

# **Allied Supreme Corp. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2023 and 2022 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 June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with 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 June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 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

August 9, 2023

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	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 27)	\$ 2,634,657	28	\$ 3,365,150	35	\$ 3,331,051	40
Notes receivable (Notes 8, 21 and 27)	345,537	4	268,399	3	197,675	2
Trade receivables (Notes 8, 21 and 27)	1,766,896	19	1,465,443	15	1,147,167	14
Other receivables (Notes 8 and 27)	2,001	-	3,053	-	1,703	-
Current tax assets (Note 4)	-	-	74	-	-	-
Inventories (Note 9)	2,182,809	24	2,037,463	22	1,580,337	19
Other current financial assets (Notes 14, 27 and 29)	355,492	4	403,237	4	250,082	3
Other current assets (Note 14)	130,131	1	124,155	1	193,931	2
Total current assets	<u>7,417,523</u>	<u>80</u>	<u>7,666,974</u>	<u>80</u>	<u>6,701,946</u>	<u>80</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 27)	-	-	4,715	-	4,384	-
Property, plant and equipment (Notes 11 and 29)	1,726,554	19	1,705,680	18	1,559,335	18
Right-of-use assets (Note 12)	68,102	1	74,567	1	61,186	1
Other intangible assets (Note 13)	6,401	-	7,101	-	5,504	-
Deferred tax assets (Note 4)	43,635	-	42,210	1	30,200	-
Other non-current financial assets (Notes 14, 27 and 29)	-	-	-	-	4,215	-
Other non-current assets (Notes 14 and 27)	23,035	-	27,609	-	60,697	1
Total non-current assets	<u>1,867,727</u>	<u>20</u>	<u>1,861,882</u>	<u>20</u>	<u>1,725,521</u>	<u>20</u>
<b>TOTAL</b>	<u>\$ 9,285,250</u>	<u>100</u>	<u>\$ 9,528,856</u>	<u>100</u>	<u>\$ 8,427,467</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables (Notes 16 and 27)	\$ 584,969	6	\$ 552,050	6	\$ 557,407	7
Other payables (Notes 17 and 27)	423,080	5	542,792	6	437,970	5
Current tax liabilities (Note 4)	204,854	2	289,301	3	197,008	3
Provisions - current (Note 18)	35,078	1	36,497	-	7,744	-
Lease liabilities - current (Note 12)	8,573	-	9,912	-	4,984	-
Contract liabilities (Note 21)	757,239	8	849,341	9	945,504	11
Current portion of long-term borrowings (Notes 15, 27 and 29)	51,822	1	41,667	-	20,833	-
Other current liabilities (Note 17)	13,975	-	3,836	-	1,819	-
Total current liabilities	<u>2,079,590</u>	<u>23</u>	<u>2,325,396</u>	<u>24</u>	<u>2,173,269</u>	<u>26</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 15, 27 and 29)	469,254	5	371,038	4	391,872	5
Non-current tax liabilities (Note 4)	90,016	1	87,707	1	87,235	1
Lease liabilities - non-current (Note 12)	8,871	-	11,727	-	2,136	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	2,228	-	2,702	-	2,320	-
Other non-current liabilities (Notes 17 and 27)	69	-	69	-	18	-
Total non-current liabilities	<u>570,438</u>	<u>6</u>	<u>473,243</u>	<u>5</u>	<u>483,581</u>	<u>6</u>
Total liabilities	<u>2,650,028</u>	<u>29</u>	<u>2,798,639</u>	<u>29</u>	<u>2,656,850</u>	<u>32</u>
<b>EQUITY (Note 20)</b>						
Share capital						
Ordinary shares	795,360	8	790,280	8	790,020	9
Capital surplus						
Share premium	2,032,890	22	2,021,516	21	2,020,547	24
Employee share options	670	-	534	-	136	-
Retained earnings						
Legal reserve	749,168	8	571,635	6	571,635	7
Special reserve	21,134	-	45,229	1	45,229	-
Unappropriated earnings	3,134,133	34	3,322,157	35	2,350,460	28
Other equity						
Exchange differences on translating foreign operations	(98,133)	(1)	(21,134)	-	(7,410)	-
Total equity	<u>6,635,222</u>	<u>71</u>	<u>6,730,217</u>	<u>71</u>	<u>5,770,617</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 9,285,250</u>	<u>100</u>	<u>\$ 9,528,856</u>	<u>100</u>	<u>\$ 8,427,467</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 OR LOSS (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 21)	\$ 1,464,950	100	\$ 1,592,945	100	\$ 3,168,992	100	\$ 2,977,217	100
OPERATING COSTS (Notes 9 and 22)	<u>819,388</u>	<u>56</u>	<u>883,516</u>	<u>56</u>	<u>1,734,156</u>	<u>55</u>	<u>1,690,382</u>	<u>57</u>
GROSS PROFIT	<u>645,562</u>	<u>44</u>	<u>709,429</u>	<u>44</u>	<u>1,434,836</u>	<u>45</u>	<u>1,286,835</u>	<u>43</u>
OPERATING EXPENSES (Notes 22, 25 and 28)								
Selling and marketing expenses	63,189	4	60,997	4	123,827	4	121,499	4
General and administrative expenses	55,091	4	62,366	4	106,930	3	111,825	4
Research and development expenses	33,667	2	36,632	2	79,124	3	64,724	2
Expected credit (reversal) loss	<u>9,515</u>	<u>1</u>	<u>(14,394)</u>	<u>(1)</u>	<u>5,995</u>	<u>-</u>	<u>563</u>	<u>-</u>
Total operating expenses	<u>161,462</u>	<u>11</u>	<u>145,601</u>	<u>9</u>	<u>315,876</u>	<u>10</u>	<u>298,611</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>484,100</u>	<u>33</u>	<u>563,828</u>	<u>35</u>	<u>1,118,960</u>	<u>35</u>	<u>988,224</u>	<u>33</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)								
Interest income	12,882	1	6,271	-	29,256	1	11,238	1
Other income	2,125	-	1,019	-	3,701	-	2,343	-
Other gains and losses	(3,981)	-	(7,474)	-	(3,343)	-	8,057	-
Finance costs	<u>(1,565)</u>	<u>-</u>	<u>(971)</u>	<u>-</u>	<u>(2,748)</u>	<u>-</u>	<u>(1,839)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,461</u>	<u>1</u>	<u>(1,155)</u>	<u>-</u>	<u>26,866</u>	<u>1</u>	<u>19,799</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	493,561	34	562,673	35	1,145,826	36	1,008,023	34
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(117,920)</u>	<u>(8)</u>	<u>(118,500)</u>	<u>(7)</u>	<u>(231,968)</u>	<u>(7)</u>	<u>(204,393)</u>	<u>(7)</u>
NET PROFIT FOR THE PERIOD	<u>375,641</u>	<u>26</u>	<u>444,173</u>	<u>28</u>	<u>913,858</u>	<u>29</u>	<u>803,630</u>	<u>27</u>

