</u>	<u>\$ 914,768</u>

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Percentage of Ownership		
			<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Allied Supreme Corp. ("ASC")	Allied Supreme (Samoa) Corp. ("ASC (Samoa)")	Investment	100.00	100.00	100.00
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp. ("ASC (China)")	Investment	100.00	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	100.00
ASC	Aston Fluorotech Corp. ("AFTC")	Sales of special functional composite materials and products	100.00	100.00	100.00

12. 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, 2023	\$ 259,857	\$ 975,951	\$ 711,436	\$ 96,085	\$ 401,853	\$ 2,445,182
Additions	-	674	6,870	599	47,592	55,735
Disposals	-	(933)	(6,060)	(343)	-	(7,336)
Reclassifications	-	60,013	99,403	7,347	(170,199)	(3,436)
Effect of exchange rate differences	-	1,551	1,054	123	1,198	3,926
Balance at March 31, 2023	<u>\$ 259,857</u>	<u>\$ 1,037,256</u>	<u>\$ 812,703</u>	<u>\$ 103,811</u>	<u>\$ 280,444</u>	<u>\$ 2,494,071</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 248,930	\$ 448,409	\$ 42,163	\$ -	\$ 739,502
Depreciation expense	-	11,234	18,835	3,697	-	33,766
Disposals	-	(933)	(6,035)	(340)	-	(7,308)
Effect of exchange rate differences	-	678	847	75	-	1,600
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 259,909</u>	<u>\$ 462,056</u>	<u>\$ 45,595</u>	<u>\$ -</u>	<u>\$ 767,560</u>
Carrying amount at March 31, 2023	<u>\$ 259,857</u>	<u>\$ 777,347</u>	<u>\$ 350,647</u>	<u>\$ 58,216</u>	<u>\$ 280,444</u>	<u>\$ 1,726,511</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 259,857	\$ 1,219,354	\$ 918,992	\$ 151,953	\$ 39,556	\$ 2,589,712
Additions	-	231	5,976	9,416	27,456	43,079
Disposals	-	(159)	(3,419)	(795)	-	(4,373)
Reclassifications	-	6,204	13,368	2,727	(22,827)	(528)
Effect of exchange rate differences	-	8,170	5,664	1,195	105	15,134
Balance at March 31, 2024	<u>\$ 259,857</u>	<u>\$ 1,233,800</u>	<u>\$ 940,581</u>	<u>\$ 164,496</u>	<u>\$ 44,290</u>	<u>\$ 2,643,024</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 295,613	\$ 510,458	\$ 59,037	\$ -	\$ 865,108
Depreciation expense	-	13,887	20,711	5,589	-	40,187
Disposals	-	(7)	(2,816)	(731)	-	(3,554)
Effect of exchange rate differences	-	2,784	3,339	494	-	6,617
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 312,277</u>	<u>\$ 531,692</u>	<u>\$ 64,389</u>	<u>\$ -</u>	<u>\$ 908,358</u>
Carrying amount at January 1, 2024	<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>
Carrying amount at March 31, 2024	<u>\$ 259,857</u>	<u>\$ 921,523</u>	<u>\$ 408,889</u>	<u>\$ 100,107</u>	<u>\$ 44,290</u>	<u>\$ 1,734,666</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 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land	\$ 61,676	\$ 63,262	\$ 70,644
Buildings	754	848	-
Transportation equipment	<u>298</u>	<u>343</u>	<u>916</u>
	<u>\$ 62,728</u>	<u>\$ 64,453</u>	<u>\$ 71,560</u>
For the Three Months Ended March 31			
	2024	2023	
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	
Depreciation charge for right-of-use assets			
Land		\$ 2,529	\$ 2,925
Buildings		94	88
Transportation equipment		<u>45</u>	<u>191</u>
		<u>\$ 2,668</u>	<u>\$ 3,204</u>

