

Advanced International Multitech Co., Ltd.

2023 Annual Report

Printed on April 30, 2024

Website of TWSE Market Observation Post System: <https://mops.twse.com.tw>

Website of the Company: <https://www.adgroup.com.tw>

The reader is advised that the annual report have been prepared originally in Chinese.

In the event of a conflict between the translated version and the original Chinese version or difference in interpretation between the two versions, the Chinese language annual report shall prevail.

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V. Listed overseas securities for trading: None.

VI. Company website: <https://www.adgroup.com.tw>

Content

I Letter to Shareholders.....	1
II Company Profile	5
III Corporate Governance	11
I. Organization Structure	11
II. Information on the Company's directors (including independent directors), CEO, Vice General Manager, Director, and the superintendents of all the Company's divisions and branch unit	14
III. Remuneration paid to directors (including independent director), CEO, and vice general manager in current fiscal year:	24
IV. Corporate Governance Practices	29
V. Information on the fees paid to certified accountants	87
VI. Information on the Replacement of Accountants	88
VII. Whether the Company's chairperson, CEO, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm.	88
VIII. Information on share transfer and pledge of stock right changes by directors, managers, and shareholders that hold more than 10 % of the Company's outstanding shares at the most recent fiscal year and up until the printing date of this report	89
IX. Information on the relationship among the top ten shareholders who are related persons or spouses or relatives within the second degree	91
X. The number of shares held by the Company, its directors, supervisors, managers, and enterprises directly or indirectly via enterprises that the Company holds controlling power over in the same reinvestment enterprise, and the composite shareholding status	92
IV Capital Raising Activities	93
I. Capital and Shares	93
II. Issuance of Corporate Bond	101
III. Issuance of Preferred Stock	102
IV. Issuance of Global Depositary Receipt	102
V. Employee Stock Option.....	102
VI. Restriction on employee's right and the handling of new shares	102
VII. Mergers or acquisitions, and issuance of new shares due to acquisition of shares of other companies.....	103
VIII. The implementation of fund utilization plan	104
V Operation Overview	105
I. Content of Business.....	105
II. Market and the Production-Marketing Situation	113
III. Employees	120
IV. Expenditures on environmental protection.....	121
V. Labor-Capital Relationship	127
VI. Information Security	131
VII. Important contracts	133

VI Financial Situation	134
I. Condensed Balance Sheets and Composite Statements of Income over the Past 5 Years	134
II. Financial Analysis for the past 5 years	138
III. Audit Committee’s Review Report of the most current year	141
IV. Financial reports of the most current year)	142
V. The CPA certified mother company only financial reports of the most current year	142
VI. In the most current fiscal year and up until the printing date of this annual report, if the Company and its affiliated companies have financial difficulties, and what’s the influences on the Company’s financial situation.....	142
VII The Review and Analysis of the Company’ s Financial Situation, Financial Performance, and the related Risks	143
I. Financial situation.....	143
II. Financial performance.....	144
III. Cash flow	145
IV. Significant capital expenditure of the most current fiscal year and the impact to financial operation.....	146
V. Main reason for the profit or loss of its invested company in the current year, and the improvement plan and investment plan in the future year.....	146
VI. Risk matter should analyze and evaluate the following issues in the most current fiscal year and up to the printing date of this annual report.....	147
VII. Other important issues	153
VIII Special Notes.....	154
I. Relation information of Affiliated Companies	154
II. The handling of privately placed securities in the most recent year and as of the publication date of the annual report	158
III. In the most recent year and as of the publication date of the annual report, the holding or disposal of the Company's stocks by subsidiaries	158
IV Other necessary supplementary explanations	158
IX In the most recent year and up to the date of publication of the annual report, whether there is any event that has a significant impact on shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act.....	158
Attachment 1 2023 and 2022 Consolidated Financial Report of Advanced International Multitech Co., Ltd. and its Subsidiaries and Accountant’s Audit Report	159
Attachment 2 The 2023 and 2022 Parent Company Only Financial Report of the Advanced International Multitech Co., Ltd. And the Accountant’s Audit Report	241

I Letter to Shareholders

To the shareholders of Advanced International Multitech Co., Ltd.:

Thank you for your continued interests, support, and care to Advanced International Multitech Co., Ltd., and it is hoped that you will continue to give us more attention and support in the days to come, thank you.

Below is the report of 2023 operation results and 2024 operation plans.

I. 2023 Consolidated Operation Report

(I) The execution results of the 2023 operation plans

The Company's consolidated operating revenue was 14,299,849 thousand dollars in the year of 2023, decreased by 33.25% comparing with 21,422,785 thousand dollars in the year of 2022. The consolidated net profit in the year of 2023 was -365,932 thousand dollars, decreased by 114.64% comparing with the consolidated net profit of 2,500,237 thousand dollars in the year of 2022. The after-tax earnings per share in 2023 was 0.5dollars.

(II)The 2023 budget execution status: Not available, the Company did not disclose financial forecast in the year of 2023.

(III) Financial information:

1. Financial information

Unit: NT\$1,000 ; %

Year	2023	2022	Increase/Decrease by (%)
Sales Revenue	14,299,849	21,422,785	(33.25%)
Cost of Goods Sold	11,990,152	17,067,951	(29.75%)
Profit Margin	2,309,697	4,354,834	(46.96%)
Operating Expenses	1,379,407	1,664,172	(17.11%)
Other Income and expenses - Net	196,712	137,364	43.20%
Non-operating income and expenditures	(1,299,967)	416,576	(412.06%)
Net Income before Tax	(172,965)	3,244,602	(105.33%)
Net Income after Tax	(365,932)	2,500,237	(114.64%)
Total Comprehensive Profit/Loss	(398,574)	2,583,955	(115.42%)

2. Analysis on profitability

Unit: NTD\$1 ; %

Item		Ratio
Return on Assets (%)		(1.88%)
Return on Equity (%)		(5.13%)
To Paid-in-Capital (%)	Operating income	80.39%
	Net income before tax	(12.34%)
Net Income Margin (%)		(2.56%)
Earnings Per Share (\$1)		0.50

(IV) R&D situation

The R&D results in the year of 2023.

1. Development of Bio-based epoxy resin formula (biobass ratio 20%).
2. Development of winding epoxy resin formula (TOWPREG).
3. Development of compression impact resistant climbing rim formula.
4. Development of green and environmentally friendly thermoplastic continuous carbon fiber composite technology (TP UD).
5. Development of Tailored Fiber Placement (TFP) technology.
6. Development of LFT hot press technology.
7. Development of RHCM thermoplastic compound materials forming technology.
8. Development of UHMWPE compound material forming technology.
9. Recycled carbon fiber development and application technology.
10. Development of high-pressure injection molding technology for wheel rims.
11. Development of full carbon fiber rim molding technology.
12. Development of forged carbon fiber exterior injection molding technology for wheel rims.
13. Development of automated fiber reinforced structure technology for rims.
14. Design and development of rim combining with aerodynamic power.
15. The audit of carbon fiber RCS certification for the 2nd year.
16. Development of winding braiding with resin transfer molding technology.
17. Addition of Graphene to ultra-lightweight carbon fiber parts.
18. The use of titanium alloy casting technology to improve fabrication quality.
19. Development of multi-axis AI visual automatic grinding for mass production.
20. Development of thermoplastic molding technology and its product application.
21. Application of automatic lamination to carbon fiber preforming technology.
22. Application of 3D printing for rapid samples.
23. Application of thermoplastic injection molding technology to composite products.
24. Development of bio-degradable thermoplastic boards.
25. Development of dyed resin forged carbon fiber and bring into mass production.
26. Development of high strength iron-based materials.
27. Development and application of rapid extreme ultraviolet spray coating to mass-produced composite products.
28. Application of hard brazing technology to metal products.

II. Summary of 2024 Operation Plan

(I) Operating strategy

In response to the future situation and corporate development direction, four major themes are set as follows:

1. Growth strategy of our main operating territory: Examine the dynamic situation at home and abroad, combine customer origin and supply chain strategies, and improve customer stickiness and continue to maintain competitiveness through core capability expansion, technological innovation, continuous improvement and supply chain management.
2. Creation of new business opportunities: Through internal and external cross-fields collaborative innovation, corporate mergers and acquisitions, or business model innovation, to establish corporate growth momentum for the next decade.
3. Improvement of organizational effectiveness: Carry out talent cultivation program focusing on management functions and leadership effectiveness; at the same time, through standardization and digitalization to implement management thinking and

enhance the collective wisdom and soft power of the enterprise.

4. Sustainable corporate development: Take stock of potential corporate risks for identification and management; implement ESG key indicators and sustainability goals.

(II) Expected unit of sales

Based on the market's supply, demand, and industrial environment, as well as the consideration and evaluation of the Company's capabilities and development, it is estimated that the sales volume of ball heads and golf equipment in 2024 will be about 11 million to 12 million pcs, and the one-year volume of golf balls will be around 7.4 million dozen.

