

# **Allied Supreme Corp. and Subsidiaries**

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

### Scope of Review

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

November 8, 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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 28)	\$ 2,715,075	28	\$ 3,365,150	35	\$ 3,369,704	38
Financial assets at amortized cost - current (Notes 8 and 28)	64,540	1	-	-	2,414	-
Notes receivable (Notes 9, 22 and 28)	625,094	6	268,399	3	267,616	3
Trade receivables (Notes 9, 22 and 28)	1,545,531	16	1,465,443	15	1,156,793	13
Other receivables (Notes 9 and 28)	3,470	-	3,053	-	12,164	-
Current tax assets (Note 4)	3,208	-	74	-	1,000	-
Inventories (Note 10)	2,339,841	24	2,037,463	22	1,806,756	21
Other current financial assets (Notes 15, 28 and 30)	370,189	4	403,237	4	279,803	3
Other current assets (Note 15)	154,084	2	124,155	1	201,010	2
Total current assets	<u>7,821,032</u>	<u>81</u>	<u>7,666,974</u>	<u>80</u>	<u>7,097,260</u>	<u>80</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 28)	-	-	4,715	-	4,602	-
Property, plant and equipment (Notes 12 and 30)	1,746,518	18	1,705,680	18	1,669,932	19
Right-of-use assets (Note 13)	66,870	1	74,567	1	59,838	1
Other intangible assets (Note 14)	7,573	-	7,101	-	7,758	-
Deferred tax assets (Note 4)	40,465	-	42,210	1	33,225	-
Other non-current financial assets (Notes 15, 28 and 30)	-	-	-	-	4,505	-
Other non-current assets (Notes 9, 15 and 28)	20,505	-	27,609	-	28,021	-
Total non-current assets	<u>1,881,931</u>	<u>19</u>	<u>1,861,882</u>	<u>20</u>	<u>1,807,881</u>	<u>20</u>
<b>TOTAL</b>	<u>\$ 9,702,963</u>	<u>100</u>	<u>\$ 9,528,856</u>	<u>100</u>	<u>\$ 8,905,141</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables (Notes 17 and 28)	\$ 564,642	6	\$ 552,050	6	\$ 583,533	7
Other payables (Notes 18 and 28)	469,261	5	542,792	6	484,254	6
Current tax liabilities (Note 4)	75,937	1	289,301	3	206,354	2
Provisions - current (Note 19)	38,804	-	36,497	-	7,847	-
Lease liabilities - current (Note 13)	7,769	-	9,912	-	4,433	-
Contract liabilities (Note 22)	818,509	8	849,341	9	855,854	10
Current portion of long-term borrowings (Notes 16, 28 and 30)	61,977	1	41,667	-	31,250	-
Other current liabilities (Note 18)	2,621	-	3,836	-	2,787	-
Total current liabilities	<u>2,039,520</u>	<u>21</u>	<u>2,325,396</u>	<u>24</u>	<u>2,176,312</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 16, 28 and 30)	448,682	5	371,038	4	381,455	4
Non-current tax liabilities (Note 4)	93,728	1	87,707	1	87,278	1
Lease liabilities - non-current (Note 13)	7,249	-	11,727	-	1,309	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	2,003	-	2,702	-	2,080	-
Other non-current liabilities (Notes 18 and 28)	69	-	69	-	18	-
Total non-current liabilities	<u>551,731</u>	<u>6</u>	<u>473,243</u>	<u>5</u>	<u>472,140</u>	<u>5</u>
Total liabilities	<u>2,591,251</u>	<u>27</u>	<u>2,798,639</u>	<u>29</u>	<u>2,648,452</u>	<u>30</u>
<b>EQUITY (Note 21)</b>						
Share capital						
Ordinary shares	796,970	8	790,280	8	790,250	9
Capital surplus						
Share premium	2,036,786	21	2,021,516	21	2,021,401	23
Employee share options	268	-	534	-	306	-
Others	1,876	-	-	-	-	-
Retained earnings						
Legal reserve	749,168	8	571,635	6	571,635	6
Special reserve	21,134	-	45,229	1	45,229	-
Unappropriated earnings	3,517,595	36	3,322,157	35	2,817,488	32
Other equity						
Exchange differences on translating foreign operations	(12,085)	-	(21,134)	-	10,380	-
Total equity	<u>7,111,712</u>	<u>73</u>	<u>6,730,217</u>	<u>71</u>	<u>6,256,689</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 9,702,963</u>	<u>100</u>	<u>\$ 9,528,856</u>	<u>100</u>	<u>\$ 8,905,141</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 1,234,905	100	\$ 1,530,201	100	\$ 4,403,897	100	\$ 4,507,418	100
OPERATING COSTS (Notes 10 and 23)	<u>660,993</u>	<u>54</u>	<u>815,408</u>	<u>53</u>	<u>2,395,149</u>	<u>54</u>	<u>2,505,790</u>	<u>56</u>
GROSS PROFIT	<u>573,912</u>	<u>46</u>	<u>714,793</u>	<u>47</u>	<u>2,008,748</u>	<u>46</u>	<u>2,001,628</u>	<u>44</u>
OPERATING EXPENSES (Notes 23, 26 and 29)								
Selling and marketing expenses	65,441	5	70,165	4	189,268	4	191,664	4
General and administrative expenses	58,907	5	58,079	4	165,837	4	169,904	4
Research and development expenses	37,411	3	46,495	3	116,535	3	111,219	2
Expected credit loss (reversal)	<u>3,715</u>	<u>-</u>	<u>(5,275)</u>	<u>-</u>	<u>9,710</u>	<u>-</u>	<u>(4,712)</u>	<u>-</u>
Total operating expenses	<u>165,474</u>	<u>13</u>	<u>169,464</u>	<u>11</u>	<u>481,350</u>	<u>11</u>	<u>468,075</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>408,438</u>	<u>33</u>	<u>545,329</u>	<u>36</u>	<u>1,527,398</u>	<u>35</u>	<u>1,533,553</u>	<u>34</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)								
Interest income	11,850	1	7,875	1	41,106	1	19,113	-
Other income	2,486	-	1,947	-	6,187	-	4,290	-
Other gains and losses	36,700	3	21,850	1	33,357	1	29,907	1
Finance costs	<u>(1,628)</u>	<u>-</u>	<u>(880)</u>	<u>-</u>	<u>(4,376)</u>	<u>-</u>	<u>(2,719)</u>	<u>-</u>
Total non-operating income and expenses	<u>49,408</u>	<u>4</u>	<u>30,792</u>	<u>2</u>	<u>76,274</u>	<u>2</u>	<u>50,591</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	457,846	37	576,121	38	1,603,672	37	1,584,144	35
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(74,384)</u>	<u>(6)</u>	<u>(109,093)</u>	<u>(7)</u>	<u>(306,352)</u>	<u>(7)</u>	<u>(313,486)</u>	<u>(7)</u>
NET PROFIT FOR THE PERIOD	<u>383,462</u>	<u>31</u>	<u>467,028</u>	<u>31</u>	<u>1,297,320</u>	<u>30</u>	<u>1,270,658</u>	<u>28</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 September 30				For the Nine Months Ended September 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	\$ 86,048	7	\$ 17,790	1	\$ 9,049	-	\$ 55,609	1
TOTAL								
COMPREHENSIVE								
INCOME FOR THE								
PERIOD	\$ 469,510	38	\$ 484,818	32	\$ 1,306,369	30	\$ 1,326,267	29
EARNINGS PER SHARE								
(Note 25)								
Basic	\$ 4.82		\$ 5.91		\$ 16.38		\$ 16.15	
Diluted	\$ 4.79		\$ 5.82		\$ 16.24		\$ 15.89	