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 7,685</u>	<u>\$ 8,379</u>	<u>\$ 9,016</u>
Non-current	<u>\$ 3,994</u>	<u>\$ 5,624</u>	<u>\$ 9,730</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1%-1.25%	1%-1.25%	1.00%-1.08%
Buildings	1.25%	1.25%	1.15%
Transportation equipment	1%	1%-4.23%	1.00%-4.23%

c. Material leasing activities and terms

The Group 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 Group does not have bargain purchase options to acquire the leasehold land, buildings 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 Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>642</u>	\$ <u>1,403</u>
Total cash outflow for leases	\$ <u>(2,998)</u>	\$ <u>(4,268)</u>

The Group's leases certain assets under leases which qualify as short-term leases and certain assets which qualify as low-value asset 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.

14. INTANGIBLE ASSETS

	Computer Software	Patent	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 38,216	\$ 2,000	\$ 40,216
Additions	473	-	473
Effect of foreign currency exchange differences	<u>133</u>	<u>-</u>	<u>133</u>
Balance at March 31, 2023	<u>\$ 38,822</u>	<u>\$ 2,000</u>	<u>\$ 40,822</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 31,360	\$ 1,755	\$ 33,115
Amortization expense	991	61	1,052
Effect of foreign currency exchange differences	<u>108</u>	<u>-</u>	<u>108</u>
Balance at March 31, 2023	<u>\$ 32,459</u>	<u>\$ 1,816</u>	<u>\$ 34,275</u>
Carrying amount at March 31, 2023	<u>\$ 6,363</u>	<u>\$ 184</u>	<u>\$ 6,547</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 42,609	\$ 2,000	\$ 44,609
Additions	2,114	-	2,114
Effect of foreign currency exchange differences	<u>535</u>	<u>-</u>	<u>535</u>
Balance at March 31, 2024	<u>\$ 45,258</u>	<u>\$ 2,000</u>	<u>\$ 47,258</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2024	\$ 35,241	\$ 2,000	\$ 37,241
Amortization expense	1,253	-	1,253
Effect of foreign currency exchange differences	<u>427</u>	<u>-</u>	<u>427</u>
Balance at March 31, 2024	<u>\$ 36,721</u>	<u>\$ 2,000</u>	<u>\$ 38,921</u>
Carrying amount at January 1, 2024	<u>\$ 7,368</u>	<u>\$ -</u>	<u>\$ 7,368</u>
Carrying amount at March 31, 2024	<u>\$ 8,337</u>	<u>\$ -</u>	<u>\$ 8,337</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

15. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other financial assets (Note 30)			
Guarantee deposits (Note 1)	<u>\$ 210,196</u>	<u>\$ 219,605</u>	<u>\$ 345,772</u>
Other current assets			
Prepayments	\$ 110,200	\$ 106,298	\$ 141,242
Tax credit	-	6,058	-
Others	<u>3,102</u>	<u>2,862</u>	<u>3,283</u>
	<u>\$ 113,302</u>	<u>\$ 115,218</u>	<u>\$ 144,525</u>
<u>Non-current</u>			
Other financial assets (Note 30)			
Guarantee deposits (Note 1)	<u>\$ 848</u>	<u>\$ -</u>	<u>\$ -</u>
Other non-current assets			
Refundable deposits	\$ 16,135	\$ 20,050	\$ 23,663
Prepayments for equipment	8,963	14,021	9,118
Prepayments for land and building (Note 2)	68,582	-	-
Overdue receivables	15,753	28,652	4,020
Allowance for impairment loss - overdue receivables	<u>(15,753)</u>	<u>(28,652)</u>	<u>(4,020)</u>
	<u>\$ 93,680</u>	<u>\$ 34,071</u>	<u>\$ 32,781</u>

Note 1: Guarantee deposits are for financing loans and quality guarantees. The ranges of weighted average effective interest rates on guarantee deposits were 0.59%-2.99%, 0.045%-5.56% and 0.55%-4.70% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

Note 2: Please refer to Note 31.