(Continued)

## ALLIED SUPREME CORP. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER								
COMPREHENSIVE								
INCOME								
Items that may be								
reclassified								
subsequently to profit								
or loss:								
Exchange differences								
on translating the								
financial statements								
of foreign								
operations	\$ (87,921)	(6)	\$ (26,560)	(2)	\$ (76,999)	(3)	\$ 37,819	1
TOTAL								
COMPREHENSIVE								
INCOME FOR THE								
PERIOD	\$ 287,720	20	\$ 417,613	26	\$ 836,859	26	\$ 841,449	28
EARNINGS (LOSS) PER								
SHARE (Note 24)								
Basic	\$ 4.75		\$ 5.65		\$ 11.56		\$ 10.23	
Diluted	\$ 4.72		\$ 5.57		\$ 11.45		\$ 10.07	

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	Total Equity
	Ordinary Shares (In Thousands of Shares)	Amount	Share Premium	Employee Share Options	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 six months ended June 30, 2022	-	-	-	-	-	-	803,630	-	803,630
Other comprehensive income for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	37,819	37,819
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	803,630	37,819	841,449
Share-based payment transactions (Note 25)	-	-	-	817	-	-	-	-	817
Issuance of ordinary shares under employee share options	457	4,570	18,899	(3,498)	-	-	-	-	19,971
BALANCE AT JUNE 30, 2022	<u>79,002</u>	<u>\$ 790,020</u>	<u>\$ 2,020,547</u>	<u>\$ 136</u>	<u>\$ 571,635</u>	<u>\$ 45,229</u>	<u>\$ 2,350,460</u>	<u>\$ (7,410)</u>	<u>\$ 5,770,617</u>
BALANCE AT JANUARY 1, 2023	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 six months ended June 30, 2023	-	-	-	-	-	-	913,858	-	913,858
Other comprehensive income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	(76,999)	(76,999)
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	913,858	(76,999)	836,859
Share-based payment transactions (Note 25)	-	-	-	378	-	-	-	-	378
Issuance of ordinary shares under employee share options	508	5,080	11,374	(242)	-	-	-	-	16,212
BALANCE AT JUNE 30, 2023	<u>79,536</u>	<u>\$ 795,360</u>	<u>\$ 2,032,890</u>	<u>\$ 670</u>	<u>\$ 749,168</u>	<u>\$ 21,134</u>	<u>\$ 3,134,133</u>	<u>\$ (98,133)</u>	<u>\$ 6,635,222</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 Six Months Ended June 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,145,826	\$ 1,008,023
Adjustments for:		
Depreciation expenses	75,155	53,464
Amortization expenses	2,115	2,707
Expected credit loss on trade receivables	5,995	563
Net gain on fair value changes of financial assets at fair value through profit or loss	(189)	(118)
Finance costs	2,748	1,839
Interest income	(29,256)	(11,238)
Compensation costs of employees share-based payments	378	817
Gain on disposal of property, plant and equipment	(735)	(202)
Gain on lease modification	(1)	-
Property, plant and equipment transferred to expenses	3,134	-
Write-down (reversal of) of inventories	3,025	(4,083)
Net gain on foreign currency exchange	(28,437)	(16,511)
Reversal of provisions	(1,389)	-
Changes in operating assets and liabilities		
Notes receivable	(77,430)	9,515
Trade receivables	(325,717)	(279,013)
Other receivables	595	449
Inventories	(145,552)	(198,005)
Other current assets	(5,976)	(57,656)
Other non-current assets	7,100	(14,589)
Notes payable	-	(6,615)
Trade payables	31,563	82,613
Other payables	(119,612)	50,440
Contract liabilities	(92,102)	86,004
Other current liabilities	10,139	99
Net defined benefit liabilities	(474)	(478)
Cash generated from operations	460,903	708,025
Interest received	29,713	10,749
Interest paid	(2,848)	(1,901)
Income tax paid	(315,457)	(207,601)
Net cash generated from operating activities	<u>172,311</u>	<u>509,272</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	(106,882)	(177,755)
Proceeds from disposal of property, plant and equipment	1,254	2,446

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# ALLIED SUPREME CORP. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022
Increase in refundable deposits	\$ -	\$ (7,397)
Decrease in refundable deposits	4,708	-
Payments for intangible assets	(1,547)	(1,655)
Decrease in other financial assets	47,745	36,298
Increase in prepayments for equipment	<u>(134)</u>	<u>(38,896)</u>
Net cash used in investing activities	<u>(49,952)</u>	<u>(131,599)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(50,000)
Proceeds from long-term borrowings	129,204	-
Repayment of long-term borrowings	(20,833)	(128,000)
Repayment for principal portion of lease liabilities	(5,236)	(2,284)
Dividends paid to owners of the Company	(948,444)	(628,360)
Employee share options exercised	<u>16,212</u>	<u>19,971</u>
Net cash used in financing activities	<u>(829,097)</u>	<u>(788,673)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(23,755)</u>	<u>21,648</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(730,493)	(389,352)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,365,150</u>	<u>3,720,403</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,634,657</u>	<u>\$ 3,331,051</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 SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 August 9, 2023.