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	Others	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	
BALANCE AT JANUARY 1, 2022	78,545	\$ 785,450	\$ 2,001,648	\$ 2,817	\$ -	\$ 475,621	\$ 35,622	\$ 2,280,811	\$ (45,229)	\$ 5,536,740
Appropriation of 2021 earnings										
Legal reserve	-	-	-	-	-	96,014	-	(96,014)	-	-
Special reserve	-	-	-	-	-	-	9,607	(9,607)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(628,360)	-	(628,360)
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	-	-	1,270,658	-	1,270,658
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	55,609	55,609
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	1,270,658	55,609	1,326,267
Share-based payment transactions (Note 26)	-	-	-	1,066	-	-	-	-	-	1,066
Issuance of ordinary shares under employee share options	480	4,800	19,753	(3,577)	-	-	-	-	-	20,976
BALANCE AT SEPTEMBER 30, 2022	<u>79,025</u>	<u>\$ 790,250</u>	<u>\$ 2,021,401</u>	<u>\$ 306</u>	<u>\$ -</u>	<u>\$ 571,635</u>	<u>\$ 45,229</u>	<u>\$ 2,817,488</u>	<u>\$ 10,380</u>	<u>\$ 6,256,689</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 nine months ended September 30, 2023	-	-	-	-	-	-	-	1,297,320	-	1,297,320
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	9,049	9,049
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	-	1,297,320	9,049	1,306,369
Exercise of disgorgement	-	-	-	-	1,876	-	-	-	-	1,876
Share-based payment transactions (Note 26)	-	-	-	378	-	-	-	-	-	378
Issuance of ordinary shares under employee share options	669	6,690	15,270	(644)	-	-	-	-	-	21,316
BALANCE AT SEPTEMBER 30, 2023	<u>79,697</u>	<u>\$ 796,970</u>	<u>\$ 2,036,786</u>	<u>\$ 268</u>	<u>\$ 1,876</u>	<u>\$ 749,168</u>	<u>\$ 21,134</u>	<u>\$ 3,517,595</u>	<u>\$ (12,085)</u>	<u>\$ 7,111,712</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 Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,603,672	\$ 1,584,144
Adjustments for:		
Depreciation expense	119,831	81,490
Amortization expense	3,303	4,405
Expected credit loss (reversal)	9,710	(4,712)
Net gain on fair value changes of financial assets at fair value through profit or loss	(189)	(336)
Finance costs	4,376	2,719
Interest income	(41,106)	(19,113)
Compensation costs of employees share-based payments	378	1,066
Loss on disposal of property, plant and equipment	1,758	402
Gain on lease modification	(1)	-
Property, plant and equipment transferred to expenses	1,717	-
Write-down (reversal of) of inventories	17,903	(5,829)
Loss on foreign currency exchange	11,742	58,776
Recognition of provisions	2,306	74
Changes in operating assets and liabilities		
Notes receivable	(356,695)	(60,426)
Trade receivables	(112,985)	(363,747)
Other receivables	(347)	(9,498)
Inventories	(320,480)	(423,354)
Other current assets	(29,929)	(64,735)
Other non-current assets	16,194	(9,711)
Notes payable	-	(6,615)
Trade payables	11,928	115,822
Other payables	(73,456)	96,727
Contract liabilities	(30,832)	(3,646)
Other current liabilities	(1,215)	1,067
Net defined benefit liabilities	(699)	(718)
Cash generated from operations	836,884	974,252
Interest received	41,036	18,110
Interest paid	(4,451)	(2,784)
Income tax paid	(515,084)	(311,330)
Net cash generated from operating activities	<u>358,385</u>	<u>678,248</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(64,540)	-
Proceeds from sale of financial assets at amortized cost	-	52,946
Proceeds from sale of financial assets at fair value through profit or loss	4,904	-
Payments for property, plant and equipment	(156,430)	(311,936)

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# ALLIED SUPREME CORP. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 1,922	\$ 2,527
Increase in refundable deposits	-	(9,564)
Decrease in refundable deposits	3,570	-
Payments for intangible assets	(3,763)	(5,561)
Decrease in other financial assets	33,048	6,287
Decrease (increase) in prepayments for equipment	<u>3,534</u>	<u>(4,074)</u>
Net cash used in investing activities	<u>(177,755)</u>	<u>(269,375)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(50,000)
Proceeds from long-term borrowings	129,204	-
Repayments of long-term borrowings	(31,250)	(128,000)
Repayment of the principal portion of lease liabilities	(7,667)	(3,666)
Dividends paid to owners of the Company	(948,444)	(628,360)
Employee share options exercised	21,316	20,976
Exercise of disorgement	<u>1,876</u>	<u>-</u>
Net cash used in financing activities	<u>(834,965)</u>	<u>(789,050)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,260</u>	<u>29,478</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(650,075)	(350,699)
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>\$ 2,715,075</u>	<u>\$ 3,369,704</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 NINE MONTHS ENDED SEPTEMBER 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 November 8, 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 endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

As of the date the consolidated financial statements were authorized for issue, the 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.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- a. Statement of compliance

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

d. Other material accounting policies

Except for the following, 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 the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 989	\$ 962	\$ 920
Checking accounts and demand deposits	1,165,838	1,258,090	1,293,680
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	1,548,248	2,037,805	2,075,104
Deposit in transit	<u>-</u>	<u>68,293</u>	<u>-</u>
	<u>\$ 2,715,075</u>	<u>\$ 3,365,150</u>	<u>\$ 3,369,704</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the market rate intervals of time deposits with original maturities of 3 months or less were 1.10%-5.56%, 1.10%-4.89% and 0.83%-3.30%, respectively.