16. BORROWINGS

Long-term Borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 30)</u>			
Mega Bank (a)	\$ 287,705	\$ 287,705	\$ 287,705
Fubon Bank (b)	<u>129,204</u>	<u>129,204</u>	<u>129,204</u>
	416,909	416,909	416,909
<u>Unsecured borrowings</u>			
Fubon Bank (c)	72,917	83,334	114,584
Less: Current portion of long-term borrowings	<u>(82,287)</u>	<u>(72,132)</u>	<u>(41,667)</u>
	<u>\$ 407,539</u>	<u>\$ 428,111</u>	<u>\$ 489,826</u>

- a. As of March 31, 2024, December 31, 2023 and March 31, 2023, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (see Note 30) were 1.375%, 1.25% and 1.25% per annum, respectively.
- b. As of March 31, 2024, December 31, 2023 and March 31, 2023, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold plant and equipments (see Note 30) were 1.263%, 1.131% and 1.131% per annum, respectively.
- c. As of March 31, 2024, December 31, 2023 and March 31, 2023, the weighted average effective interest rate of the bank borrowings unsecured were 1.263%, 1.131% and 1.131% per annum, respectively.

Repayment and interest payment methods:

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.

17. TRADE PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Trade payables</u>			
Operating	<u>\$ 546,388</u>	<u>\$ 440,856</u>	<u>\$ 598,011</u>

18. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Payables for salaries	\$ 261,005	\$ 249,458	\$ 322,233
Business taxes payable	73,579	87,605	88,596
Payables for equipment	31,457	48,737	37,837
Dividends payable	959,712	-	948,444
Others	<u>138,919</u>	<u>143,898</u>	<u>119,524</u>
	<u>\$ 1,464,672</u>	<u>\$ 529,698</u>	<u>\$ 1,516,634</u>
Other liabilities			
Others	<u>\$ 1,836</u>	<u>\$ 3,548</u>	<u>\$ 5,459</u>
<u>Non-current</u>			
Guarantee deposits received	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 69</u>

19. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Warranties	<u>\$ 39,496</u>	<u>\$ 41,761</u>	<u>\$ 34,660</u>
<u>Non-current</u>			
Employee benefits (Note 20)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,461</u>
			Warranties
Balance at January 1, 2023			\$ 36,497
Reversal of unused balance			(1,853)
Effect of foreign currency exchange differences			<u>16</u>
Balance at March 31, 2023			<u>\$ 34,660</u>
Balance at January 1, 2024			\$ 41,761
Reversal of unused balance			(2,299)
Effect of foreign currency exchange differences			<u>34</u>
Balance at March 31, 2024			<u>\$ 39,496</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.

20. RETIREMENT BENEFIT PLANS

The pension expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022 and were recognized in the following line items in their respective periods:

	For the Three Months Ended March 31	
	2024	2023
An analysis of benefit by function		
General and administrative expenses	<u>\$ 37</u>	<u>\$ 51</u>

21. EQUITY

a. Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Shares authorized (in thousands of shares)	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>
Shares authorized, par value of \$10	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>
Shares issued and fully paid (in thousands of shares)	<u>79,976</u>	<u>79,763</u>	<u>79,037</u>
Shares issued and fully paid	<u>\$ 799,760</u>	<u>\$ 797,630</u>	<u>\$ 790,370</u>

As of December 31, 2022 and March 31, 2023, the Company's share capital increased by 735,000 shares and 213,000 shares due to the employees exercising their stock options to convert into ordinary shares, and the subscription base date was determined by the board of directors to be March 31, 2024, and registered on April 26, 2024.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>			
Issuance of ordinary shares	\$ 2,042,900	\$ 2,038,281	\$ 2,021,861
<u>May only be used to offset deficits</u>			
Exercise of disgorgement	1,876	1,876	-
<u>May not be used for any purpose</u>			
Employee share options	<u>205</u>	<u>205</u>	<u>722</u>
	<u>\$ 2,044,981</u>	<u>\$ 2,040,362</u>	<u>\$ 2,022,583</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 23-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 2023 and 2022 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Provision of legal reserve	\$ 168,950	\$ 177,533
(Reserved of) special reserve	\$ 54,245	\$ (24,095)
Cash dividends	\$ 959,712	\$ 948,444
Dividends per share (NT\$)	\$ 12	\$ 12