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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

(Continued)

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

(Concluded)

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

Note 2: 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 requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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 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 10 and Table 4 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, 2022.

1) 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.

2) 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 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 and Ukraine, related international sanctions, inflation and interest rate fluctuations and volatility in energy markets when making its critical estimates on cash flow projections, 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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 969	\$ 962	\$ 982
Checking accounts and demand deposits	1,172,099	1,258,090	1,195,847
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	1,461,589	2,037,805	2,134,222
Deposit in transit	<u>-</u>	<u>68,293</u>	<u>-</u>
	<u>\$ 2,634,657</u>	<u>\$ 3,365,150</u>	<u>\$ 3,331,051</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, the market rate intervals of time deposits with original maturities of 3 months or less were 1.10%-5.49%, 1.10%-4.89% and 0.6%-3.13%, respectively.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 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>	<u>\$ 4,384</u>

## 8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 345,829	\$ 268,399	\$ 197,675
Less: Allowance for impairment loss	<u>(292)</u>	<u>-</u>	<u>-</u>
	<u>\$ 345,537</u>	<u>\$ 268,399</u>	<u>\$ 197,675</u>

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,781,629	\$ 1,467,886	\$ 1,149,050
Less: Allowance for impairment loss	<u>(14,733)</u>	<u>(2,443)</u>	<u>(1,883)</u>
	<u>\$ 1,766,896</u>	<u>\$ 1,465,443</u>	<u>\$ 1,147,167</u>
<u>Overdue receivables</u>			
Gross carrying amount	\$ 10,371	\$ 17,471	\$ 24,423
Less: Allowance for impairment loss	<u>(10,371)</u>	<u>(17,471)</u>	<u>(24,423)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
Interest receivable	\$ 1,704	\$ 2,161	\$ 1,245
Others	<u>297</u>	<u>892</u>	<u>458</u>
	<u>\$ 2,001</u>	<u>\$ 3,053</u>	<u>\$ 1,703</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.

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 (including overdue receivables) based on the Group's provision matrix:

June 30, 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%	0.4%-1%	3%-4.5%	7%-50%	10%-100%	
Gross carrying amount	\$ 1,549,232	\$ 78,403	\$ 100,987	\$ 44,766	\$ 18,612	\$ 1,792,000
Loss allowance (Lifetime ECLs)	<u>(313)</u>	<u>(393)</u>	<u>(3,030)</u>	<u>(10,173)</u>	<u>(11,195)</u>	<u>(25,104)</u>
Amortized cost	<u>\$ 1,548,919</u>	<u>\$ 78,010</u>	<u>\$ 97,957</u>	<u>\$ 34,593</u>	<u>\$ 7,417</u>	<u>\$ 1,766,896</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 Days 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>

June 30, 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 Days or More	Total
Expected credit loss rate	0%	1%	3%	50%	100%	
Gross carrying amount	\$ 1,100,515	\$ 32,733	\$ 13,501	\$ 2,301	\$ 24,423	\$ 1,173,473
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(327)</u>	<u>(405)</u>	<u>(1,151)</u>	<u>(24,423)</u>	<u>(26,306)</u>
Amortized cost	<u>\$ 1,100,515</u>	<u>\$ 32,406</u>	<u>\$ 13,096</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 1,147,167</u>

The movements of the loss allowance were as follows:

	<u>For the Six Months Ended June 30, 2023</u>			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 2,443	\$ 17,471	\$ 19,914
Expected credit loss recognized (reversed)	301	12,520	(6,826)	5,995
Foreign exchange translation gains and losses	<u>(9)</u>	<u>(230)</u>	<u>(274)</u>	<u>(513)</u>
Balance at June 30	<u>\$ 292</u>	<u>\$ 14,733</u>	<u>\$ 10,371</u>	<u>\$ 25,396</u>
	<u>For the Six Months Ended June 30, 2022</u>			
	Notes Receivable	Trade Receivables	Overdue Receivables	Total
Balance at January 1	\$ -	\$ 15,696	\$ 9,781	\$ 25,477
Expected credit loss recognized (reversed)	-	(13,915)	14,478	563
Foreign exchange translation gains and losses	<u>-</u>	<u>102</u>	<u>164</u>	<u>266</u>
Balance at June 30	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ 24,423</u>	<u>\$ 26,306</u>

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

## 9. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 748,524	\$ 691,741	\$ 555,111
Semi-finished goods	95,285	85,376	89,629
Work in process	412,552	496,100	439,935
Finished goods	<u>926,448</u>	<u>764,246</u>	<u>495,662</u>
	<u>\$ 2,182,809</u>	<u>\$ 2,037,463</u>	<u>\$ 1,580,337</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 are as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Cost of inventories sold	\$ 818,506	\$ 885,505	\$ 1,731,131	\$ 1,694,465
Inventory loss (reversal) of write-downs	<u>882</u>	<u>(1,989)</u>	<u>3,025</u>	<u>(4,083)</u>
	<u>\$ 819,388</u>	<u>\$ 883,516</u>	<u>\$ 1,734,156</u>	<u>\$ 1,690,382</u>

## 10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	<u>Percentage of Ownership</u>		
			June 30, 2023	December 31, 2022	June 30, 2022
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