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

	September 30, 2023	December 31, 2022	September 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>\$ 4,602</u>

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ 64,540	\$ -	\$ 2,414

As of September 30, 2023 and 2022, the market rate intervals of time deposits with original maturities of more than 3 months were 5.43% and 2.20%, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 625,094	\$ 268,399	\$ 267,616
Less: Allowance for impairment loss	-	-	-
	<u>\$ 625,094</u>	<u>\$ 268,399</u>	<u>\$ 267,616</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,573,905	\$ 1,467,886	\$ 1,158,377
Less: Allowance for impairment loss	(28,374)	(2,443)	(1,584)
	<u>\$ 1,545,531</u>	<u>\$ 1,465,443</u>	<u>\$ 1,156,793</u>
<u>Overdue receivables</u>			
Gross carrying amount	\$ 1,277	\$ 17,471	\$ 19,566
Less: Allowance for impairment loss	(1,277)	(17,471)	(19,566)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other receivables</u>			
Income tax refund receivable	\$ -	\$ -	\$ 2,021
Interest receivable	2,231	2,161	1,759
Others	1,239	892	8,384
	<u>\$ 3,470</u>	<u>\$ 3,053</u>	<u>\$ 12,164</u>

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:

#### September 30, 2023

	<b>Invoice Date 1 to 180 Days</b>	<b>Invoice Date 181 to 270 Days</b>	<b>Invoice Date 271 to 360 Days</b>	<b>Invoice Date 361 to 450 Days</b>	<b>Invoice Date 450 Days or More</b>	<b>Total</b>
Expected credit loss rate	0%-0.05%	0.4%-1%	3%-4.5%	7%-50%	10%-100%	
Gross carrying amount	\$ 1,319,453	\$ 67,544	\$ 41,935	\$ 94,074	\$ 52,176	\$ 1,575,182
Loss allowance (Lifetime ECLs)	<u>(253)</u>	<u>(429)</u>	<u>(1,748)</u>	<u>(20,854)</u>	<u>(6,367)</u>	<u>(29,651)</u>
Amortized cost	<u>\$ 1,319,200</u>	<u>\$ 67,115</u>	<u>\$ 40,187</u>	<u>\$ 73,220</u>	<u>\$ 45,809</u>	<u>\$ 1,545,531</u>

#### December 31, 2022

	<b>Invoice Date 1 to 180 Days</b>	<b>Invoice Date 181 to 270 Days</b>	<b>Invoice Date 271 to 360 Days</b>	<b>Invoice Date 361 to 450 Days</b>	<b>Invoice Date 450 Days or More</b>	<b>Total</b>
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>

#### September 30, 2022

	<b>Invoice Date 1 to 180 Days</b>	<b>Invoice Date 181 to 270 Days</b>	<b>Invoice Date 271 to 360 Days</b>	<b>Invoice Date 361 to 450 Days</b>	<b>Invoice Date 450 Days or More</b>	<b>Total</b>
Expected credit loss rate	0%	1%	3%	50%	100%	
Gross carrying amount	\$ 1,093,140	\$ 42,333	\$ 21,897	\$ 1,007	\$ 19,566	\$ 1,177,943
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(423)</u>	<u>(657)</u>	<u>(504)</u>	<u>(19,566)</u>	<u>(21,150)</u>
Amortized cost	<u>\$ 1,093,140</u>	<u>\$ 41,910</u>	<u>\$ 21,240</u>	<u>\$ 503</u>	<u>\$ -</u>	<u>\$ 1,156,793</u>

The movements of the loss allowance were as follows:

	<b>For the Nine Months Ended September 30, 2023</b>			
	<b>Notes Receivable</b>	<b>Trade Receivables</b>	<b>Overdue Receivables</b>	<b>Total</b>
Balance at January 1	\$ -	\$ 2,443	\$ 17,471	\$ 19,914
Expected credit loss recognized (reversed)	-	25,859	(16,149)	9,710
Foreign exchange translation gains and losses	-	72	(45)	27
Balance at September 30	<u>\$ -</u>	<u>\$ 28,374</u>	<u>\$ 1,277</u>	<u>\$ 29,651</u>

  

	<b>For the Nine Months Ended September 30, 2022</b>			
	<b>Notes Receivable</b>	<b>Trade Receivables</b>	<b>Overdue Receivables</b>	<b>Total</b>
Balance at January 1	\$ -	\$ 15,696	\$ 9,781	\$ 25,477
Expected credit loss recognized (reversed)	-	(14,226)	9,514	(4,712)
Foreign exchange translation gains and losses	-	114	271	385
Balance at September 30	<u>\$ -</u>	<u>\$ 1,584</u>	<u>\$ 19,566</u>	<u>\$ 21,150</u>

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

## 10. INVENTORIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Raw materials	\$ 757,179	\$ 691,741	\$ 645,201
Semi-finished goods	102,489	85,376	99,960
Work in process	409,691	496,100	452,457
Finished goods	<u>1,070,482</u>	<u>764,246</u>	<u>609,138</u>
	<u>\$ 2,339,841</u>	<u>\$ 2,037,463</u>	<u>\$ 1,806,756</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 646,115	\$ 817,154	\$ 2,377,246	\$ 2,511,619
Inventory loss (reversal) of write-downs	<u>14,878</u>	<u>(1,746)</u>	<u>17,903</u>	<u>(5,829)</u>
	<u>\$ 660,993</u>	<u>\$ 815,408</u>	<u>\$ 2,395,149</u>	<u>\$ 2,505,790</u>



## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Percentage of Ownership		
			September 30, 2023	December 31, 2022	September 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

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Other Equipment	Construction-in-progress and Equipment Ready for Inspection	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 259,857	\$ 956,979	\$ 630,502	\$ 54,480	\$ 185,985	\$ 2,087,803
Additions	-	5,419	29,536	2,859	274,122	311,936
Disposals	-	(2,520)	(25,318)	(664)	-	(28,502)
Reclassifications	-	8,862	48,061	17,841	(74,764)	-
Effect of exchange rate differences	-	8,700	6,306	956	2,164	18,126
Balance at September 30, 2022	<u>\$ 259,857</u>	<u>\$ 977,440</u>	<u>\$ 689,087</u>	<u>\$ 75,472</u>	<u>\$ 387,507</u>	<u>\$ 2,389,363</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 206,823	\$ 419,550	\$ 33,199	\$ -	\$ 659,572
Depreciation expense	-	31,573	38,763	6,339	-	76,675
Disposals	-	(1,800)	(23,175)	(598)	-	(25,573)
Effect of exchange rate differences	-	3,547	4,609	601	-	8,757
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 240,143</u>	<u>\$ 439,747</u>	<u>\$ 39,541</u>	<u>\$ -</u>	<u>\$ 719,431</u>
Carrying amount at September 30, 2022	<u>\$ 259,857</u>	<u>\$ 737,297</u>	<u>\$ 249,340</u>	<u>\$ 35,931</u>	<u>\$ 387,507</u>	<u>\$ 1,669,932</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 259,857	\$ 975,951	\$ 711,436	\$ 96,085	\$ 401,853	\$ 2,445,182
Additions	-	1,851	12,782	25,613	116,184	156,430
Disposals	-	(4,704)	(13,487)	(1,469)	-	(19,660)
Reclassifications	-	215,772	177,272	21,326	(416,087)	(1,717)
Effect of exchange rate differences	-	1,174	747	256	(640)	1,537
Balance at September 30, 2023	<u>\$ 259,857</u>	<u>\$ 1,190,044</u>	<u>\$ 888,750</u>	<u>\$ 141,811</u>	<u>\$ 101,310</u>	<u>\$ 2,581,772</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 248,930	\$ 448,409	\$ 42,163	\$ -	\$ 739,502
Depreciation expense	-	37,445	57,685	15,878	-	111,008
Disposals	-	(1,860)	(12,708)	(1,412)	-	(15,980)
Effect of exchange rate differences	-	267	324	133	-	724
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 284,782</u>	<u>\$ 493,710</u>	<u>\$ 56,762</u>	<u>\$ -</u>	<u>\$ 835,254</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 September 30, 2023	<u>\$ 259,857</u>	<u>\$ 905,262</u>	<u>\$ 395,040</u>	<u>\$ 85,049</u>	<u>\$ 101,310</u>	<u>\$ 1,746,518</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 30.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022	
<u>Carrying amount</u>				
Land	\$ 65,393	\$ 73,374	\$ 58,923	
Buildings	943	88	177	
Transportation equipment	<u>534</u>	<u>1,105</u>	<u>738</u>	
	<u>\$ 66,870</u>	<u>\$ 74,567</u>	<u>\$ 59,838</u>	
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131</u>	<u>\$ 5,668</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,527	\$ 1,527	\$ 7,977	\$ 4,110
Buildings	93	89	275	266
Transportation equipment	<u>189</u>	<u>147</u>	<u>571</u>	<u>439</u>
	<u>\$ 2,809</u>	<u>\$ 1,763</u>	<u>\$ 8,823</u>	<u>\$ 4,815</u>

#### b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 7,769</u>	<u>\$ 9,912</u>	<u>\$ 4,433</u>
Non-current	<u>\$ 7,249</u>	<u>\$ 11,727</u>	<u>\$ 1,309</u>

Range of discount rates for lease liabilities was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	1%-1.08%	0.85%-1.08%	0.85%-1.08%
Buildings	1.25%	1.15%	1.15%
Transportation equipment	1%-4.23%	1.00%-4.23%	4.23%

c. Material leasing activities and terms

The Group leases a number of buildings as factories, offices, dormitories and office cars with lease terms of 2 to 4 years. Prepayments for land use rights in China are recognized as right-of-use assets - land. The Group does not have bargain purchase options to acquire the leasehold land, buildings 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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 979</u>	<u>\$ 349</u>	<u>\$ 3,551</u>	<u>\$ 1,744</u>
Total cash outflow for leases	<u>\$ (3,451)</u>	<u>\$ (1,752)</u>	<u>\$ (11,361)</u>	<u>\$ (5,475)</u>

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

## 14. INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Patent</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 31,560	\$ 2,000	\$ 33,560
Additions	5,561	-	5,561
Effect of foreign currency exchange differences	<u>670</u>	<u>-</u>	<u>670</u>
Balance at September 30, 2022	<u>\$ 37,791</u>	<u>\$ 2,000</u>	<u>\$ 39,791</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 25,759	\$ 1,321	\$ 27,080
Amortization expense	4,078	327	4,405
Effect of foreign currency exchange differences	<u>548</u>	<u>-</u>	<u>548</u>
Balance at September 30, 2022	<u>\$ 30,385</u>	<u>\$ 1,648</u>	<u>\$ 32,033</u>
Carrying amount at September 30, 2022	<u>\$ 7,406</u>	<u>\$ 352</u>	<u>\$ 7,758</u>

(Continued)

	<b>Computer Software</b>	<b>Patent</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 38,216	\$ 2,000	\$ 40,216
Additions	3,763	-	3,763
Effect of foreign currency exchange differences	<u>51</u>	<u>-</u>	<u>51</u>
Balance at September 30, 2023	<u>\$ 42,030</u>	<u>\$ 2,000</u>	<u>\$ 44,030</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ 31,360	\$ 1,755	\$ 33,115
Amortization expense	3,120	183	3,303
Effect of foreign currency exchange differences	<u>39</u>	<u>-</u>	<u>39</u>
Balance at September 30, 2023	<u>\$ 34,519</u>	<u>\$ 1,938</u>	<u>\$ 36,457</u>
Carrying amount at January 1, 2023	<u>\$ 6,856</u>	<u>\$ 245</u>	<u>\$ 7,101</u>
Carrying amount at September 30, 2023	<u>\$ 7,511</u>	<u>\$ 62</u>	<u>\$ 7,573</u>
			(Concluded)