(III) Important production and marketing strategy

1. Continue to strengthen the development and application technology of composite materials related products and create a competitive advantage through the strength of conveyor production concept, i.e. from the innovation and design of composite materials to production and manufacturing.
2. The origin strategy: continue to increase the proportion and importance of Vietnam's production base and reduce the dependence in risk-conflict areas.
3. Establish partnerships with key supply chains for responding to customer needs with better competitiveness and quality solutions.
4. Continue to pay attention to the sales status and market information of the client, in order to quickly synchronize or adjust the internal and external resources with the expected order status and respond to external changes with the highest efficacy.

(IV) Future development strategy

1. Continuous innovation to support growth territory: Integrate internal and external resources to invest in the research and development of composite material's raw materials, manufacturing procedures and products, and can continue to innovate to meet the needs of customers in all industries and grasp opportunities for new business opportunities. Meanwhile, to respond to future industry and technology trends, and carry out the transformation of products and business models ahead of others in the industry.
2. Talent cultivation to deep root corporate's soft power: Cultivate the talents and capabilities that the organization needs in the future, strengthen human resource development and talent cultivation plans, enhance colleague's work value and sense of belonging of colleagues, and at the same time, actively promote digital transformation to enhance management effectiveness.
3. Aiming at the new corporate thinking of ESG, gradually implement the goals of carbon reduction, waste reduction, and energy conservation, and establish a carbon management mechanism to respond to the trend of the times; at the same time, continue to care for vulnerable groups, fulfill corporate social responsibilities, and implement corporate governance to achieve the realm of sustainable management and create win-win situation for customers, employees, shareholders and the general public.

(V) Effects of the external competitive environment, regulation environment, and overall operation environment

In the past year, Advanced Group experienced a major industrial safety incident, which not only caused priceless human lives and injuries, but also brought severe tests to the Company's operation results and corporate image. Providing a healthy and safe working environment is the most basic requirement for business operations. We must put more efforts into improving the management system and preventing and controlling corporate risks, implementing disaster prevention, training and correcting safety concepts, and breaking many of the inertia

that we have been accustomed to in the past, so that we are able to rise from the ashes, walk out of the clouds of this disaster, and create another peak for the business.

Look into the year ahead, the international situation and economic environment are still full of uncertainties. Advanced International Multitech will lead the direction on the unknown road with the DNA of listening to the voice of customers; our strong management team will demonstrate its team strength to overcome adversity. Moreover, Advanced International Multitech possess a group of excellent employees who can continue to stick to their posts and meet more challenging tasks. In the face of future tests and changes, Advanced International Multitech will insist on the concept of "sincerity, creativity, and satisfaction" to advance on the road of sustainable management.

Chairman: His-Chien Cheng



Manager: I-Nan Chou



Accounting Manager: Yi-Miao Kuo



II Company Profile

I. Company Profile

(I) Date of Establishment: July 20, 1987

(II) Address and Phone number of the Company and Factories

Headquarter (Zhonglin Factory): No.26, Zhonglin Rd., Xiaogang Dist., Kaohsiung City

Phone no.: +(8867)872-1410

Kaohsiung Export Processing Zone Branch: No.2, S. 5th Rd., Qianzhen Dist., Kaohsiung City

Phone no.: +(8867)821-3851

Daye Factory: No. 33, Daye S. Rd., Xiaogang Dist., Kaohsiung City

Phone no.: +(8867)871-5135

Hefa Factory: No.63, Heye 5th Rd., Daliao Dist., Kaohsiung City

Phone no.: +(8867)788-5668

(III) Milestone

YEAR	Footprints
1987	The Company was established in July by major founders including Mr. Lin, Shen-Chih, Mr. Cheng, Cheng-Hsien, and Mr. Cheng, Hsi-Kun. The initial investment amount was NT\$45 millions. The Company worked with the Material Lab of the Industrial Technology Research Institute to jointly research and develop the manufacturing of carbon fiber golf clubs.
1988	The new factory located on No.26, Zhonglin Rd., Xiaogang Dist., Kaohsiung City was completed the construction in July, started operation and officially began mass production of carbon fiber golf club for supplying to both domestic and international markets.
1989	The Company worked with the Material Lab of the Industrial Technology Research Institute to develop prepreg impregnating machine to produce PPG composite materials in order to reinforce independent material supply and product diversity, and for a further step to lower production cost.
1990	The Company worked with the Material Lab of the Industrial Technology Research Institute to jointly develop carbon fiber one-piece bicycle frame.
1991	(1) In April, studied the production technology of one-piece bicycle frame at the Material Lab of the Industrial Technology Research Institute. (2) In October, production facilities were installed and put into the production of carbon fiber one-piece bicycle frame.
1992	(1) In the beginning of the year, factory expansion was completed and was put into the test production of carbon fiber one-piece bicycle frame in small batches. (2) In November, the Company worked with the Material Lab of the Industrial Technology Research Institute again to jointly develop the carbon fiber bicycle fork.
1993	(1) In January, the Company invested in Huan An Co., Ltd. (2) In April, the Company brought in the fully automatic winding type golf club manufacturing machinery, and worked with the Material Lab of the Industrial Technology Research Institute to invent winding type golf club for providing diversified golf club choices to meeting customers' needs. (3) Started the mass production of carbon fiber bicycle fork in March.
1994	(1) In February, the Company obtained ISO international certification. (2) Re-invested to establish Advanced International Multitech Company Ltd. (3) The 5 th golf club production line was added to meet with increasing demands. (4) NPS line enhancement was completed for both golf club and bicycle production lines

YEAR	Footprints
	during the year. Hereafter, the Company adopted new production to meet the increasing order volume.
1995	(1) In February, the 6th golf club production line was established. (2) The organization structure was changed in April. The planning and development moved toward business units structure and started to actively promote the Corporate Identity System (CIS).
1996	(1) In September, the 2nd invested material prepreg impregnating line was tested and started operation. (2) Investment was made into Huan An Co., Ltd. in October.
1997	(1) Bicycle Dept. successfully developed carbon fiber CROWN fork. (2) Advanced International's website and internal network were set up. (3) Started to promote the consolidation of Advance International's affiliated companies, and it was decided to set the goal of going public (be listed in TPEx/TWSE) in the year of 2000.
1998	(1) The re-invested Huan An Co., Ltd. was consolidated by Da-an Precision Casting Co., Ltd on March 1. On July 1st, the affiliated companies, Da-an Precision Casting Co., Ltd., Advanced International Multitech Company, Ltd., and Da Ming Enterprise Co. Ltd. were consolidated, and the Company's capital increased to \$187,170,000. (2) Reinvested to establish Advanced Group International (BVI) Co., Ltd. In August. (3) Obtained ISO9001 quality certification in October. (4) The capital was increased to \$406,200,000 in December and was approved by former Securities and Futures Bureau of the Ministry of Finance for public offering.
1999	(1) Started OTC counseling in February. (2) Acquired the 2nd CAD machine in April. (3) Acquired Rapid Prototyping Machine in May. (4) Increased company capital to \$556,200,020 in November. (5) Acquired new 1M broad prepreg impregnating machine in December.
2000	(1) Introduced and tested-run the 1M broad prepag impregnating machine in January. (2) ERP went online in July. (3) Mass produced the Titanium wood club head in August. (4) China's 2nd casting line started construction in October. (5) Titanium alloy vacuum casting furnace entered the factory in November.
2001	(1) Went into strategic alliance with US and Japan renowned carbon fiber club maker, Fujikuro Composite, in June. Also, at the time, the accumulated earnings of \$57,844,820 was transferred to increase company capital, the paid in capital of the Company was \$636,292,940. (2) Cooperated with Professor Su, Hsiung-I of the Soo-Chow University in August for the SCM project. A subsidiary's new surface processing operation in China went into official operation. (3) A SCM team was formed in November to concentrate in the promotion of supply chain management for enhancing system effectiveness and lowering costs.
2002	(1) Application submitted for OTC trading in April. (2) Application submitted for OTC listing in April. (3) Stock went OTC listed on December 2.