## 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	-	4,293	15,353	2,401	155,708	177,755
Disposals	-	(2,520)	(4,624)	(625)	-	(7,769)
Reclassifications	-	1,458	27,993	4,950	(34,401)	-
Effect of exchange rate differences	-	6,407	4,589	654	653	12,303
Balance at June 30, 2022	<u>\$ 259,857</u>	<u>\$ 966,617</u>	<u>\$ 673,813</u>	<u>\$ 61,860</u>	<u>\$ 307,945</u>	<u>\$ 2,270,092</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 206,823	\$ 419,550	\$ 33,199	\$ -	\$ 659,572
Depreciation expense	-	20,962	25,435	4,015	-	50,412
Disposals	-	(1,800)	(3,163)	(562)	-	(5,525)
Effect of exchange rate differences	-	2,555	3,352	391	-	6,298
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 228,540</u>	<u>\$ 445,174</u>	<u>\$ 37,043</u>	<u>\$ -</u>	<u>\$ 710,757</u>
Carrying amount at June 30, 2022	<u>\$ 259,857</u>	<u>\$ 738,077</u>	<u>\$ 228,639</u>	<u>\$ 24,817</u>	<u>\$ 307,945</u>	<u>\$ 1,559,335</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 259,857	\$ 975,951	\$ 711,436	\$ 96,085	\$ 401,853	\$ 2,445,182
Additions	-	1,498	17,593	9,088	78,703	106,882
Disposals	-	(933)	(9,726)	(1,343)	-	(12,002)
Reclassifications	-	212,468	109,224	11,494	(336,320)	(3,134)
Effect of exchange rate differences	-	(12,819)	(8,439)	(915)	(514)	(22,687)
Balance at June 30, 2023	<u>\$ 259,857</u>	<u>\$ 1,176,165</u>	<u>\$ 820,088</u>	<u>\$ 114,409</u>	<u>\$ 143,722</u>	<u>\$ 2,514,241</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 248,930	\$ 448,409	\$ 42,163	\$ -	\$ 739,502
Depreciation expense	-	24,010	37,601	7,530	-	69,141
Disposals	-	(933)	(9,252)	(1,298)	-	(11,483)
Effect of exchange rate differences	-	(3,984)	(5,008)	(481)	-	(9,473)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 268,023</u>	<u>\$ 471,750</u>	<u>\$ 47,914</u>	<u>\$ -</u>	<u>\$ 787,687</u>
Carrying amount at January 1, 2023	<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>
Carrying amount at June 30, 2023	<u>\$ 259,857</u>	<u>\$ 908,142</u>	<u>\$ 348,338</u>	<u>\$ 66,495</u>	<u>\$ 143,722</u>	<u>\$ 1,726,554</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

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

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022	
<u>Carrying amount</u>				
Land	\$ 66,349	\$ 73,374	\$ 60,041	
Buildings	1,037	88	266	
Transportation equipment	<u>716</u>	<u>1,105</u>	<u>879</u>	
	<u>\$ 68,102</u>	<u>\$ 74,567</u>	<u>\$ 61,186</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2023	2022	2023	2022
Additions to right-of-use assets	<u>\$ 1,131</u>	<u>\$ -</u>	<u>\$ 1,131</u>	<u>\$ 5,668</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,525	\$ 1,529	\$ 5,450	\$ 2,583
Buildings	94	88	182	177
Transportation equipment	<u>191</u>	<u>147</u>	<u>382</u>	<u>292</u>
	<u>\$ 2,810</u>	<u>\$ 1,764</u>	<u>\$ 6,014</u>	<u>\$ 3,052</u>

### b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 8,573</u>	<u>\$ 9,912</u>	<u>\$ 4,984</u>
Non-current	<u>\$ 8,871</u>	<u>\$ 11,727</u>	<u>\$ 2,136</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	1.00%-1.08%	0.85%-1.08%	0.85%-1.08%
Buildings	1.25%	1.15%	1.15%
Transportation equipment	1.00%-4.23%	1.00%-4.23%	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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 1,169	\$ 683	\$ 2,572	\$ 1,395
Total cash outflow for leases	\$ (3,642)	\$ (2,086)	\$ (7,910)	\$ (3,723)

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.

### 13. INTANGIBLE ASSETS

	Computer Software	Patent	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 31,560	\$ 2,000	\$ 33,560
Additions	1,655	-	1,655
Effect of foreign currency exchange differences	468	-	468
Balance at June 30, 2022	<u>\$ 33,683</u>	<u>\$ 2,000</u>	<u>\$ 35,683</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 25,759	\$ 1,321	\$ 27,080
Amortization expense	2,489	218	2,707
Effect of foreign currency exchange differences	392	-	392
Balance at June 30, 2022	<u>\$ 28,640</u>	<u>\$ 1,539</u>	<u>\$ 30,179</u>
Carrying amount at June 30, 2022	<u>\$ 5,043</u>	<u>\$ 461</u>	<u>\$ 5,504</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 38,216	\$ 2,000	\$ 40,216
Additions	1,547	-	1,547
Effect of foreign currency exchange differences	(753)	-	(753)
Balance at June 30, 2023	<u>\$ 39,010</u>	<u>\$ 2,000</u>	<u>\$ 41,010</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 31,360	\$ 1,755	\$ 33,115
Amortization expense	1,993	122	2,115
Effect of foreign currency exchange differences	(621)	-	(621)
Balance at June 30, 2023	<u>\$ 32,732</u>	<u>\$ 1,877</u>	<u>\$ 34,609</u>
Carrying amount at January 1, 2023	<u>\$ 6,856</u>	<u>\$ 245</u>	<u>\$ 7,101</u>
Carrying amount at June 30, 2023	<u>\$ 6,278</u>	<u>\$ 123</u>	<u>\$ 6,401</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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other financial assets (Note 29)			
Guarantee deposits (Note)	<u>\$ 355,492</u>	<u>\$ 403,237</u>	<u>\$ 250,082</u>
Other current assets			
Prepayments	\$ 126,815	\$ 109,193	\$ 183,722
Tax credit	-	12,405	6,882
Others	<u>3,316</u>	<u>2,557</u>	<u>3,327</u>
	<u>\$ 130,131</u>	<u>\$ 124,155</u>	<u>\$ 193,931</u>
<u>Non-current</u>			
Other non-current financial assets (Note 29)			
Secured deposit (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,215</u>
Other non-current assets			
Refundable deposits	\$ 15,593	\$ 20,301	\$ 16,114
Prepayments for equipment	7,442	7,308	44,551
Overdue receivables	10,371	17,471	24,423
Allowance for impairment loss - overdue receivables	(10,371)	(17,471)	(24,423)
Others	<u>-</u>	<u>-</u>	<u>32</u>
	<u>\$ 23,035</u>	<u>\$ 27,609</u>	<u>\$ 60,697</u>