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

Software	1-3 years
Patent	3-5 years

## 15. OTHER ASSETS

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Current</u>			
Other financial assets (Note 30)			
Guarantee deposits (Note)	<u>\$ 370,189</u>	<u>\$ 403,237</u>	<u>\$ 279,803</u>
Other current assets			
Prepayments	\$ 148,437	\$ 109,193	\$ 187,226
Tax credit	2,200	12,405	10,607
Others	<u>3,447</u>	<u>2,557</u>	<u>3,177</u>
	<u>\$ 154,084</u>	<u>\$ 124,155</u>	<u>\$ 201,010</u>
<u>Non-current</u>			
Other non-current financial assets (Note 30)			
Secured deposit (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,505</u>
			(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
Other non-current assets			
Refundable deposits	\$ 16,731	\$ 20,301	\$ 18,281
Prepayments for equipment	3,774	7,308	9,729
Overdue receivables	1,277	17,471	19,566
Allowance for impairment loss - overdue receivables	(1,277)	(17,471)	(19,566)
Others	<u>-</u>	<u>-</u>	<u>11</u>
	<u>\$ 20,505</u>	<u>\$ 27,609</u>	<u>\$ 28,021</u>

(Concluded)

Note: Guarantee deposits are for financing credit loans. The ranges of weighted average effective interest rates on guarantee deposits were 0.04%-5.32%, 0.3%-4.15% and 0.1%-2.4% at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

## 16. BORROWINGS

### Long-term Borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings (Note 30)</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)	93,750	125,000	125,000
Less: Current portion of long-term borrowings	<u>(61,977)</u>	<u>(41,667)</u>	<u>(31,250)</u>
	<u>\$ 448,682</u>	<u>\$ 371,038</u>	<u>\$ 381,455</u>

- a. As of September 30, 2023, December 31, 2022 and September 30, 2022, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (see Note 30) were 1.250%, 1.125% and 1% per annum, respectively.
- b. As of September 30, 2023, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold plant and equipment (see Note 30) was 1.131% per annum.
- c. As of September 30, 2023, December 31, 2022 and September 30, 2022, the weighted average effective interest rate of the bank borrowings unsecured were 1.131%, 0.999% and 0.867% 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.

## 17. TRADE PAYABLES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Trade payables</u>			
Operating	<u>\$ 564,642</u>	<u>\$ 552,050</u>	<u>\$ 583,533</u>

## 18. OTHER LIABILITIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Current</u>			
Other payables			
Payables for salaries	\$ 209,476	\$ 290,175	\$ 241,615
Business taxes payable	66,295	67,920	42,974
Payables for equipment	59,965	68,113	88,991
Others	<u>133,525</u>	<u>116,584</u>	<u>110,674</u>
	<u>\$ 469,261</u>	<u>\$ 542,792</u>	<u>\$ 484,254</u>
Other liabilities			
Others	<u>\$ 2,621</u>	<u>\$ 3,836</u>	<u>\$ 2,787</u>
<u>Non-current</u>			
Guarantee deposits received	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 18</u>

## 19. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Warranties	<u>\$ 38,804</u>	<u>\$ 36,497</u>	<u>\$ 7,847</u>
<u>Non-current</u>			
Employee benefits (Note 20)	<u>\$ 2,003</u>	<u>\$ 2,702</u>	<u>\$ 2,080</u>
			<b>Warranties</b>
Balance at January 1, 2022			\$ 7,663
Additions			74
Effect of foreign currency exchange differences			<u>110</u>
Balance at September 30, 2022			<u>\$ 7,847</u>
Balance at January 1, 2023			\$ 36,497
Additions			2,306
Effect of foreign currency exchange differences			<u>1</u>
Balance at September 30, 2023			<u>\$ 38,804</u>

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

## 20. RETIREMENT BENEFIT PLANS

The pension expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021 and were recognized in the following line items in their respective periods:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
An analysis of benefit by function				
General and administrative expenses	<u>\$ 53</u>	<u>\$ 47</u>	<u>\$ 156</u>	<u>\$ 139</u>

## 21. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Shares authorized (in thousands of shares)	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>
Shares authorized, par value of \$10	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>	<u>\$ 1,680,000</u>
Shares issued and fully paid (in thousands of shares)	<u>79,697</u>	<u>79,028</u>	<u>79,025</u>
Shares issued and fully paid	<u>\$ 796,970</u>	<u>\$ 790,280</u>	<u>\$ 790,250</u>

As of December 31, 2022 and September 30, 2023, the Company's share capital increased by 483,000 shares and 669,000 shares, respectively, due to the employees exercising their share options to convert into ordinary shares.

### b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>			
Issuance of ordinary shares	\$ 2,036,786	\$ 2,021,516	\$ 2,021,401
<u>May be used to offset a deficit</u>			
Exercise of disgorgement	1,876	-	-
<u>May not be used for any purpose</u>			
Employee share options	<u>268</u>	<u>534</u>	<u>306</u>
	<u>\$ 2,038,930</u>	<u>\$ 2,022,050</u>	<u>\$ 2,021,707</u>

\* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

### c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present and reported to the shareholders in their meeting.



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

For the rules on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 23-g.