YEAR	Footprints
2003	(1) 9.25 million subsidy was applied and approved for Going Electronic Plan in April via the system of Industrial Development Bureau, Ministry of Economic Affairs. (2) Acquired Laser Argon Welding Machine in April to join into the processing of the welded Titanium ball head. (3) New factory that was planned to cost 100 millions, was started the construction work on May 27.
2004	(1) PKM was adopted to link up inter-company's work procedures, application software, data, and web function among consolidated partners, so Enterprise Extension can be achieved to enhance competitiveness and bring benefits to business community as a whole. (2) The newly constructed factory was expected to complete construction in May. Matters in relation to factory move were planned and carried out. At the end of the year, new factory went officially into operation. (3) Invested to set up Advanced International Multitech (Vietnam) Corporation Ltd. in December.
2005	(1) Internal KM website went online in April. (2) With I-Design golf set collaborative R&D project, a subsidy of 14.4millions was approved in the IT Application Promotion Project by the DoIT of the Ministry of the Economic Affairs in May. (3) A branch was established at the Export Processing Zone in Kaohsiung in December.
2006	(1) Obtained the Corporate Operation Headquarters certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs in April. (2) Invested to set up Shanghai Feng Sheng Carbon Fiber Technology Co., Ltd. in May. (3) Invested to set up subsidiary, Launch Technologies Co., Ltd. in July. (4) Invested to set up Advanced Composite Materials (Changshou) Co., Ltd. in July. (5) Obtained ISO 14001 and OHSAS 18001 in October to implement industrial safety and environmental protection policies.
2007	(1) Advanced Group's 20 years Review and physical exhibition in October. (2) Passed the guide of knowledge management bench-marking model (to establish manufacturing engineering related knowledge management mechanism) by the Industrial Development Bureau, Ministry of Economic Affairs in November.
2008	(1) Re-introduce ERP system, and SAP system was projected to officially launch on January 1, 2009. (2) Advanced Group's Long Yen Factory in China received WS 4C certificate by world renowned sports good manufacturer, Adidas.
2009	Established subsidiary, Fu Guo International Technology Co., Ltd. in August.
2010	(1) Acquired Fu Guo Sporting Goods (Dongguan) Co., Ltd. In June. (2) Subsidiary, Launch Technologies Co., Ltd., started OTC trading on October 13th. (3) In October, Advanced Group's total sales topped 10billions.
2011	(1) Advanced Group's Daye Factory, which produces bicycle parts and carbon fiber composite materials, passed GHG inventory investigation and obtained ISO14064-1 verification statement in June. 06 (2) Subsidiary, Launch Technologies, moved from Dashu Dist. Of the Kaohsiung City to Pingtung Export Processing in Pingtung city in July for business operation expansion. (3) The Zhonglin Factory, Advanced Group's headquarter, which produced golf ball head,

YEAR	Footprints
	passed the GHG inventory investigation and obtained the ISO14064-1 verification statement in September ahead of other peers in Taiwan. (4) Advanced was selected as one of the first batch counselling factories for being green factory in September by the Industrial Development Bureau of the Ministry of Economic Affairs, and so a 4-month green factory counselling was carried out. (5) 3 product series and 15 items of Advanced Group's carbon fiber composite materials passed carbon footprint verification and received PAS2050 verification statement in October. This is the first product's carbon footprint verification for Advanced International. (6) 3 product series and 15 items of Advanced Group's carbon fiber composite materials received carbon footprint label from Taiwan Electrical and Electronic Manufacturers' Association and UK's Carbon Trust in November. (7) Advanced International won the silver medal of the TTQS review system the Corporate and Institution Version from the Executive Yuan in October.
2012	(1) Advanced Group's Kaojia Branch that produces composite materials passed corporate GHG inventory investigation in October and obtained the ISO14064-1 investigation statement. (2) Advanced Group's bicycle fork passed carbon footprint verification in October and obtained PAS2050 certification. (3) In November, the Company worked with National Cheng Kung University and Professor Ting, Chih-Ming of the Dept. of Materials Science and Engineering of the National Cheng Kung University for patent authorization contact and technology transfer respectively. Scope of the patent authorization is mainly related to technologies related to high thermal conductivity continuous vapor growth carbon fiber. (4) Received the subsidy from the DoIT of the Ministry of Economic Affairs and established the Advanced Group Innovation and R&D Center. (5) Received the Most Contribution Award in Weight-Loss Sector of the 2012 National Outstanding Healthy Workplace held by the Ministry of Health and Welfare, the Executive Yuan. (6) Subsidiary, Launch Technologies, received the Honorable Mention Award in the 2011 Export Processing Zone Landscape Design Award for greening and beautification of the process zone area held by the Export Processing Zone, Ministry of Economic Affairs.
2013	(1) Zhonglin Factory, the headquarter, received Cleaner Production Qualification Certificate by the Industrial Development Bureau in January. (2) The Company's titanium ball head received carbon footprint verification and obtained PAS2050 certification. (3) Precision casting product - prosthesis knee received ISO13485 medical quality certificate. (4) Created our own bicycle brand, Grampus, and received both Silver Medal of the Taiwan Excellence Award and Kaohsiung Excellence Award. (5) Mr. Cheng, Hsi-Chien was appointed to be the Chairman of Advanced International Group in May. (6) Subsidiary, Launch Technologies, received the 2012 Public-Spirited Contribution Award from the Export Processing Zone, Ministry of Economic Affairs. (7) Subsidiary, Launch Technologies, cooperated with domestic universities of science

YEAR	Footprints
	and technology to utilize Taiwan-made machinery to process the mold core in the wind tunnel, and greatly reduced the time and cost in making mold core and enhanced the durability of mold core. (8) Subsidiary, Launch Technologies Co., Ltd , successfully developed soft but highly reflexive 2-layer ball products that significantly improved the hitting feel and distance. (9) Subsidiary, Launch Technologies, received the 2013 Outstanding Healthy Workplace - Good Community Healthy Award from the Health Promotion Administration, Ministry of Health and Welfare.
2014	(1) In Taiwan Power Company's 2014 Enterprise Power-Saving Competition, Advanced Group's Kaojia Branch received the first place in the power-saving competition. (2) Advanced International received the Honorable Member Award in the selection of 2014 outstanding companies by Kaohsiung Labor Union. (3) Subsidiary, Launch Technologies Co., Ltd., was listed on the TPEx on November 10. (4) Subsidiary, Launch Technologies, received the 2014 Power-Saving Award - Silver Saving Medal from the Export Processing Zone, Ministry of Economic Affairs. (5) Subsidiary, Launch Technologies, was certified by the Customs Administration, Ministry of Finance and obtained the AEO certificate.
2015	(1) Compiled and published the first CSR report. (2) The Kaojia Branch passed the EICC (Electronic Industry Citizenship Coalition) review. (3) The golf ball head received water footprint certification and obtained ISO14046 certification. (4) Committed to promoting a smoke-free environment, occupational injury prevention, and health promotion programs, which have been assessed by the National Health Service of the Ministry of Health and Welfare as meeting the Healthy Workplace Certification - Health Promotion Label.
2016	(1) Advanced International received the subsidy to fund the casting industry from Occupational Safety and Health Administration, Ministry of Labor. (2) Advanced International sponsored Harvard University's research project on the application of advanced composite materials in construction. (3) Advanced International's Kaojia Branch added the 3rd factory building. (4) DIZO S6 received the 2017 Taiwan Excellence Award.
2017	(1) The opening of the first DIZO image store. (2) Was ranked top 5% among all the OTC listed companies in the 3rd Corporate Governance Evaluation by the Securities & Futures Institute. (3) Passed ISO9001: 2015 revision certificate. (4) DIZO S6-R again received the 2018 Taiwan Excellence Award. (5) Exclusive sponsorship of Kaohsiung Symphony Orchestra's "Music by Your Side Concert", in which we invited employees, family members and business partners to celebrate Advanced International's 30th anniversary.
2018	(1) Sponsored the activity of 2018 Kaohsiung Spring Arts Festival. (2) Equipped with solar power facilities that ranged 920.33m² with 99.9KW capacity. The goal was to take into account energy safety, sustainable environment, and green economy. (3) The golf head and carbon fiber composite materials, ahead of peers, obtained ISO45001 on September 12, 2018: certificate replacement in 2018, and became the 16th