The above 2023 and 2022 appropriations for cash dividends were resolved by the Company's board of directors on March 8, 2024 and March 8, 2023, respectively; the other proposed appropriations for 2022 were resolved by the shareholders in their meeting on May 26, 2023. The other proposed appropriations for 2023 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 Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ (75,379)	\$ (21,134)
Recognized for the year:		
Exchange differences on translating the foreign operations	<u>60,792</u>	<u>10,922</u>
Balance at March 31	<u>\$ (14,587)</u>	<u>\$ (10,212)</u>

22. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Revenue from the sale of goods	\$ 1,428,715	\$ 1,642,056
Revenue from the rendering of services	<u>50,502</u>	<u>61,986</u>
	<u>\$ 1,479,217</u>	<u>\$ 1,704,042</u>

Contract Balances

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables (Note 9)	<u>\$ 1,811,687</u>	<u>\$ 1,971,586</u>	<u>\$ 2,145,369</u>
Contract liabilities - current			
Revenue from the sale of goods and rendering of services	<u>\$ 474,247</u>	<u>\$ 767,471</u>	<u>\$ 823,654</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	<u>\$ 10,860</u>	<u>\$ 16,374</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Others	<u>\$ 6,275</u>	<u>\$ 1,576</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ 3	\$ (28)
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	-	20
Net gains of foreign currency exchange	34,776	888
Gain on lease termination	-	1
Others	<u>(480)</u>	<u>(243)</u>
	<u>\$ 34,299</u>	<u>\$ 638</u>

d. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 1,498	\$ 1,130
Interest on lease liabilities	<u>32</u>	<u>53</u>
	<u>\$ 1,530</u>	<u>\$ 1,183</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 40,187	\$ 33,766
Right-of-use assets	2,668	3,204
Intangible assets	<u>1,253</u>	<u>1,052</u>
	<u>\$ 44,108</u>	<u>\$ 38,022</u>
 An analysis of depreciation by function		
Operating costs	\$ 35,539	\$ 29,254
Operating expenses	<u>7,316</u>	<u>7,716</u>
	<u>\$ 42,855</u>	<u>\$ 36,970</u>
 An analysis of amortization by function		
Operating cost	\$ 82	\$ 79
Operating expenses	<u>1,171</u>	<u>973</u>
	<u>\$ 1,253</u>	<u>\$ 1,052</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 10,566	\$ 10,366
Defined benefit plans	<u>37</u>	<u>51</u>
	10,603	10,417
Share-based payment	-	229
Short-term benefits	<u>205,268</u>	<u>212,109</u>
Total employee benefits expense	<u>\$ 215,871</u>	<u>\$ 222,755</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 118,190	\$ 125,557
Operating expenses	<u>97,681</u>	<u>97,198</u>
	<u>\$ 215,871</u>	<u>\$ 222,755</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 three months ended March 31, 2024 and 2023:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	5.99%	7.02%
Remuneration of directors	1.55%	1.55%

Amount

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	\$ 35,845	\$ 46,818
Remuneration of directors	9,260	10,367

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

The 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

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

Amount

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

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

Information on the compensation of 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 on foreign currency exchange

	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	2024	2023
Foreign exchange gains	\$ 41,480	\$ 14,027
Foreign exchange losses	<u>(6,704)</u>	<u>(13,139)</u>
	<u>\$ 34,776</u>	<u>\$ 888</u>