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

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

The appropriations of earnings and dividends per share for 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	\$ 177,533	\$ 96,014
(Reserved of) special reserve	\$ (24,095)	\$ 9,607
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 Nine Months Ended</b>	
	<b>September 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>9,049</u>	<u>55,609</u>
Balance at September 30	<u>\$ (12,085)</u>	<u>\$ 10,380</u>

## 22. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from the sale of goods	\$ 1,196,963	\$ 1,481,160	\$ 4,210,262	\$ 4,234,950
Revenue from the rendering of services	<u>37,942</u>	<u>49,041</u>	<u>193,635</u>	<u>272,468</u>
	<u>\$ 1,234,905</u>	<u>\$ 1,530,201</u>	<u>\$ 4,403,897</u>	<u>\$ 4,507,418</u>

### Contract Balances

	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables (Note 9)	<u>\$ 2,170,625</u>	<u>\$ 1,733,842</u>	<u>\$ 1,424,409</u>
Contract liabilities - current			
Revenue from the sale of goods and rendering of services	<u>\$ 818,509</u>	<u>\$ 849,341</u>	<u>\$ 855,854</u>

## 23. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 11,850	\$ 7,867	\$ 41,106	\$ 19,033
Others	<u>-</u>	<u>8</u>	<u>-</u>	<u>80</u>
	<u>\$ 11,850</u>	<u>\$ 7,875</u>	<u>\$ 41,106</u>	<u>\$ 19,113</u>

### b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Others	<u>\$ 2,486</u>	<u>\$ 1,947</u>	<u>\$ 6,187</u>	<u>\$ 4,290</u>

c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Loss on disposal of property, plant and equipment	\$ (2,493)	\$ (604)	\$ (1,758)	\$ (402)
Fair value changes of financial assets				
Financial assets mandatorily classified as at FVTPL	-	218	189	336
Net gains of foreign currency exchange	39,598	22,468	35,975	32,634
Gain on disposal of right-use-assets	-	-	1	-
Others	<u>(405)</u>	<u>(232)</u>	<u>(1,050)</u>	<u>(2,661)</u>
	<u>\$ 36,700</u>	<u>\$ 21,850</u>	<u>\$ 33,357</u>	<u>\$ 29,907</u>

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Total interest expense financial liabilities measured at amortized cost				
Interest on bank loans	\$ 1,587	\$ 859	\$ 4,233	\$ 2,654
Interest on lease liabilities	<u>41</u>	<u>21</u>	<u>143</u>	<u>65</u>
	<u>\$ 1,628</u>	<u>\$ 880</u>	<u>\$ 4,376</u>	<u>\$ 2,719</u>

e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 41,867	\$ 26,263	\$ 111,008	\$ 76,675
Right-of-use assets	2,809	1,763	8,823	4,815
Intangible assets	<u>1,188</u>	<u>1,698</u>	<u>3,303</u>	<u>4,405</u>
	<u>\$ 45,864</u>	<u>\$ 29,724</u>	<u>\$ 123,134</u>	<u>\$ 85,895</u>
An analysis of depreciation by function				
Operating costs	\$ 36,416	\$ 23,294	\$ 96,970	\$ 67,332
Operating expenses	<u>8,260</u>	<u>4,732</u>	<u>22,861</u>	<u>14,158</u>
	<u>\$ 44,676</u>	<u>\$ 28,026</u>	<u>\$ 119,831</u>	<u>\$ 81,490</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
An analysis of amortization by function				
Operating cost	\$ 72	\$ 127	\$ 223	\$ 369
Operating expenses	<u>1,116</u>	<u>1,571</u>	<u>3,080</u>	<u>4,036</u>
	<u>\$ 1,188</u>	<u>\$ 1,698</u>	<u>\$ 3,303</u>	<u>\$ 4,405</u>

(Concluded)

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 20)				
Defined contribution plans	\$ 12,041	\$ 10,894	\$ 33,456	\$ 28,003
Defined benefit plans	<u>53</u>	<u>47</u>	<u>156</u>	<u>139</u>
	12,094	10,941	33,612	28,142
Share-based payment				
Equity-settled	-	249	378	1,066
Other employee benefit	<u>200,481</u>	<u>221,576</u>	<u>614,242</u>	<u>594,471</u>
Total employee benefits expense	<u>\$ 212,575</u>	<u>\$ 232,766</u>	<u>\$ 648,232</u>	<u>\$ 623,679</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 114,248	\$ 119,875	\$ 364,679	\$ 321,462
Operating expenses	<u>98,327</u>	<u>112,891</u>	<u>283,553</u>	<u>302,217</u>
	<u>\$ 212,575</u>	<u>\$ 232,766</u>	<u>\$ 648,232</u>	<u>\$ 623,679</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of 5%-10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were as follows:

Accrual rate

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	5.99%	7.77%	6.00%	7.84%
Remuneration of directors	1.55%	1.54%	1.55%	1.56%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 28,454	\$ 47,061	\$ 96,860	\$ 130,275
Remuneration of directors	7,350	9,352	25,022	25,888

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 47,100	\$ 55,088	\$ 69,232	\$ 121,714
Foreign exchange losses	<u>(7,502)</u>	<u>(32,620)</u>	<u>(33,257)</u>	<u>(89,080)</u>
	<u>\$ 39,598</u>	<u>\$ 22,468</u>	<u>\$ 35,975</u>	<u>\$ 32,634</u>

## 24. INCOME TAXES RELATED TO CONTINUING OPERATIONS

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 67,502	\$ 112,075	\$ 273,707	\$ 309,472
Income tax on				
unappropriated earnings	-	-	33,672	11,308
Adjustments for prior year	-	-	(8,793)	-
Deferred tax				
In respect of the current year	<u>6,882</u>	<u>(2,982)</u>	<u>7,766</u>	<u>(7,294)</u>
Income tax expense recognized in profit or loss	<u>\$ 74,384</u>	<u>\$ 109,093</u>	<u>\$ 306,352</u>	<u>\$ 313,486</u>

- b. Income tax assessments

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

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share	<u>\$ 4.82</u>	<u>\$ 5.91</u>	<u>\$ 16.38</u>	<u>\$ 16.15</u>
Diluted earnings per share	<u>\$ 4.79</u>	<u>\$ 5.82</u>	<u>\$ 16.24</u>	<u>\$ 15.89</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net profits attributable to the owners of the Company	<u>\$ 383,462</u>	<u>\$ 467,028</u>	<u>\$ 1,297,320</u>	<u>\$ 1,270,658</u>

## Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	79,538	79,002	79,205	78,701
Effect of potentially dilutive ordinary shares:				
Compensation of employees issued in the form of shares	331	392	443	478
Employee share options	<u>250</u>	<u>817</u>	<u>251</u>	<u>804</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>80,119</u>	<u>80,211</u>	<u>79,899</u>	<u>79,983</u>

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

## 26. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Share Option Plan of the Company

Qualified employees of the Company were granted 2,000 thousand options in May 2020. Each option entitles the holder to subscribe for 1,000 ordinary shares of the Company. The options granted are valid for 4 years and exercisable at certain percentages after the first anniversary from the grant date.