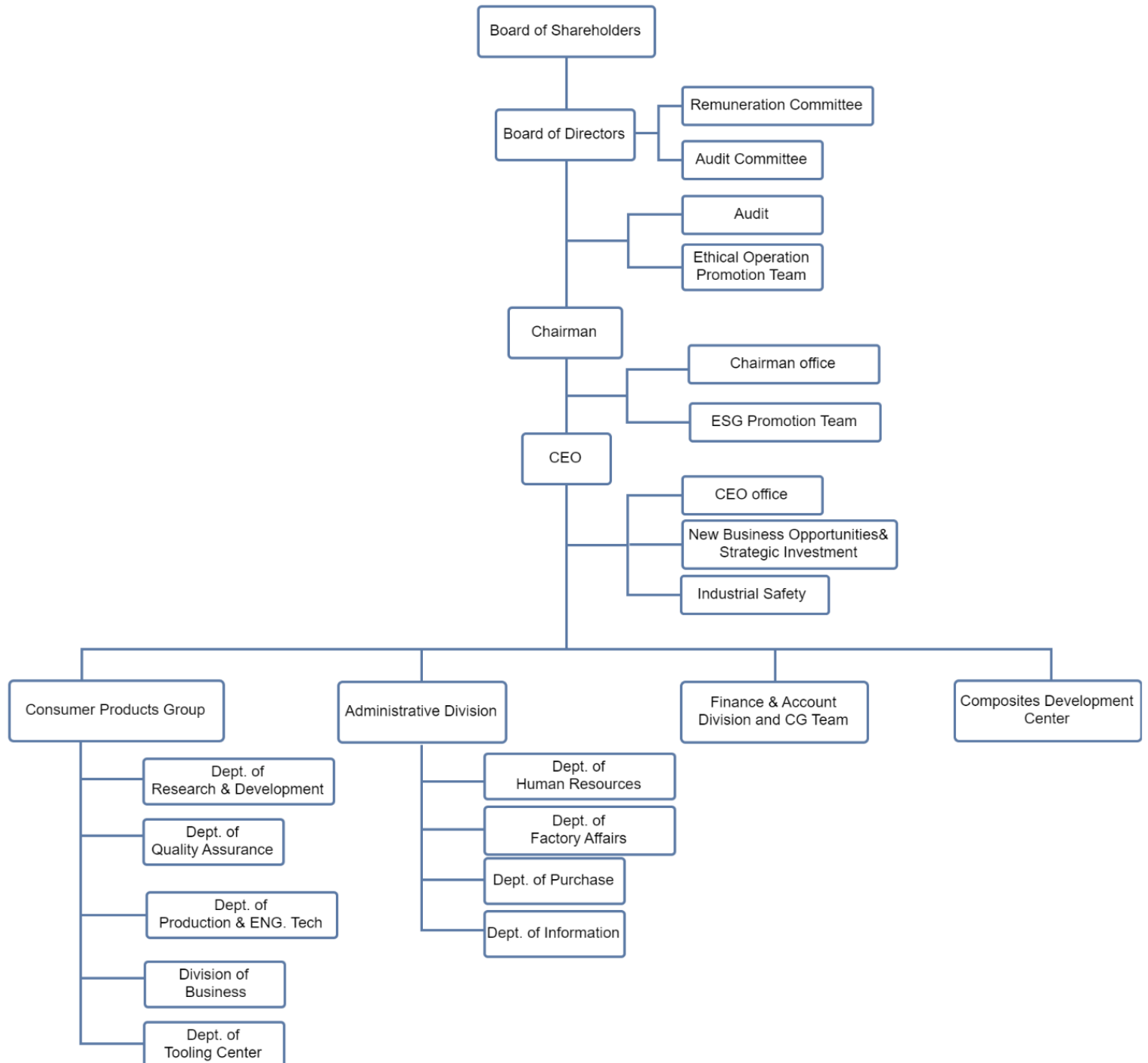
YEAR	Footprints
	company to receive the certificate across all industries. (4) On September 15, 2018, the Company obtained ISO14001 certificate: verification in 2015. (5) Sponsored Threebond TPGA tournament. (6) The R&D Building (Zhonglin Plant II) was completed construction and put into operation on December 27, 2018.
2019	(1) The Zhonglin Plant II introduced Krauss Maffei HP-RTM facility from Germany and completed the installation in June. (2) Received the fifth potential mid-sized enterprise certificate from the Ministry of Economic Affairs in the selection of companies that had outstanding performance in specific fields. (3) DIZO S6-ego received the 2020 Taiwan Excellence Award.
2020	(1) Was ranked top 5% among all the OTC listed companies in the 6th Corporate Governance Evaluation by the Securities & Futures Institute. (2) DIZO EPIC Pro received the 2021 Taiwan Excellence Award. (3) Won the 2nd place in Recreational Products Sector among the 2020Taiwan Enterprise Ranking TOP5000. (4) Received the Vitality Award from the Health Promotion Administration of the Ministry of Health and Welfare.
2021	(1) Won the 2nd place in Recreational Products Sector among the 2021 Taiwan Enterprise Ranking TOP5000. (2) DIZO Brand was sold to CONQUR Co., Ltd. (3) Passed the RCS(Recycled Claim Standard) certification.
2022	(1) Advanced International Multitech (Vietnam) launched SAP system on July 1. (2) Mr. Chou, I-Nan was promoted as the CEO of Advanced Group on September 1. (3) Advanced Group's Hefa factory was completed and went into operation in November.
2023	(1) Cheng, Feng-Yao was promoted to be the general manager of the overseas factory of Advanced Group on July 1. (2) A major work safety incident occurred in subsidiary, Launch Technologies Co., Ltd., on September 22.

III. Corporate Governance

I. Organization Structure

(I) Organization Chart

1. Organization structure of the Company



2. Business scope of major business units

Major Unit	Business Scope
Remuneration Committee	Formulate and regularly review directors, supervisors and managers' remuneration policies, systems, standards and structures and rationality assessments.
Audit Committee	Supervise the proper expression of the Company's financial statements, the selection (dismissal), independence and performance of certified accountants, the effective implementation of the Company's internal control, the compliance with relevant laws and regulations, and the management and control of the company's existing or potential risks.
Audit	Evaluate the integrity, rationality and effectiveness of the internal control system and management system.
Ethical Operation Promotion Team	Handle the revision, implementation, interpretation, consulting services and reporting content registration and filing of Procedures for Ethical Management and Guidelines for Conduct, and supervise the execution of the related operations.
Chairman Office	(1) Assisting the Chairman and directors in communication and coordination, as well as executing assigned tasks. (2) Assessing the progress and effectiveness of the board of directors' resolutions.
ESG Promotion Team	(1) Coordinating the promotion, counseling and auditing of the ESG work of the whole group. (2) Convene meetings with business groups and subsidiaries to review the implementation situation every quarter.
CEO Office	Promote and execute the Company's business objectives and performance management, formulate, execute, and access special projects, assist the CEO in the management and execution of the operation.
New Business Opportunities & Strategic Investment	Collect and organize industry trends, analyze market opportunity, analyze external investment/merger and acquisition opportunities, manage investments/post-merger and post-acquisition projects, and carry out new business opportunity related projects.
Industrial Safety	Supervise and promote occupational safety and health management.
Composites Development Center	(1) Develop new products, new materials, new manufacturing process, and new facilities. (2) Integrate information in relation to composite technologies, the market, and suppliers and build a database to establish the Group's development strategy in composite materials.
Finance & Accounting Division and CG Team	Plan, operate, manage financial, accounting, taxation, stock related and corporate governance affairs.
Dept. Of Human Resources	Integrate, plan, revise, and execute of rules and regulations, and make out human resources affairs and the develop plans.

Major Unit	Business Scope
Dept. Of Factory Affairs	(1) Implement and supervise public equipment's self-maintenance plans. (2) Maintain and manage public equipment, and handle the occurrence of emergencies.
Dept. Of Purchase	Procurement of raw materials internal and abroad and purchase of general goods and services.
Dept. Of Information	Plan and execute application software system, manage and maintain computer and related peripheral equipment, maintain application software system related files, and manage the outsourcing services of application software .
Dept. Of Research & Development	(1) Develop and test of new materials and new manufacturing technology and import new technologies. (2) Integrate and coordinate development resources, and introduce into mass production
Dept. of Quality Assurance	(1) Develop and implement work procedures that meets required product quality. (2) Implement activities and standards for maintaining quality system.
Dept. of Production & ENG. Tech.	Product's manufacturing, developing and design, and quality control.
Division Of Business	Product sales, customer relationship development and maintenance, and customer service.
Dept. of Tooling Center	Design, produce, modify, review, outsource of various molds and fixtures, and design, revise, and establish mold manufacturing process.