Note: Guarantee deposits are for financing credit loans. The ranges of weighted average effective interest rates on guarantee deposits were 0.04%-5.05%, 0.3%-4.15% and 0.1%-2.4% at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

## 15. BORROWINGS

### Long-term Borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured borrowings (Note 29)</u>			
Mega Bank (a)	\$ 287,705	\$ 287,705	\$ 287,705
Fubon Bank (b)	<u>129,204</u>	<u>-</u>	<u>-</u>
	416,909	287,705	287,705
<u>Unsecured borrowings</u>			
Fubon Bank (c)	104,167	125,000	125,000
Less: Current portion of long-term borrowings	<u>(51,822)</u>	<u>(41,667)</u>	<u>(20,833)</u>
	<u>\$ 469,254</u>	<u>\$ 371,038</u>	<u>\$ 391,872</u>

- a. As of June 30, 2023, December 31, 2022 and June 30, 2022, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (see Note 29) were 1.250%, 1.125% and 0.875% per annum, respectively.
- b. As of June 30, 2023, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold plant and equipment (see Note 29) was 1.131% per annum.
- c. As of June 30, 2023, December 31, 2022 and June 30, 2022, the weighted average effective interest rate of the bank borrowings unsecured were 1.131%, 0.999% and 0.735% 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. TRADE PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Trade payables</u>			
Operating	<u>\$ 584,969</u>	<u>\$ 552,050</u>	<u>\$ 557,407</u>

## 17. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other payables			
Payables for salaries	\$ 165,579	\$ 290,175	\$ 168,313
Business taxes payable	76,525	67,920	78,327
Payables for equipment	53,463	68,113	87,412
Others	<u>127,513</u>	<u>116,584</u>	<u>103,918</u>
	<u>\$ 423,080</u>	<u>\$ 542,792</u>	<u>\$ 437,970</u>
Other liabilities			
Others	<u>\$ 13,975</u>	<u>\$ 3,836</u>	<u>\$ 1,819</u>
<u>Non-current</u>			
Guarantee deposits received	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 18</u>

## 18. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Warranties	<u>\$ 35,078</u>	<u>\$ 36,497</u>	<u>\$ 7,744</u>
<u>Non-current</u>			
Employee benefits (Note 19)	<u>\$ 2,228</u>	<u>\$ 2,702</u>	<u>\$ 2,320</u>
			<b>Warranties</b>
Balance at January 1, 2022			\$ 7,663
Effect of foreign currency exchange differences			<u>81</u>
Balance at June 30, 2022			<u>\$ 7,744</u>
Balance at January 1, 2023			\$ 36,497
Reversal of unused balance			(1,389)
Effect of foreign currency exchange differences			<u>(30)</u>
Balance at June 30, 2023			<u>\$ 35,078</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

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, 2022 and 2021 and were recognized in the following line items in their respective periods:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
An analysis of benefit by function				
General and administrative expenses	\$ 52	\$ 48	\$ 103	\$ 92

## 20. EQUITY

### a. Share capital

#### Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 2022
Shares authorized (in thousands of shares)	168,000	168,000	168,000
Shares authorized, par value of \$10	\$ 1,680,000	\$ 1,680,000	\$ 1,680,000
Shares issued and fully paid (in thousands of shares)	79,536	79,028	79,002
Shares issued and fully paid	\$ 795,360	\$ 790,280	\$ 790,020

As of December 31, 2022 and June 30, 2023, the Company's share capital increased by 483,000 shares and 508,000 shares, respectively, due to the employees exercising their share options to convert into ordinary shares.

### b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	\$ 2,032,890	\$ 2,021,516	\$ 2,020,547
<u>May not be used for any purpose</u>			
Employee share options	670	534	136
	\$ 2,033,560	\$ 2,022,050	\$ 2,020,683

\* 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:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Provision of legal reserve	<u>\$ 177,533</u>	<u>\$ 96,014</u>
(Reserved of) 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.



d. Other equity

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (21,134)	\$ (45,229)
Recognized for the year:		
Exchange differences on the translating of the financial statements of the foreign operations	<u>(76,999)</u>	<u>37,819</u>
Balance at June 30	<u>\$ (98,133)</u>	<u>\$ (7,410)</u>

**21. REVENUE**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue from the sale of goods	\$ 1,371,243	\$ 1,458,755	\$ 3,013,299	\$ 2,753,790
Revenue from the rendering of services	<u>93,707</u>	<u>134,190</u>	<u>155,693</u>	<u>223,427</u>
	<u>\$ 1,464,950</u>	<u>\$ 1,592,945</u>	<u>\$ 3,168,992</u>	<u>\$ 2,977,217</u>

**Contract Balances**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Trade receivables (Note 8)	<u>\$ 2,112,433</u>	<u>\$ 1,733,842</u>	<u>\$ 1,344,842</u>
Contract liabilities - current			
Revenue from the sale of goods and rendering of services	<u>\$ 757,239</u>	<u>\$ 849,341</u>	<u>\$ 945,504</u>