Information on employee share options was as follows:

	Employee Share Option Plan Granted in May 2020			
	For the Nine Months Ended September 30			
	2023		2022	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	953	\$ 43.7	1,446	\$ 51.7
Options granted	-	-	-	-
Options forfeited	(4)	-	(9)	-
Options exercised	(9)	43.7	(480)	43.7

(Continued)

<b>Employee Share Option Plan Granted in May 2020</b>				
<b>For the Nine Months Ended September 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>
Options exercised	(660)	\$ 31.7	-	\$ -
Options expired	<u>-</u>	-	<u>-</u>	-
Balance at September 30	<u>280</u>	31.7	<u>957</u>	43.7
Options exercisable, end of the year	<u>280</u>		<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ -</u>		<u>\$ -</u>	

(Concluded)

Compensation costs recognized were \$378 thousand and \$1,066 thousand for the nine months ended September 30, 2023 and 2022, respectively.

## 27. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

## 28. FINANCIAL INSTRUMENTS

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

Except the financial instruments measured at fair value, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

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

#### Fair value hierarchy

#### September 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>

September 30, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	<u>\$ 4,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,602</u>

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

c. Categories of financial instruments

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ 4,715	\$ 4,602
Amortized cost (1)	5,323,899	5,505,282	5,090,978
<u>Financial liabilities</u>			
Amortized cost (2)	1,544,631	1,507,616	1,480,510

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, financial assets at amortized cost, and other financial assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes and trade payables, other payables, the current portion of long-term debt, long-term loans, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, trade receivables, payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

There has been no change to the Group's exposure to market risk or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar and the Chinese yuan.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 5% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	<b>USD Impact</b>		<b>RMB Impact</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	<u>\$ 41,072</u>	<u>\$ 42,370</u>	<u>\$ 17,163</u>	<u>\$ 15,308</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>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash flow interest rate risk	\$ 510,659	\$ 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 nine months ended September 30, 2023 and 2022 would decrease/increase by \$3,830 thousand and \$3,095 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.

September 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	\$ 1,033,972	\$ -	\$ -	\$ -	\$ 1,033,972
Variable interest rate liabilities	<u>61,977</u>	<u>103,820</u>	<u>239,947</u>	<u>104,915</u>	<u>510,659</u>
	<u>\$ 1,095,949</u>	<u>\$ 103,820</u>	<u>\$ 239,947</u>	<u>\$ 104,915</u>	<u>\$ 1,544,631</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>

September 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	\$ 1,067,805	\$ -	\$ -	\$ -	\$ 1,067,805
Variable interest rate liabilities	<u>31,250</u>	<u>61,977</u>	<u>173,943</u>	<u>145,535</u>	<u>412,705</u>
	<u>\$ 1,099,055</u>	<u>\$ 61,977</u>	<u>\$ 173,943</u>	<u>\$ 145,535</u>	<u>\$ 1,480,510</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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Unsecured bank loan facilities:			
Amount used	\$ 93,750	\$ 125,000	\$ 125,000
Letter of guarantee used	26,154	29,037	23,050
Amount unused	<u>1,129,391</u>	<u>811,998</u>	<u>798,825</u>
	<u>\$ 1,249,295</u>	<u>\$ 966,035</u>	<u>\$ 946,875</u>

(Continued)

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Secured bank loan facilities:			
Amount used	\$ 416,909	\$ 287,705	\$ 287,705
Letter of guarantee used	105,567	306,539	432,276
Amount unused	<u>580,589</u>	<u>1,472,455</u>	<u>1,348,408</u>
	<u>\$ 1,103,065</u>	<u>\$ 2,066,699</u>	<u>\$ 2,068,389</u> (Concluded)

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 September 30, 2023, December 31, 2022 and September 30, 2022, the face values of these unsettled bills receivable were \$92,302 thousand, \$164,481 thousand and \$183,890 thousand, respectively. The unsettled bills receivable will be due in 6 months after September 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 nine months ended September 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.

## 29. TRANSACTIONS WITH RELATED PARTIES

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

### Remuneration of Key Management Personnel

The amounts of the remuneration of directors and key management personnel for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 24,286	\$ 23,139	\$ 68,876	\$ 66,456
Share-based payment	<u>-</u>	<u>53</u>	<u>80</u>	<u>227</u>
	<u>\$ 24,286</u>	<u>\$ 23,192</u>	<u>\$ 68,956</u>	<u>\$ 66,683</u>

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

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and collateral for borrowings of usance L/C:

	September 30, 2023	December 31, 2022	September 30, 2022	Object
Land	\$ 61,436	\$ 132,847	\$ 132,847	Bank borrowings
Property and equipment	397,967	351,083	351,670	Bank borrowings
Time deposit (other financial assets - current)	370,189	403,237	279,803	Bank borrowings and borrowings of usance L/C
Time deposit (other financial assets - non-current)	-	-	4,505	Bank borrowings and borrowings of usance L/C
	<u>\$ 829,592</u>	<u>\$ 887,167</u>	<u>\$ 768,825</u>	

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those items which have been disclosed in other notes, the significant contingent liabilities and unrecognized contract commitments of the Group as of September 30, 2023 were as follows:

- a. The Group had outstanding notes payable for security deposits amounting to \$26,727 thousand.
- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$121,987 thousand.
- c. The Group had outstanding notes payable to Taipei Fubon Bank for security deposits under various construction projects amounting to US\$124 thousand.
- d. The Group had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to \$5,720 thousand.
- e. The Group had outstanding notes payable to China Construction Bank (Asia) Corporation Limited for standby letter of credit under various construction projects amounting to RMB2,804 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 September 30, 2022 were as follows:

- a. The Group had outstanding notes payable for security deposits amounting to \$199,068 thousand.
- b. The Group had outstanding notes payable to Mega International Commercial Bank for security deposits under various construction projects amounting to \$112,959 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 \$127,252 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\$2,414 thousand.
- g. The Group had outstanding notes payable to Taishin Bank for security deposits under various construction projects amounting to \$5,720 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 security deposits under various construction projects amounting to RMB1,662 thousand.
- j. The Group had outstanding notes payable to East West Bank for security deposits under various construction projects amounting to US\$142 thousand.