II. Information on the Company's directors (including independent directors), CEO, Vice General Manager, Director, and the superintendents of all the Company's divisions and branch unit

(I) Information on Directors (including independent directors)

March 29, 2024

Title	Nationality or Place of Registration	Name	Gender Age	Post Beginning Date (m/d/y)	Term of Office	Date of First Elected (m/d/y)	Shareholding at Date Elected		Current Shareholding		Current Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Other Post in the Company and other company concurrently	Spouse or relative within 2 nd degree that serves as other superintendent, director, or supervisor			Note
							Number of Shares	Stake	Number of Shares	Stake	Number of Shares	Stake	Number of Shares	Stake			Title	Name	Relationship	
Chairman	R.O.C.	Ming An Investment Co., Ltd.	Male 71~80	11/26/2021	3 years	5/10/2004	12,134,838	8.97%	12,134,838	8.66%	0	0%	0	0%	None	Corporate Director of the Company	None	None	None	None
		Representative: Cheng, Hsi-Chien				6/4/2010	1,499,636	1.11%	1,499,636	1.07%	0	0%	0	0%	Meiji University, School of Business Administration	Chairman / Advanced International Multitech Co., Ltd. Chairman / Launch Technologies Co., Ltd. Chairman / Ming An Investment Co., Ltd. Chairman / Advanced International Multitech (Vietnam) Co., Ltd. Chairman / Advanced Group International (BVI) Co., Ltd. Director / Technology On Prototyping Ultimate Co., Ltd. Chairman / Advanced Sporting Goods (Dongguan) Co., Ltd.	Vice Chairman	Liu, An-Hao	Affinity	Note
Vice Chairman	R.O.C.	Yuan Hong Investment Co. Ltd.	Male 71~80	11/26/2021	3 years	11/26/2021	2,263,415	1.67%	2,263,415	1.61%	0	0%	0	0%	None	Corporate Director of the Company	None	None	None	None
		Representative: Liu, An-Hao				7/1/1998	1,285,234	0.95%	885,234	0.63%	440,894	0.31%	0	0%	National Taiwan University, School of Chemical Engineering	Vice Chairman / Advanced International Multitech Co., Ltd. Director / Ming An Investment Co., Ltd. Director o/ Advanced International Multitech(Vietnam) Co., Ltd. Director / Launch Technologies Co., Ltd.	Chairman	Cheng, Hsi-Chien	Affinity	None
Director	R.O.C.	Fu Yuan Investment Co., Ltd.	Male 71~80	11/26/2021	3 years	5/31/2016	1,000,000	0.74%	1,000,000	0.71%	0	0%	0	0%	None	Corporate Director of the Company	None	None	None	None
		Representative: Lin, Jui-Chang				5/31/2016	0	0	0	0	0	0%	0	0%	SooChow University, Dept. Of Accounting	Director of the Company Director / Lunch Technologies Co., Ltd. Chairman / Taiwan Fu Hsing Industrial Co., Ltd. Director / Zhixing Precision Machinery Co, Ltd. Director / TAIFLEX Scientific Co., Ltd.	None	None	None	None
Director	R.O.C.	Tu, Hsiao-Fen	Female 41~50	11/26/2021	3 years	5/31/2016	853,840	0.63%	871,840	0.62%	0	0%	0	0%	University of Texas, MBA	Director of the company and also the Senior director of the division of business.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Post Beginning Date (m/d/y)	Term of Office	Date of First Elected (m/d/y)	Shareholding at Date Elected		Current Shareholding		Current Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Other Post in the Company and other company concurrently	Spouse or relative within 2 nd degree that serves as other superintendent, director or supervisor			Note
							Number of Shares	Stake	Number of Shares	Stake	Number of Shares	Stake	Number of Shares	Stake			Title	Name	Relationship	
Independent Director	R.O.C.	Hung, Li-Jung	Female 61~70	11/26/2021	3 years	5/31/2016	0	0%	0	0%	0	0%	0	0%	National Cheng Kung University, School of Management, Dept. Of Accountancy Partner of PwC Taiwan	Independent Director, convener of the Remuneration Committee member and the Audit Committee / Advanced International Multitech Co., Ltd. Independent Director, Audit Committee member, Remuneration Committee member / Eternal Materials Co., Ltd. Independent Director, Audit Committee member, Remuneration Committee member / Kuen Ling Machinery Refrigerating Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	He, Yao-Hung	Male 61~70	11/26/2021	3 years	11/26/2021	0	0%	0	0%	0	0%	0	0%	The Ohio State University, graduate study in Industrial and System Engineering Independent Director and convener of the Audit and Remuneration Committee of Leadtek Research Inc. Partner of KPMG Taiwan	Independent Director, Remuneration Committee member, Audit Committee member/ Advanced International Multitech Co., Ltd. Independent Director / Tainan Enterprise (Cayman) Co., Ltd. CEO / ETP Leadership Coach Consulting Ltd. Company Supervisor o/Taiwan ITRI New Venture Association Independent Director and convener of the Audit and Remuneration Committee / Leadtek Research Inc. CEO / LEDTECH Electronics Co. CEO and director / ENERGYLED Corporation	None	None	None	None
Independent Director	R.O.C.	Chang, Hsueh-pin	Male 71~80	11/26/2021	3 years	11/26/2021	0	0%	0	0%	0	0%	0	0%	Doctoral degree Cornell University, Sibley School of Mechanical and Aerospace Engineering Chair Professor and Associate Professor in Kao Yuan University Supervisor of Metal Industries Research and Development Centre Supervisor of China Engine Corporation	Independent Director, Remuneration Committee member, Audit Committee member / Advanced International Multitech Co., Ltd. Independent Director, Remuneration Committee member, Audit Committee member / China Steel Corporation Independent Director, Convener of the Remuneration Committee, and Audit Committee member / HIWIN MIKROSYSTEM CORP. Consultant /Metal Industries Research and Development Center	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Post Beginning Date (m/d/y)	Term of Office	Date of First Elected (m/d/y)	Shareholding at Date Elected		Current Shareholding		Current Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Other Post in the Company and other company concurrently	Spouse or relative within 2nd degree that serves as other superintendent, director or supervisor			Note
							Number of Shares	Stake	Number of Shares	Stake	Number of Shares	Stake	Number of Shares	Stake			Title	Name	Relationship	
Independent Director	R.O.C.	Chen, Yu-Lin	Male 71~80	11/26/2021	3 years	11/26/2021	0	0%	5,000	0%	0	0%	0	0%	Doctoral degree in Dept. Of Metallurgy and Material Engineering , University of Kentucky Chief Engineer of the Johnson Controls International at US battery headquarter Senior scientist of the GM Automotive's US battery headquarter and aircraft engine headquarter Independent Director of Wafer Works Photoelectric Corporation	None	None	None	None	None

Note: If the Chairman of the Company and the CEO or a person of equivalent position (top manager) are the same person, the spouse or first-degree relatives, the reason, rationality, necessity and countermeasures shall be explained: Not applicable.

Table I: Information on major shareholders of the Company's corporate shareholders

March 29, 2024

Name of Corporate Shareholders	Major shareholders of the Corporate Shareholders
Ming An Investment Co., Ltd.	Tu, Chih-Hsiung 10.43%; Cheng, Hsi-Chien 11%; Hsiao, Shu-Ling 5.40%; Yuan Hong Investment Co., Ltd. 16.49%; Fu, Chang-Hui 10.44%
Fu Yuan Investment Co., Ltd.	Fu Xun Investment Co., Ltd. 45.75%; Hong Cheng Investment Co., Ltd. 16.77%; Lian Guang Investment Co., Ltd. 13.66%; Sheng You Investment Co., Ltd. 10.43%; De Li International Investment Co., Ltd. 7.33%; Yuan Sheng International Investment Co., Ltd. 3.43%; Chen, Chien-Kun 2.63%.
Yuan Hong Investment Co., Ltd.	Liu, An-Hao 39.75%; Cheng, Mei-Chin 30.93%; Liu, I-Chun 11.91%; Liu, Yen-Liang 14.32%; Hsu, Shang-Wen 3.09%.

Table II: Information on major corporate shareholders is listed in Table I

March 29, 2024

Name of Corporate Shareholders	Major shareholders of the Corporate Shareholders
Fu Xun Investment Co., Ltd.	Chang, Jui-Pi 34.20%; Lin, Tzu-Hsuan 33.60%; Lin, Tzu-Yang 29.40%; Lin, Jui-Chang 2.80%
Hong Cheng Investment Co., Ltd.	Lin Yin, Li-Wen 39.40%; Lin, Chao-Hung 37.90%; Lin, Shao-Chien 14.80%; Lin, Shao-Chieh 7.90%
Lian Guang Investment Co. Ltd.	Lin, Wen-Hsing 21.50%; Hsu, Mei-Hui 20%; Lin, Chih-Cheng 29.50%; Lin, Chih-You 29%
Sheng You Investment Co., Ltd.	Lin, Miao-Chen 5.21%; Lin, Teng-Tsai 59.13%; Lin, Ping-Kuan 13.91%; Lin, Chih-Wei 13.91%; Lin, Chih-Ning 7.84%
De Li International Investment Co., Ltd.	Lin, Miao-Yin 21.28%; Chen, Chen-Yueh 20.21%; Chen, Ssu-Chin 29.79%; Chen, Ssu-Kai 28.72%
Yuan Sheng International Investment Co., Ltd.	Wu, Yuan-Sheng 25%; Lin, Shu-Yuan 25%; Wu, I-Hsin 36%; Wu, Shu-Hao 14%

(II) Information on Directors (including independent directors)