24. INCOME TAXES RELATED TO CONTINUING OPERATIONS

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

	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	2024	2023
Current tax		
In respect of the current year	\$ 96,219	\$ 112,042
Adjustments from previous fiscal year	(11,183)	-
Deferred tax		
In respect of the current year	<u>8,511</u>	<u>2,006</u>
Income tax expense recognized in profit or loss	<u>\$ 93,547</u>	<u>\$ 114,048</u>

b. Income tax assessments

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

25. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share	<u>\$ 6.14</u>	<u>\$ 6.81</u>
Diluted earnings per share	<u>\$ 6.12</u>	<u>\$ 6.70</u>

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

Net Profit for the Year

	For the Three Months Ended March 31	
	2024	2023
Net profits attributable to the owners of the Company	<u>\$ 489,892</u>	<u>\$ 538,217</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,765	79,028
Effect of potentially dilutive ordinary shares:		
Compensation of employees issued in the form of shares	313	497
Employee share options	<u>-</u>	<u>817</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>80,078</u>	<u>80,342</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.

26. 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 Three Months Ended March 31			
	2024		2023	
	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	214	\$ 31.7	953	\$ 43.7
Options granted	-	-	-	-
Options forfeited	(1)	-	(3)	-
Options exercised	(231)	31.7	(9)	43.7
Options expired	-	-	-	-
Balance at March 31	-		941	31.7
Options exercisable, end of the year	-		51	
Weighted-average fair value of options granted (\$)	\$ -		\$ -	

Compensation costs recognized were \$229 thousand for the three months ended March 31, 2023.

27. 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.

28. 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

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u> 4,735</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 4,735</u>

There were no transfers between Levels 1 and 2 as for March 31, 2024, December 31, 2023 and March 31, 2023.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ -	\$ 4,735
Financial assets at amortized cost (1)	5,901,552	5,556,993	6,214,551
<u>Financial liabilities</u>			
Amortized cost (2)	2,500,886	1,470,866	2,646,207

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, financial assets at amortized cost, 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 equity investments, trade receivables, 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), 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 33.

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 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		RMB Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2024	2023	2024	2023
Profit or loss	<u>\$ 34,410</u>	<u>\$ 45,406</u>	<u>\$ 19,710</u>	<u>\$ 20,905</u>

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 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 assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Cash flow interest rate risk	\$ 489,826	\$ 500,243	\$ 531,493

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 three months ended March 31, 2024 and 2023 would decrease/increase by \$1,225 thousand and \$1,329 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 rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2024

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 2,011,060	\$ -	\$ -	\$ -	\$ 2,011,060
Variable interest rate liabilities	<u>82,287</u>	<u>114,938</u>	<u>207,996</u>	<u>84,605</u>	<u>489,826</u>
	<u>\$ 2,093,347</u>	<u>\$ 114,938</u>	<u>\$ 207,996</u>	<u>\$ 84,605</u>	<u>\$ 2,500,886</u>

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>

March 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	\$ 2,114,714	\$ -	\$ -	\$ -	\$ 2,114,714
Variable interest rate liabilities	<u>41,667</u>	<u>82,287</u>	<u>282,314</u>	<u>125,225</u>	<u>531,493</u>
	<u>\$ 2,156,381</u>	<u>\$ 82,287</u>	<u>\$ 282,314</u>	<u>\$ 125,225</u>	<u>\$ 2,646,207</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

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loan facilities:			
Amount used	\$ 72,917	\$ 83,334	\$ 114,584
Letter of guarantee used	43,764	10,609	19,829
Amount unused	<u>1,280,319</u>	<u>1,292,050</u>	<u>829,413</u>
	<u>\$ 1,397,000</u>	<u>\$ 1,385,993</u>	<u>\$ 963,826</u>
Secured bank loan facilities:			
Amount used	\$ 416,909	\$ 416,909	\$ 416,909
Letter of guarantee used	102,277	101,553	113,058
Amount unused	<u>533,639</u>	<u>582,501</u>	<u>1,285,721</u>
	<u>\$ 1,052,825</u>	<u>\$ 1,100,963</u>	<u>\$ 1,815,688</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 March 31, 2024, December 31, 2023 and March 31, 2023, the face values of these unsettled bills receivable were \$50,549 thousand, \$75,121 thousand and \$56,684 thousand, respectively. The unsettled bills receivable will be due in 6 months after March 31, 2024 and 2023, 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 the three months ended March 31, 2024 and 2023, 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.