**22. NET PROFIT FROM CONTINUING OPERATIONS**

a. Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 12,882	\$ 6,255	\$ 29,256	\$ 11,166
Others	<u>-</u>	<u>16</u>	<u>-</u>	<u>72</u>
	<u>\$ 12,882</u>	<u>\$ 6,271</u>	<u>\$ 29,256</u>	<u>\$ 11,238</u>

b. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Others	\$ <u>2,125</u>	\$ <u>1,019</u>	\$ <u>3,701</u>	\$ <u>2,343</u>

c. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Gain on disposal of property, plant and equipment	\$ 763	\$ 997	\$ 735	\$ 202
Fair value changes of financial assets				
Financial assets mandatorily classified as at FVTPL	169	124	189	118
Net gains (losses) of foreign currency exchange	(4,511)	(6,869)	(3,623)	10,166
Gain on disposal of right-use-assets	-	-	1	-
Others	<u>(402)</u>	<u>(1,726)</u>	<u>(645)</u>	<u>(2,429)</u>
	\$ <u>(3,981)</u>	\$ <u>(7,474)</u>	\$ <u>(3,343)</u>	\$ <u>(8,057)</u>

d. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 1,516	\$ 946	\$ 2,646	\$ 1,795
Interest on lease liabilities	<u>49</u>	<u>25</u>	<u>102</u>	<u>44</u>
	\$ <u>1,565</u>	\$ <u>971</u>	\$ <u>2,748</u>	\$ <u>1,839</u>

e. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 35,375	\$ 25,652	\$ 69,141	\$ 50,412
Right-of-use assets	2,810	1,764	6,014	3,052
Intangible assets	<u>1,063</u>	<u>1,351</u>	<u>2,115</u>	<u>2,707</u>
	\$ <u>39,248</u>	\$ <u>28,767</u>	\$ <u>77,270</u>	\$ <u>56,171</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 31,300	\$ 22,645	\$ 60,554	\$ 44,038
Operating expenses	<u>6,885</u>	<u>4,771</u>	<u>14,601</u>	<u>9,426</u>
	<u>\$ 38,185</u>	<u>\$ 27,416</u>	<u>\$ 75,155</u>	<u>\$ 53,464</u>
An analysis of amortization by function				
Operating cost	\$ 72	\$ 127	\$ 151	\$ 242
Operating expenses	<u>991</u>	<u>1,224</u>	<u>1,964</u>	<u>2,465</u>
	<u>\$ 1,063</u>	<u>\$ 1,351</u>	<u>\$ 2,115</u>	<u>\$ 2,707</u>

(Concluded)

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Post-employment benefits (Note 19)				
Defined contribution plans	\$ 11,049	\$ 8,956	\$ 21,415	\$ 17,109
Defined benefit plans	<u>52</u>	<u>48</u>	<u>103</u>	<u>92</u>
	11,101	9,004	21,518	17,201
Share-based payment	149	379	378	817
Short-term benefits	<u>201,652</u>	<u>194,173</u>	<u>413,761</u>	<u>372,895</u>
Total employee benefits expense	<u>\$ 212,902</u>	<u>\$ 203,556</u>	<u>\$ 435,657</u>	<u>\$ 390,913</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 124,874	\$ 106,242	\$ 250,431	\$ 201,587
Operating expenses	<u>88,028</u>	<u>97,314</u>	<u>185,226</u>	<u>189,326</u>
	<u>\$ 212,902</u>	<u>\$ 203,556</u>	<u>\$ 435,657</u>	<u>\$ 390,913</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 June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

Accrual rate

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	4.58%	7.88%	6.01%	7.88%
Remuneration of directors	1.55%	1.57%	1.55%	1.57%

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 21,588	\$ 46,539	\$ 68,406	\$ 83,214
Remuneration of directors	7,305	9,248	17,672	16,536

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, 2022 and 2021 which have been approved by the Company's board of directors on March 8, 2023 and March 14, 2022, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	7.05%	6.56%
Remuneration of directors	1.56%	1.57%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Share</b>	<b>Cash</b>	<b>Share</b>
Compensation of employees	\$ 160,914	\$ -	\$ 79,512	\$ -
Remuneration of directors	35,631	-	18,961	-

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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 8,105	\$ 32,534	\$ 22,132	\$ 66,626
Foreign exchange losses	<u>(12,616)</u>	<u>(39,403)</u>	<u>(25,755)</u>	<u>(56,460)</u>
	<u>\$ (4,511)</u>	<u>\$ (6,869)</u>	<u>\$ (3,623)</u>	<u>\$ 10,166</u>

### 23. INCOME TAXES RELATED TO CONTINUING OPERATIONS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 94,163	\$ 110,171	\$ 206,205	\$ 197,397
Income tax on				
unappropriated earnings	33,672	11,308	33,672	11,308
Adjustments for prior year	(8,793)	-	(8,793)	-
Deferred tax				
In respect of the current year	<u>(1,122)</u>	<u>(2,979)</u>	<u>884</u>	<u>(4,312)</u>
Income tax expense recognized in profit or loss	<u>\$ 117,920</u>	<u>\$ 118,500</u>	<u>\$ 231,968</u>	<u>\$ 204,393</u>

b. 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 Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 4.75</u>	<u>\$ 5.65</u>	<u>\$ 11.56</u>	<u>\$ 10.23</u>
Diluted earnings per share	<u>\$ 4.72</u>	<u>\$ 5.57</u>	<u>\$ 11.45</u>	<u>\$ 10.07</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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net profits attributable to the owners of the Company	<u>\$ 375,641</u>	<u>\$ 444,173</u>	<u>\$ 913,858</u>	<u>\$ 803,630</u>

**Weighted Average Number of Ordinary Shares Outstanding**

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
	<b>Unit: In Thousands of Shares</b>			
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,042	78,550	79,035	78,548
Effect of potentially dilutive ordinary shares:				
Compensation of employees issued in the form of shares	214	332	383	465
Employee share options	<u>396</u>	<u>818</u>	<u>396</u>	<u>818</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>79,652</u>	<u>79,700</u>	<u>79,814</u>	<u>79,831</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:

<b>Employee Share Option Plan Granted in May 2020</b>				
<b>For the Six Months Ended June 30</b>				
	<b>2023</b>		<b>2022</b>	
	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (\$)</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average Exercise Price (\$)</b>
Balance at January 1	953	\$ 43.7	1,446	\$ 51.7
Options granted	-	-	-	-
Options forfeited	(4)	-	(9)	-
Options exercised	(9)	43.7	(457)	-
Options exercised	(499)	31.7	-	-
Options expired	-	-	-	-
Balance at June 30	<u>441</u>	31.7	<u>980</u>	43.7
Options exercisable, end of the year	<u>441</u>		<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

Compensation costs recognized were \$378 thousand and \$817 thousand for the six months ended June 30, 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

June 30, 2023

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

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ <u>  4,715</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>  4,715</u>

June 30, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ <u>  4,384</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>  4,384</u>

There were no transfers between Levels 1 and 2 as for June 30, 2023, December 31, 2022, and June 30, 2022.

c. Categories of financial instruments

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ 4,715	\$ 4,384
Financial assets at amortized cost (1)	5,104,583	5,505,282	4,948,007
<u>Financial liabilities</u>			
Amortized cost (2)	1,529,194	1,507,616	1,408,100

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 32.