1. Disclosure of the qualification of Directors and the Independency of Independent Directors

March 29, 2024

Qualification Name	Professional Qualification and Experiences (Note1)	Status of Independency (Note2)	Number of other public companies that the director serves concurrently as an independent director in such company
Director: Cheng, Hsi-Chien, representative of Ming An Investment Co., Ltd.	●The director has more than 20 years of working experience required by the Company's business. He graduated from School of Business Management in Meiji University. Currently, Mr. Cheng is the Company's Chairman. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	Not Applicable	None
Director: Liu, An-Hao, representative of Yuan Hong Investment Co., Ltd.	●The director has more than 20 years of working experience required by the Company's business. He graduated from National Taiwan University, School of Chemical Engineering. Currently, he serves as the Company's Vice Chairman and Vice General Manager. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.		
Director: Lin, Jui-Chang, representative of Fu Yuan Investment Co., Ltd.	●The director graduated from SooChow University, Dept. Of Accounting. Currently he is the Chairman of Taiwan Fu Hsing Industrial Co., Ltd. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.		
Director: Tu, Hsiao-Fen	●The director has more than 15 years of working experience required by the Company's business. She possesses a MBA degree from University of Texas. Currently she is a director in the Company's business group. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.		
Independent Director: Hung, Li-Jung	●The director is a professional and technical personnel who possesses a national qualified CPA certificate. ●The director graduated from National Cheng Kung University, School of Management, Dept. Of Accountancy, and once was a partner in PwC Taiwan. ●The director currently is a convener of the Company's Audit Committee and a convener of the Company's Remuneration Committee. The director also concurrently is an independent director in Eternal Materials Co., Ltd. and an independent director in Kuen Ling Machinery Refrigerating Co., Ltd. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	●The independent director herself, spouse and relative within 2nd degree (or under other's name) does not hold the Company's shares and is not a director, supervisor or employee of the Company's affiliates or of enterprises with special relationship with the Company. ●The independent director, in the latest 2 years, did not receive remunerations from the Company or from the Company's affiliates for providing commerce, legal, financial, or accounting services.	2

Qualification Name	Professional Qualification and Experiences (Note1)	Status of Independency (Note2)	Number of other public companies that the director serves concurrently as an independent director in such company
Independent Director: He, Yao-Hung	●The director graduated from the Ohio State University as a graduate in Industrial and System Engineering, once was a partner and Executive Vice General Manager in KPMG Taiwan. ●The director concurrently is an independent director of Leadtek Research Inc., and the CEO of ETP Leadership Coach Consulting Ltd. Company. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	●The independent director, spouse and relative within 2nd degree (or under other's name) does not hold the Company's shares and is not directors, supervisors or employee of the Company's affiliates or of enterprises with special relationship with the Company. ●The independent director, in the latest 2 years, did not receive remunerations from the Company or from the Company's affiliates for providing commerce, legal, financial, or accounting services.	2
Independent Director: Chang, Hsueh-Pin	●The director holds a PhD in Mechanics and Aeronautics from Cornell University. ●The director once was a full-time lecturer in Kao Yuan University, College of Information Management. ●The director concurrently is an independent director in China Steel Corporation, an independent director in HIWIN MIKROSYSTEM CORP., and deputy principal and honorary professor of Kao Yuan University. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.		2
Independent Director: Chen, Yu-Lin	●The director graduated from the University of Kentucky with a PhD in Metallurgy and Materials Engineering, and once was an independent director of Wafer Works Photoelectric Corporation, chief engineer in Johnson Controls International at US battery headquarter, and the senior scientist of the GM Automotive US battery headquarter and aircraft engine headquarter. ●The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.		None

Note 1: Professional qualification and experiences: state director and supervisor's professional qualification and experiences individually. If the Company has set up the Audit Committee and a committee member has expertise in accounting or finance, please provide on the member's accounting or finance background, as well as the work experiences. In addition, please also indicate whether there is any circumstance as stated in Article 30 of the Company Law.

Note 2: For independent directors, qualifications on independency should be stated, which includes but not limit to matters in relation to whether the independent director, his/her spouse, and any of the within 2nd-degree relatives serves as a director, supervisor or employee in the Company or any of the Company's affiliated companies, whether the independent director, his/her spouse, and any of the within 2nd-degree relatives (or under different names) holds the Company's share and if any, should state the shareholding percentage, whether the independent director, his/her spouse, and any of the within 2nd-degree relatives serves as a director, supervisor, or employee in any companies that have specified relationship with the Company (please refer to Article 3-1, item 5-8, of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and remunerations received in the most two recent years in exchange for any commerce, legal, finance, and accounting services provided to the Company or its affiliated companies.

2. Diversification and Independency of the Board:

(1) Diversification of the Board

According to the relevant provisions of Article 20 of the company's "Corporate Governance Code of Practice", the selection of board members is based on the principle of meritocracy, and the composition of members should consider diversity, except that the number of directors, who also serve as company managers, should not exceed one-third of the total directors' seats, with considerations of multi-complementary capabilities in cross-industry fields; factors including basic elements (such as age, gender, nationality, etc.), and their own industrial experience and related skills (such as finance, accounting, law, information technology, and public welfare undertakings, etc.), as well as business judgment, business management, leadership decision-making and crisis management are taken into account. The abilities that the board of directors should have as a whole are as follows:

- ①Ability in operational judgement、②Accounting and financial analytical abilities、
③Management ability、④Crisis handling ability、⑤Having industry related knowledge、⑥Having visions on international market、⑦Leadership ability、⑧ Decision-making ability

●Disclosure on board diversification:

Core elements of diversification Name of Directors		Nationality	Gender	Whether also an employee of the Company	Age				Seniority as an independent director (years)	Professional Knowledge & Skills	Note
					41 ~ 50	51 ~ 60	61 ~ 70	71 ~ 80			
Director	Cheng, Hsi-Chien Representative of Ming An Investment Co., Ltd.	R.O.C.	M	✓				✓	N/A	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from Meiji University, School of Business Administration.	
Director	Liu, An-Hao Representative of Yuan Hong Investment Co., Ltd.	R.O.C.	M	✓				✓	N/A	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from National Taiwan University, School of Chemical Engineering.	
Director	Lin, Jui-Chang Representative of Fu Yuan Investment Co., Ltd.	R.O.C.	M					✓	N/A	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from SooChow University, Dept. Of Accounting.	
Director	Tu, Hsiao-Fen	R.O.C.	F	✓	✓				N/A	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from the University of Texas with a master's degree in business administration.	
Independent Director	Hung, Li-Jung	R.O.C.	F			✓			3~9 years	• Possess the operational judgment ability, accounting and financial analysis ability, operation management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from National Cheng Kung University, School of Management, Dept. Of Accountancy, and possess a national qualified CPA license.	

Core elements of diversification Name of Directors		Nationality	Gender	Whether also an employee of the Company	Age				Seniority as an independent director (years)	Professional Knowledge & Skills	Note
					41 ~ 50	51 ~ 60	61 ~ 70	71 ~ 80			
Independent Director	He, Yao-Hung	R.O.C.	M				✓		With in 3 years	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from The Ohio University Master with a master degree in Industrial Systems.	
Independent Director	Chang, Hsueh-Pin	R.O.C.	M					✓	With in 3 years	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Holds a PhD in Mechanics and Aeronautics from Cornell University, and is the deputy principal and honorary professor of Kao Yuan University.	
Independent Director	Chen, Yu-Lin	R.O.C.	M					✓	With in 3 years	• Possess the operational judgment ability, management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability, decision-making ability, risk management knowledge and ability required by the company's business. • Graduated from University of Kentucky with a PhD in Metallurgy and Materials Engineering.	

The Company re-elected the 9th board of directors on November 26, 2021 in accordance with the policy of diversification, and set up 8 directors (including 4 independent directors). 4 independent directors account for 50% of the total number of directors, of which 3 independent directors have a tenure of less than 3 years. Age of members of the board of directors are between 40 to 80 years old, and they are all sages in the industry and academia. Among them, two board members have obtained a doctorate degree, and one director has an CPA certificate; members of the Board possess multi-industrial complementary capabilities. Background of the directors covers industry, finance and accounting, technology and management. Board members actively attended board meetings, and the personal attendance rate was 95% in 2023. Directors really supervised and understood the implementation of business plans.

(2) The independency of the Board

4 independent directors account for 50% of the directors, and 3 independent directors have a tenure of less than 3 years.

Among the general directors, there are 3 directors who are employees of the Company. Mr. Cheng, Hsi-Chien, the chairman of the board, and Mr. Liu, An-hao, the vice chairman of the Company, are 2nd degree relatives, related by marriage. There are no other matters as specified in Article 26-3, Item 3 and Item 4 of the Securities and Exchange Act.

(3) Management goal of the Board and the Achievement status

Management Goal	Achievement
The board shall contain at least one female member	Achieved. Currently, there are two female directors.
More than half of the independent directors shall serve no more than three consecutive terms.	Achieved. Currently there are 3 independent directors with term of office as directors within 3 years.
Director's attendance in the board meeting shall exceed 85%.	Achieved. In 2023, the participation rate was 95%.