### 32. 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.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies (aggregated by the foreign currencies) other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

September 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 32,762	32.27	\$ 1,057,230
RMB	77,749	4.415	343,262
<u>Financial liabilities</u>			
Monetary items			
USD	7,307	32.27	235,797

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



September 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,368	31.75	\$ 1,059,434
RMB	68,446	4.473	306,159
<u>Financial liabilities</u>			
Monetary items			
USD	6,678	31.75	212,027

For the three months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$39,598 thousand and \$22,468 thousand, respectively; for the nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$35,975 thousand and \$32,634 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

#### 34. SEGMENT INFORMATION

##### Segment Revenue and Results

The following was an analysis of the Group's revenue, profits and assets from continuing operations by reportable segments:

	<u>For the Nine Months Ended September 30, 2023</u>				
	<b>China</b>	<b>Taiwan</b>	<b>America</b>	<b>Adjustment and Reversal</b>	<b>Total</b>
Revenue from external customers	\$ 1,992,143	\$ 2,333,131	\$ 78,623	\$ -	\$ 4,403,897
Inter-segment revenue	<u>3,484</u>	<u>291,316</u>	<u>-</u>	<u>(294,800)</u>	<u>-</u>
	<u>\$ 1,995,627</u>	<u>\$ 2,624,447</u>	<u>\$ 78,623</u>	<u>\$ (294,800)</u>	<u>\$ 4,403,897</u>
Segment profit (loss)	<u>\$ 739,478</u>	<u>\$ 1,492,176</u>	<u>\$ 28,422</u>	<u>\$ (656,404)</u>	<u>\$ 1,603,672</u>
Segment assets	<u>\$ 3,841,505</u>	<u>\$ 8,851,032</u>	<u>\$ 87,626</u>	<u>\$ (3,077,200)</u>	<u>\$ 9,702,963</u>
	<u>For the Nine Months Ended September 30, 2022</u>				
	<b>China</b>	<b>Taiwan</b>	<b>America</b>	<b>Adjustment and Reversal</b>	<b>Total</b>
Revenue from external customers	\$ 1,558,022	\$ 2,891,056	\$ 58,340	\$ -	\$ 4,507,418
Inter-segment revenue	<u>69,314</u>	<u>406,709</u>	<u>-</u>	<u>(476,023)</u>	<u>-</u>
	<u>\$ 1,627,336</u>	<u>\$ 3,297,765</u>	<u>\$ 58,340</u>	<u>\$ (476,023)</u>	<u>\$ 4,507,418</u>
Segment profit (loss)	<u>\$ 505,666</u>	<u>\$ 1,506,190</u>	<u>\$ 11,104</u>	<u>\$ (438,816)</u>	<u>\$ 1,584,144</u>
Segment assets	<u>\$ 2,865,188</u>	<u>\$ 8,361,529</u>	<u>\$ 52,147</u>	<u>\$ (2,373,723)</u>	<u>\$ 8,905,141</u>

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

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: Table 1 (attached).
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: Table 4 (attached).
- 11) Information on investees: Tables 5 and 6 (attached).

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached).
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8 (attached).
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached).

## ALLIED SUPREME CORP. AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

SEPTEMBER 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.	\$ 90,120 (RMB 20,000)	\$ 79,470 (RMB 18,000) (Note B)	\$ -	\$ -	1.12	Note A	Y	N	Y	
		Aston Fluorotech Corp.	2	The limit is 20% of the net value of the financing company based on the latest audited financial statements.	16,135 (US\$ 500)	16,135 (US\$ 500) (Note B)	-	-	0.23	Note A	Y	N	N	

Note A: Aggregate endorsement/guarantee limit is 40% of the net value of the financing company = \$7,111,712 thousand x 40% = \$2,844,685 thousand.

Note B: Outstanding endorsement/guarantee at the end of the period was based on the average buy/sell closing exchange rate for the nine months ended September 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 NINE MONTHS ENDED SEPTEMBER 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	\$ (255,376)	(10)	Note	Note	Note	Accounts receivable \$ 136,170	17	

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**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20 OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	Third-tier subsidiary	\$ 136,170	2.54	\$ -	-	\$ 60,904	\$ -

**ALLIED SUPREME CORP. AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2023</u>						
	Allied Supreme Corp.	Allied Supreme (Jia Xing) Corp.	1	Accounts receivable	\$ 136,170	Note D	1
		Allied Supreme (Jia Xing) Corp.	1	Accounts payable	213	Note D	-
		Allied Supreme (Jia Xing) Corp.	1	Sales	255,376	Note D	6
		Allied Supreme (Jia Xing) Corp.	1	Cost of goods sold	3,484	Note D	-
		Aston Fluorotech Corp.	1	Accounts receivable	528	Note D	-
		Aston Fluorotech Corp.	1	Sales	35,940	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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 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 18,537	\$ 373,284 18,537	11,750,000 600	100 100	\$ 2,786,678 53,153	\$ 633,189 23,215	\$ 642,114 23,215	Subsidiary Subsidiary
Allied Supreme (Samoa) Corp.	Allied Supreme (China) Corp.	Samoa.	Investment	373,284	373,284	11,750,000	100	2,786,198	633,186		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 NINE MONTHS ENDED SEPTEMBER 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	\$ 255,376	19	Note	Note	Note	Accounts payable \$ (136,170)	(41)	

Note: Refer to Table 2.

## ALLIED SUPREME CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 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)	\$ 633,007	100.00	\$ 641,932	\$ 2,782,390	\$ -	

Accumulated Outward Remittance for Investments in Mainland China as of September 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)	\$4,267,027

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 NINE MONTHS ENDED SEPTEMBER 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	\$ 3,484	Note	Note	Note	Accounts receivable	\$ 213	-	\$ 2,444
	Purchases of goods	255,376	Note	Note	Note	Accounts payable	(136,170)	(41)	

Note: The payment term is 90 days and the collection term is 75 days after shipment, according to the specifications set by both parties.

**TABLE 9****ALLIED SUPREME CORP. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Ching Investment Co., Ltd.	6,807,732	8.54
Ying Sheng Investment Co., Ltd.	5,163,485	6.48
Hsieh, Sheng Kuo	4,672,640	5.86
Shang He Investment Co., Ltd.	4,520,825	5.67

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.