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.

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Six Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 43,031</u>	<u>\$ 32,370</u>	<u>\$ 21,380</u>	<u>\$ 14,781</u>

Note 1: This was mainly attributable to the exposure on outstanding USD bank deposits and receivables which were not hedged at the end of the reporting period.

Note 2: This was mainly attributable to the exposure on outstanding RMB bank deposits, 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 assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash flow interest rate risk	\$ 521,076	\$ 412,705	\$ 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 six months ended June 30, 2023 and 2022 would decrease/increase by \$2,605 thousand and \$2,064 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.

#### June 30, 2023

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,008,118	\$ -	\$ -	\$ -	\$ 1,008,118
Variable interest rate liabilities	<u>51,822</u>	<u>93,054</u>	<u>261,130</u>	<u>115,070</u>	<u>521,076</u>
	<u>\$ 1,059,940</u>	<u>\$ 93,054</u>	<u>\$ 261,130</u>	<u>\$ 115,070</u>	<u>\$ 1,529,194</u>

#### December 31, 2022

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<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>

#### June 30, 2022

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 995,395	\$ -	\$ -	\$ -	\$ 995,395
Variable interest rate liabilities	<u>20,833</u>	<u>51,822</u>	<u>184,360</u>	<u>155,690</u>	<u>412,705</u>
	<u>\$ 1,016,228</u>	<u>\$ 51,822</u>	<u>\$ 184,360</u>	<u>\$ 155,690</u>	<u>\$ 1,408,100</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

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loan facilities:			
Amount used	\$ 104,167	\$ 125,000	\$ 125,000
Letter of guarantee used	19,325	29,037	-
Amount unused	<u>946,198</u>	<u>811,998</u>	<u>561,440</u>
	<u>\$ 1,069,690</u>	<u>\$ 966,035</u>	<u>\$ 686,440</u>
Secured bank loan facilities:			
Amount used	\$ 416,909	\$ 287,705	\$ 287,705
Letter of guarantee used	105,426	306,539	430,909
Amount unused	<u>791,016</u>	<u>1,472,455</u>	<u>1,398,147</u>
	<u>\$ 1,313,351</u>	<u>\$ 2,066,699</u>	<u>\$ 2,116,761</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 June 30, 2023, December 31, 2022 and June 30, 2022, the face values of these unsettled bills receivable were \$104,254 thousand, \$164,481 thousand and \$179,104 thousand, respectively. The unsettled bills receivable will be due in 6 months after June 30, 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 the six months ended June 30, 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 three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 16,673	\$ 21,801	\$ 44,590	\$ 43,317
Share-based payment	<u>31</u>	<u>93</u>	<u>80</u>	<u>174</u>
	<u>\$ 16,704</u>	<u>\$ 21,894</u>	<u>\$ 44,670</u>	<u>\$ 43,491</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, tariff guarantees of imported raw materials and collateral for borrowings of usance L/C:

	June 30, 2023	December 31,		Object
		2022	June 30, 2022	
Land	\$ 70,034	\$ 132,847	\$ 259,857	Bank borrowings
Property and equipment	408,748	351,083	381,236	Bank borrowings
Time deposit (other financial assets - current)	355,492	403,237	250,082	Bank borrowings and borrowings of usance L/C
Time deposit (other financial assets - non-current)	<u>-</u>	<u>-</u>	<u>4,215</u>	Bank borrowings and borrowings of usance L/C
	<u>\$ 834,274</u>	<u>\$ 887,167</u>	<u>\$ 895,390</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 June 30, 2023 were as follows:

- The Group had outstanding notes payable for security deposits amounting to \$62,795 thousand.
- The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$113,045 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 Taipei Fubon Bank for security deposits under various construction projects amounting to US\$124 thousand.
- e. The Group had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to \$5,720 thousand.
- f. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for standby letter of credit under various construction projects amounting to RMB3,404 thousand.
- g. The Group had outstanding notes payable to East West Bank for security deposits under various construction projects amounting to US\$359 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, 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.

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 June 30, 2022 were as follows:

- a. The Group had outstanding notes payable for security deposits amounting to \$160,379 thousand.
- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$105,087 thousand.

- c. The Group had outstanding notes payable to Hua Nan Commercial Bank for security deposits under various construction projects amounting to \$127,252 thousand.
- d. The Group had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to \$126,819 thousand.
- e. The Group had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to US\$2,414 thousand.
- f. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for security deposits under various construction projects amounting to RMB2,146 thousand.
- g. The Group had outstanding notes payable to East West Bank for security deposits under various construction projects amounting to US\$142 thousand.

### 31. OTHER ITEMS

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 and Ukraine and related international sanctions, inflation and interest rate fluctuations and volatility in energy markets when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. As evaluated, climate change and related government policies and regulations, the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions, inflation and interest rate fluctuations and volatility in energy markets did not have a significant impact on the Group's overall operations, financial position, ability to continue as a going concern, impairment of assets or financing risk as of the date the consolidated financial statements were authorized for issue. In addition, the Group will continue to monitor and assess the impact of changes in the economic environment as a result of climate change, the implications of the military conflict between Russia and Ukraine, and volatility in markets.