(II) Information on the CEO, Vice General Manager, Director, and superintendents of all the company's groups and branch units

March 29, 2024

Title	Nationality	Name	Gender	Post Beginning Date (m/d/y)	Shareholding		Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Post in other company concurrently	Manager who is a spouse or a within 2 nd degree relative			Note
					Shares	Stake(%)	Shares	Stake(%)	Shares	Stake(%)			Title	Name	Relationship	
CEO	R.O.C.	Chou, I-Nan	M	3/1/2012	156,413	0.11%	20,000	0.01%	0	0%	Doctoral degree in Mechanical Engineering, National Chiao Tung University	CEO/Launch Technologies Co., Ltd. Director/Advanced Sporting Goods (Dongguan) Co., Ltd. Director/Advanced International Multitech(Vietnam) Co., Ltd.	None	None	None	None
Vice General Manager	R.O.C.	Liu, An-Hao	M	7/1/1998	885,234	0.63%	440,894	0.31%	0	0%	National Taiwan University, School of Chemical Engineering Deputy Director of a chemical fiber factory of Tainan Spinning Co., Ltd.	Director/Ming An Investment Co., Ltd. Director/Advanced International Multitech(Vietnam) Co., Ltd. Director/Launch Technologies Co., Ltd.	Chairman	Cheng, Hsi-Chien	Affinity	None
Vice General Manager	R.O.C.	Li, Mei-Chuan	F	12/10/2007	33,475	0.02%	0	0%	0	0%	TungHai University, Dept. Of Accounting Passed the National CPA exam in 1992 CFO in Stark Technology Inc. (LITEON) CFO in Advanced International Multitech Co., Ltd.	Vice General Manager/ Launch Technologies Co., Ltd.	None	None	None	None
Vice General Manager	R.O.C.	Yang, Chih-Ming	M	1/1/2011	24,317	0.02%	0	0%	0	0%	National Cheng Kung University, Dept. Of Aeronautics and Astronautics, Structures Team Special Assistant in Taiwan Green Point Enterprise Co., Ltd. Vice General Manager in Ariose Electronic Co., Ltd. A researcher in the Materials Lab of the ITRI	None	None	None	None	None
Vice General Manager	R.O.C.	Lu, Ying-Cheng	M	12/1/2021	30,000	0.02%	0	0%	0	0%	PhD in Electrical Engineering, University of Texas at Dallas Technical Director in Metal Industries Research and Development Centre An independent director and a committee member of the Audit Committee and Remuneration Committee in UTECHZONE Co., Ltd. An independent director and a committee member of the Audit Committee and Remuneration Committee in Ying Han Technology Co., Ltd.	Director and Chairman's special assistant/Launch Technologies Co., Ltd.	None	None	None	None
Vice General Manager	R.O.C.	Wang, Chih-Wen	M	01/01/2016	28,359	0.02%	11,459	0.01%	0	0%	Bachelor degree from the Dept. of Mechanical Engineering of National Chung Hsing University	Director/Advanced Sporting Goods (Dongguan) Co., Ltd.	None	None	None	None

March 29, 2024

Title	Nationality	Name	Gender	Post Beginning Date (m/d/y)	Shareholding		Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Post in other company concurrently	Manager who is a spouse or a within 2 nd degree relative			Note
					Shares	Stake(%)	Shares	Stake(%)	Shares	Stake(%)			Title	Name	Relationship	
Senior Director	R.O.C.	Hsueh, Hung-Jung	M	7/26/2016	20,000	0.01%	1,000	0%	0	0%	Master degree from Dept. Of Environmental and Occupational Health, College of Medicine, National Cheng Kung University Manager of Jia Dah Chemical Industrial Co., Ltd. Deputy Director of Southern District Center of the Occupational Safety and Health Administration, Ministry of Labor	None	None	None	None	None
Senior Director	R.O.C.	Tu, Hsiao-Fen	F	1/1/2019	871,840	0.62%	0	0%	0	0%	Master of Business Administration, University of Texas	None	None	None	None	None
Director	R.O.C.	Liu, Chih-Lung	M	1/1/2019	29,434	0.02%	5,000	0%	0	0%	Dept. Of Fiber Engineering Technology (Dept. Of Material Science and Engineering) of National Taiwan University of Science and Technology	None	None	None	None	None
Director	R.O.C.	Cheng, Feng-Yao	M	7/1/2021	1,252,805	0.89%	0	0%	0	0%	Bachelor in Physics in National Tsing Hua University	General manager/Advanced Sporting Goods (Dongguan) Co., Ltd. General manager/ Advanced International Multitech(Vietnam) Co., Ltd.	Chairman	Cheng, Hsi-Chien	Father-Son	None
Director	R.O.C.	Kuo, Yi-Mao	F	7/1/2021	18,000	0.01%	0	0%	0	0%	MBA in National Sun Yat-Sen University Finance Manager in Launch Technologies Co., Ltd.	.	None	None	None	None
Director	R.O.C.	Chen, Chun-Chung	M	2/1/2019	23,295	0.02%	71	0%	0	0%	Master of Electronic Engineering, I-Shou University Manager in Customer Service Dept. of the Welltrend Technology Corporation	Vice general manger/Advanced International Multitech (Vietnam) Corporation Ltd	None	None	None	None

(III) If the Chairman of the Company and the CEO or a person of equivalent position (top manager) are the same person, the spouse or first-degree relatives, the reason, rationality, necessity and countermeasures shall be explained: Not applicable.

III. Remuneration paid to directors (including independent director), CEO, and vice general manager in current fiscal year:

(I) Remunerations paid to general directors and independent directors

Unit: NT\$1,000

Title	Name	Remuneration paid to directors								Summation of A, B, C and D to NIAT (%)		When concurrently an employee, the remuneration received								Summation of A, B, C, D, E, F and G to NIAT (%)		Remuneration received from investments other than subsidiaries or mother company
		Remuneration (A)		Retirement Payment (B)		Director's remuneration(C)		Expense associated with business execution(D)				Salary, rewards, and special fees, etc. (E)		Retirement Payment (F)		Employee's remuneration (G)						
		The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated report	
Corporate Chairman	Cheng, Hsi-Chien (Representative of Ming An Investment Co., Ltd.)	60	1,998	0	0	3,200	3,200	200	350	Total amount of 3,460, accounting to 5.02% of NIAT	Total amount of 5,548, accounting to 8.04% of NIAT	31,704	31,704	131	131	137	0	137	0	Total amount of 35,432 accounting to 51.37% of NIAT	Total amount of 37,520, accounting to 54.4% of NIAT	None
Corporate Director	Liu, An-Hao (representative of Yuan Hong Investment Co., Ltd.)																					
Corporate Director	Lin, Jui-Chang (representative of Fu Yuan Investment Co., Ltd.)																					
Director	Tu, Hsiao-Fen																					
Independent Director	Hung, Li-Jung	350	350	0	0	3,310	3,310	220	220	Total amount of 3,880, accounting to 5.63% of NIAT	Total amount of 3,880, accounting to 5.63% of NIAT	0	0	0	0	0	0	0	0	Total amount of 3,880, accounting to 5.63% of NNIAT	Total amount of 3,880, accounting to 5.63% of NNIAT	None
Independent Director	Chang, Hsueh-Pin																					
Independent Director	He, Yao-Hung																					
Independent Director	Chen, Yu-Lin																					
1.Please explain company's policy on independent director's remuneration, system, standard, and structure, and state the correlation between remuneration paid to independent directors and his work job responsibility, risk, invested time, and other related factors: The Company's remuneration policy for independent directors' remuneration policy is the same as directors' remuneration policy. Reasonable payment are given in consideration of the company's operating results and their contribution to the company's performance. The payment is also handled in accordance with the company's "Employee Remuneration and Director Remuneration Payment Measures". The payment plan should be reviewed by the Remuneration Committee and submit for approval at the Board Meeting, and the Chairman is authorized to handle the distribution. The payment plan will be reviewed at any time depending on the actual operating conditions and relevant laws and regulations. 2. Except for the above disclosure, remunerations paid to directors for providing services (such as serving as a non-employee type consultant for the parent company/all the companies listed in the financial statement/reinvested enterprises) during the most current fiscal year: None.																						

Note: The remuneration disclosed in this form is different from the concept of income stated in the Income Tax Act. Hence, this form is for information disclosure and not for taxation purpose.