29. 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

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 24,801	\$ 27,917
Share-based payment	<u>-</u>	<u>49</u>
	<u>\$ 24,801</u>	<u>\$ 27,966</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	March 31, 2024	December 31, 2023	March 31, 2023	Object
Land	\$ 61,436	\$ 61,436	\$ 132,847	Bank borrowings
Real estate and construction	284,749	286,362	390,594	Bank borrowings
Machinery and other equipment	99,503	105,254	121,856	Bank borrowings
Time deposit (other financial assets - current)	210,196	219,605	345,772	Bank borrowings, borrowings of usance L/C and quality guarantees
Time deposit (other financial assets - non-current)	<u>848</u>	<u>-</u>	<u>-</u>	Quality guarantees
	<u>\$ 656,732</u>	<u>\$ 672,657</u>	<u>\$ 991,069</u>	

31. 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 March 31, 2023 were as follows:

- The Group had outstanding notes payable for security deposits amounting to NT\$28,834 thousand.
- The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to NT\$112,886 thousand.
- The Group had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to NT\$33,155 thousand.

- d. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for standby letter of credit under various construction projects amounting to RMB12,660 thousand.
- e. 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 NT\$107,650 thousand, which will be paid in six installments. As of March 31, 2023, had paid deposits and contract fees, and recorded prepayments for land and building of NT\$68,582 thousand.

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 NT\$30,225 thousand.
- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to NT\$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 NT\$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 March 31, 2023 were as follows:

- a. The Group had outstanding notes payable for security deposits amounting to NT\$63,953 thousand.
- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to NT\$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 NT\$7,718 thousand.
- e. The Group had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to US\$124 thousand.
- f. The Group had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to NTD\$5,720 thousand.
- g. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for security deposits under various construction projects amounting to RMB2,805 thousand.
- h. The Group had outstanding notes payable to East West Bank for security deposits under various construction projects amounting to US\$501 thousand.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On April 22, 2024, the Company's board of directors passed a resolution to apply for a performance guarantee from Taipei Fubon Bank, with a total amount of US\$3,300 thousand.

33. 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:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 27,331	32.000	\$ 874,592
RMB	89,426	4.408	394,190

Financial liabilities

Monetary items			
USD	5,825	32.000	186,400

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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,640	30.45	\$ 1,176,588
RMB	94,358	4.431	418,100

Financial liabilities

Monetary items			
USD	8,817	30.45	268,478

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$34,776 thousand and \$888 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.

34. SEGMENT INFORMATION

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 Three Months Ended March 31, 2024				
	China	Taiwan	America	Adjustment and Reversal	Total
Revenue from external customers	\$ 655,543	\$ 780,281	\$ 43,393	\$ -	\$ 1,479,217
Inter-segment revenue	<u>587</u>	<u>113,868</u>	<u>-</u>	<u>(114,455)</u>	<u>-</u>
	<u>\$ 656,130</u>	<u>\$ 894,149</u>	<u>\$ 43,393</u>	<u>\$ (114,455)</u>	<u>\$ 1,479,217</u>
Segment profit (loss)	<u>\$ 252,524</u>	<u>\$ 553,394</u>	<u>\$ 20,777</u>	<u>\$ (243,256)</u>	<u>\$ 583,439</u>
Segment assets	<u>\$ 4,113,696</u>	<u>\$ 9,619,314</u>	<u>\$ 143,661</u>	<u>\$ (3,520,892)</u>	<u>\$ 10,355,779</u>
	For the Three Months Ended March 31, 2023				
	China	Taiwan	America	Adjustment and Reversal	Total
Revenue from external customers	\$ 688,643	\$ 1,005,066	\$ 10,333	\$ -	\$ 1,704,042
Inter-segment revenue	<u>88</u>	<u>74,572</u>	<u>-</u>	<u>(74,660)</u>	<u>-</u>
	<u>\$ 688,731</u>	<u>\$ 1,079,638</u>	<u>\$ 10,333</u>	<u>\$ (74,660)</u>	<u>\$ 1,704,042</u>
Segment profit (loss)	<u>\$ 290,252</u>	<u>\$ 610,187</u>	<u>\$ 3,156</u>	<u>\$ (251,330)</u>	<u>\$ 652,265</u>
Segment assets	<u>\$ 3,358,849</u>	<u>\$ 9,500,682</u>	<u>\$ 109,009</u>	<u>\$ (2,638,720)</u>	<u>\$ 10,329,820</u>