### 32. 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:

June 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 36,088	31.14	\$ 1,123,780
RMB	99,858	4.282	427,592
<u>Financial liabilities</u>			
Monetary items			
USD	8,451	31.14	263,164

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,573	30.71	\$ 447,537
RMB	80,306	4.408	353,989
<u>Financial liabilities</u>			
Monetary items			
USD	7,491	30.71	230,049

June 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,757	29.72	\$ 854,658
RMB	66,598	4.439	295,629
<u>Financial liabilities</u>			
Monetary items			
USD	6,974	29.72	207,207

For the three months ended June 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(4,511) thousand and \$(6,869) thousand, respectively; for the six months ended June 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(3,623) thousand and \$10,166 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.

### 33. 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:

	<u>For the Six Months Ended June 30, 2023</u>				
	<u>China</u>	<u>Taiwan</u>	<u>America</u>	<u>Adjustment and Reversal</u>	<u>Total</u>
Revenue from external customers	\$ 1,420,739	\$ 1,674,481	\$ 73,772	\$ -	\$ 3,168,992
Inter-segment revenue	<u>446</u>	<u>184,334</u>	<u>-</u>	<u>(184,780)</u>	<u>-</u>
	<u>\$ 1,421,185</u>	<u>\$ 1,858,815</u>	<u>\$ 73,772</u>	<u>\$ (184,780)</u>	<u>\$ 3,168,992</u>
Segment profit (loss)	<u>\$ 564,350</u>	<u>\$ 1,052,967</u>	<u>\$ 27,359</u>	<u>\$ (498,850)</u>	<u>\$ 1,145,826</u>
Segment assets	<u>\$ 3,520,739</u>	<u>\$ 8,475,992</u>	<u>\$ 110,615</u>	<u>\$ (2,822,096)</u>	<u>\$ 9,285,250</u>



	<b>For the Six Months Ended June 30, 2022</b>				
	<b>China</b>	<b>Taiwan</b>	<b>America</b>	<b>Adjustment and Reversal</b>	<b>Total</b>
Revenue from external customers	\$ 1,038,643	\$ 1,887,728	\$ 50,846	\$ -	\$ 2,977,217
Inter-segment revenue	<u>37,696</u>	<u>223,546</u>	<u>-</u>	<u>(261,242)</u>	<u>-</u>
	<u>\$ 1,076,339</u>	<u>\$ 2,111,274</u>	<u>\$ 50,846</u>	<u>\$ (261,242)</u>	<u>\$ 2,977,217</u>
Segment profit (loss)	<u>\$ 322,154</u>	<u>\$ 956,652</u>	<u>\$ 10,503</u>	<u>\$ (281,286)</u>	<u>\$ 1,008,023</u>
Segment assets	<u>\$ 2,622,921</u>	<u>\$ 7,841,667</u>	<u>\$ 68,692</u>	<u>\$ (2,105,813)</u>	<u>\$ 8,427,467</u>

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

### 34. 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: None.
- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: Table 3 (attached).
- 11) Information on investees: Tables 4 and 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: Table 7 (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. AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

JUNE 30, 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.	2	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	\$ 85,640 (RMB 20,000)	\$ 85,640 (RMB 20,000) (Note B)	\$ -	\$ -	1.29	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.	15,570 (US\$ 500)	15,570 (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 = \$6,635,222 thousand x 40% = \$2,654,089 thousand.

Note B: Outstanding endorsement/guarantee at the end of the period was based on the average buy/sell closing exchange rate for the six months ended June 30, 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 SIX MONTHS ENDED JUNE 30, 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	\$ (148,801)	(8)	Note	Note	Note	Accounts receivable \$ 89,328	10	

Note: The transactions as follows:

Sale of goods

Allied Supreme (Jia Xing) Corp.: The terms of the transaction refer to the market price, while the collection period is 90 days.

**ALLIED SUPREME CORP. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 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	<u>For the six months ended June 30, 2023</u>						
	Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	1	Accounts receivable	\$ 89,328	Note D	1
		Allied Supreme (Jia Xing) Corp.	1	Accounts payable	349	Note D	-
		Allied Supreme (Jia Xing) Corp.	1	Sales	148,801	Note D	5
		Allied Supreme (Jia Xing) Corp.	1	Cost of goods sold	446	Note D	-
		Aston Fluorotech Corp.	1	Accounts receivable	35,733	Note D	-
		Aston Fluorotech Corp.	1	Sales	35,533	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 refer to the market price, while the payment term is 75 days after shipment.

2. Sale of goods

Allied Supreme (Jia Xing) Corp.: The terms of the transaction refer to the market price, 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 SIX MONTHS ENDED JUNE 30, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 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	\$ 373,284	11,750,000	100	\$ 2,519,005	\$ 476,491	\$ 482,812	Subsidiary
				18,537	18,537	600	100	50,701	22,358	22,358	Subsidiary
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp.	Samoa.	Investment	373,284	373,284	11,750,000	100	2,518,526	476,475		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 SIX MONTHS ENDED JUNE 30, 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.	Ultimate parent entity	Purchase	\$ 148,801	15	Note	Note	Note	Accounts payable \$ (89,328)	(33)	

Note: Refer to Table 2.

## ALLIED SUPREME CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 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)	\$ 476,350	100.00	\$ 482,671	\$ 2,514,886	\$ -	

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 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)	\$3,981,133

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 SIX MONTHS ENDED JUNE 30, 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	\$ 446	Note	Note	Note	Accounts receivable	\$ 349	-	\$ 5,048
	Purchases of goods	148,801	Note	Note	Note	Accounts payable	(89,328)	(33)	120,912

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. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
JUNE 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Ching Investment Co., Ltd.	6,796,732	8.54
Ying Sheng Investment Co., Ltd.	5,163,485	6.49
Hsieh, Sheng Kuo	4,772,640	6.00
Shang He Investment Co., Ltd.	4,520,825	5.68

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.