Note: The Group operates in three principal geographical areas - China, Taiwan and America.

35. 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: Table 5-6 (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 (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

MARCH 31, 2024

(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.	2	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	\$ 90,120 (RMB 20,000)	\$ 79,344 (RMB 18,000) (Note B)	\$ -	\$ -	1.13	Note A	Y	N	Y	
		Aston Fluorotech Corp.	2	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	16,213 (US\$ 500)	16,000 (US\$ 500) (Note B)	-	-	0.23	Note A	Y	N	N	

Note A: Aggregate endorsement/guarantee limit is 40% of the net value of the financing company = \$7,040,416 thousand x 40% = \$2,816,166 thousand.

Note B: Outstanding endorsement/guarantee at the end of the period was based on the average buy/sell closing exchange rate for the three months ended March 31, 2024.

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 THREE MONTHS ENDED MARCH 31, 2024
(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	\$ (102,723)	(11)	Note	Note	Note	Accounts receivable	\$ 142,117	17	

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

MARCH 31, 2024

(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 \$ 142,117	2.85	\$ -	-	\$ 69,979	\$ -

ALLIED SUPREME CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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	<u>For the three months ended March 31, 2024</u>						
	Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	1	Accounts receivable	\$ 142,117	Note D	1
		Allied Supreme (Jia Xing) Corp.	1	Accounts payable	471	Note D	-
		Allied Supreme (Jia Xing) Corp.	1	Sales	102,723	Note D	7
		Allied Supreme (Jia Xing) Corp.	1	Cost of goods sold	587	Note D	-
		Aston Fluorotech Corp.	1	Accounts receivable	25,789	Note D	-
		Aston Fluorotech Corp.	1	Sales	11,145	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.: Terms of the transaction is determined based on bargaining, while the payment term is 75 days after shipment.

2. Sale of goods

Allied Supreme (Jia Xing) Corp.: Terms of the transaction is determined based on bargaining, while the collection period is 90 days.

Aston Fluorotech Corp.: Terms of the transaction is determined based on bargaining, while the collection period is 115 days.

ALLIED SUPREME CORP. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	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	\$ 3,197,582 68,056	\$ 226,940 16,316	\$ 226,889 16,316	Subsidiary Subsidiary
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp.	Samoa.	Investment	373,284	373,284	11,750,000	100	3,197,104	226,931	-	Second-tier subsidiary

ALLIED SUPREME CORP. AND SUBSIDIARIES

INVESTEES' TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

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	\$ 102,723	28	Note	Note	Note	Accounts receivable \$ (142,117)	(43)	

Note: Refer to Table 2.

ALLIED SUPREME CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

(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, 2024	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	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)	\$ 226,857	100	\$ 226,806	\$ 3,193,317	\$ -	

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2024	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)	\$4,224,250

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 THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 587	Note	Note	Note	Accounts receivable	\$ 471	-	\$ 30
	Purchases of goods	102,723	Note	Note	Note	Accounts payable	(142,117)	(43)	21,399

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
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Ching Investment Co., Ltd.	6,676,732	8.34
Ying Sheng Investment Co., Ltd.	5,163,485	6.45
Hsieh, Sheng Kuo	4,672,640	5.84
Shang He Investment Co., Ltd.	4,520,825	5.65

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 consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.