Table of the Range of Remunerations

Range of remuneration paid to the Company's directors	Name of Directors			
	Total of the first 4 remunerations (A+B+C+D)		Total of the first 7 remuneration(A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report
Less than\$ 1,000,000	Cheng, Hsi-Chien (representative of Ming An Investment Co., Ltd.)/ Liu, An-Hao (representative of Yuan Hong Investment Co., Ltd.)/Lin, Jui-Chang (representative of Fuan Yu Investment Co., Ltd.)/ Hung, Li-Jung/ He, Yao-Hung/ Chen, Yu-Lin/ Tu, Hsiao-Fen	Lin, Jui-Chang (representative of Fuan Yu Investment Co., Ltd.)/ Hung, Li-Jung/ He, Yao-Hung/ Chen, Yu-Lin/Tu, Hsiao-Fen	Lin, Jui-Chang (representative of Fuan Yu Investment Co., Ltd.)/ Hung, Li-Jung/ He, Yao-Hung/ Chen, Yu-Lin	Lin, Jui-Chang (representative of Fuan Yu Investment Co., Ltd.)/ Hung, Li-Jung/ He, Yao-Hung/ Chen, Yu-Lin
\$1,000,000 (including)~ \$2,000,000 (excluding)	Chang, Hsueh-Pin	Cheng, Hsi-Hsien (representative of Ming An Investment Co., Ltd.) /Chang, Hsueh-Pin	Chang, Hsueh-Pin	Chang, Hsueh-Pin
\$2,000,000 (including)~ \$3,500,000 (excluding)		Liu, An-Hao (representative of Yuan Hong Investment Co., Ltd.)		
\$3,500,000 (including)~ \$5,000,000 (excluding)				
\$5,000,000 (including)~ \$10,000,000 (excluding)			Liu, An-Hao (representative of Yuan Hong Investment Co., Ltd.)/Tu, Hsiao-Fen	Liu, An-Hao (representative of Yuan Hong Investment Co., Ltd.)/Tu, Hsiao-Fen
\$10,000,000 (including)~ \$15,000,000 (excluding)				
\$15,000,000 (including)~ \$30,000,000 (excluding)			Cheng, Hsi-Chien (represtative of Ming An Investment Co., Ltd.)	Cheng, Hsi-Chien (represtative of Ming An Investment Co., Ltd.)
\$30,000,000 (including)~ \$50,000,000 (excluding)				
\$50,000,000 (including)~ \$100,000,000 (excluding)				
More than 100,000,000				
Total	8 persons	8persons	8 persons	8 persons

(II) Remunerations paid to CEO and Vice General Manager

Title	Name	Salary (A)		Retirement Payment (B)		Bonus and Special Fees (C)		Employee remuneration s (D)				Summation of A, B, C, and D to NIAT (%)		Remuneration received from investments other than subsidiaries or mother company
		The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company		All companies in the consolidated report		The Company	All companies in the consolidated report	
								Cash	Stock	Cash	Stock			
CEO	Chou, I-Nan	8,841	13,650	452	560	29,806	30,066	400	0	400	0	Total amount of 39,500, accounting to 57.27% of NIAT	Total amount of 44,676, accounting to 64.78% of NIAT	None
Vice General Manager	Liu, An-Hao													
Vice General Manager	Li, Mei-Chuan													
Vice General Manager	Yang, Chih-Ming													
Vice General Manager	Lu, Ying-Cheng													

Note: The remuneration disclosed in this form is different from the concept of income stated in the Income Tax Act. Hence, this form is for information disclosure and not for taxation purpose.

Table of the Range of Remunerations

Range of remuneration paid to the Company's CEO and Vice General Manager	Name of CEO and Vice General Manager	
	The Company	All companies in the consolidated report
Less than\$ 1,000,000		
\$1,000,000 (including)~ \$2,000,000 (excluding)	Lu, Ying-Cheng	
\$2,000,000 (including)~ \$3,500,000 (excluding)		
\$3,500,000 (including)~ \$5,000,000 (excluding)	Liu, An-Hao	
\$5,000,000 (including)~ \$10,000,000 (excluding)	Li, Mei-Chuan / Yang, Chih-Ming	Liu, An-Hao/ Li, Mei-Chuan / Yang, Chih-Ming/ Lu, Ying-Cheng
\$10,000,000 (including)~ \$15,000,000 (excluding)		
\$15,000,000 (including)~ \$30,000,000 (excluding)	Chou, I-Nan	Chou, I-Nan
\$30,000,000 (including)~ \$50,000,000 (excluding)		
\$50,000,000 (including)~ \$100,000,000 (excluding)		
More than 100,000,000		
Total	5 persons	5 persons

(III) Names of managers receiving employee's remuneration and the allocation

December 31, 2023/ Unit: NT\$1,000

	Title	Name	Amount of Stock	Amount of Cash	Total	Total amount to NIAT (%)
Managers	Vice Chairman & Vice General Manager	Liu, An-Hao	0	882	882	1.28%
	CEO	Chou, I-Nan				
	Vice General Manager	Li, Mei-Chuan				
	Vice General Manager	Yang, Chih-Ming				
	Vice General Manager	Lu, Ying-Cheng				
	Financial supervisor/Accounting supervisor/Corporate Governance supervisor/Director	Kuo, Yi-Miao				
	Senior Director	Hsueh, Hung-Jung				
	Vice General Manager	Wang, Chih-Wen				
	Senior Director	Tu, Hsiao-Fen				
	Director	Liu, Chih-Jung				
	Director	Sasamoto Akunori				
	Director	Chen, Chun-Chung				
	Director	Cheng, Feng-Yao				

Note2: Director Sasamoto Akunori was dismissed the position on July 1st, 2023.

(IV) Analysis on the ratio of total amount of all the companies in the consolidated report paid to the Company's directors, supervisors, CEO and vice general manager to the net income after tax in the most recent two years, and explain the payment policy, standards, combinations, procedure of the payment plan, and the relationship between operational performance and future risks.

Unit: NT\$1,000 ; %

Year	2022		2023	
Title	Total remuneration paid	% of remuneration to NIAT	Total remuneration paid	% of remuneration to NIAT
Directors	48,713	2.17%	41,400	60.03%
CEO and Vice General Manager	71,399	3.19%	44,676	64.78%

1. Directors are paid in accordance with the provisions of Article 29 of the Company's Articles of Incorporation. The CEO and vice general manager are paid according to their participation level in the Company's operations, their contribution, and reference to industry standards. In addition, the bonuses are paid depending on the Company's earnings, operating performance, and reference to industry standard.
2. Directors' remuneration includes traveling expenses and remuneration based on profit distribution, etc. If a director concurrently serves as an employee of the Company concurrently, he/she is eligible for employee remuneration. Besides the basic salary, the CEO and vice general manager will also be awarded position bonuses, performance bonuses and employee remuneration according to their rank and performance, and the payment shall be approved by the Remuneration Committee.

IV. Corporate Governance Practices

(I) The operation of the board

In 2023, 5 board meetings were held with director's (including independent directors) participation status as below:

Title	Name	Attendance in person (B)	Attendance in proxy	Actual attendance rate (%) 【B/A】	Note
Chairman	Cheng, Hsi-Chien (representative of Ming An Investment Co., Ltd.)	5	0	100%	
Director	Liu, An-Hao (representative of Yuan Hong Investment Co., Ltd.)	5	0	100%	
Director	Lin, Jui-Chang (representative of Fu Yuan Investment Co., Ltd.)	5	0	100%	
Director	Tu, Hsiao-Fen	4	0	80%	
Independent Director	Hung, Li-Jung	5	0	100%	
Independent Director	He, Yao-Hung	5	0	100%	
Independent Director	Chang, Hsueh-Pim	5	0	100%	
Independent Director	Chen, Yu-Lin	4	0	80%	

Other matters should be reported:

1. If the board meeting has any of the following situations, matters including date of the board meeting, term of the meeting, contents of the proposals, opinion expressed by all the independent directors and the Company's response to independent directors:

(1) Matters stated in Article 14-3 of the Securities and Exchange Act.

(2) In addition to the aforementioned matters, other resolutions of the board of directors that have been objected or expressed a reserve opinion by independent directors and have records or written statements: None.

The 10th Board Meeting of the 9th Term (January 13, 2023)

Important resolutions	Objection or reserve opinion expressed by independent directors	The Company's response to independent directors' opinion	Resolution results
1.To approve the Company's treasury stock transfer to employees.	None	Not applicable	Approved by all the directors (including independent directors) presenting in the Meeting.

The 11th Board Meeting of the 9th Term (February 23, 2023)

Important resolutions	Objection or reserve opinion expressed by independent directors	The Company's response to independent directors' opinion	Execution status
1. To approve employees, directors and supervisors' remuneration of 2022. 2. To approve 2022 business report and financial reports. 3. To approve 2022 dividend distribution. 4. To approve 2022 Internal Control Statement. 5. To approve the proposal to loan funds of USD10,000 thousand to the Company's 100% owned subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 6. To propose for a pre-approval of the plan to appoint certifying accountants, the accounting firm, and its affiliated companies to provide non-assurance service for the Company and the subsidiaries. 7. To approve the independence and competence assessment of certified Public Accountant.	None	Not applicable	Approved by all the directors (including independent directors) presenting in the Meeting.

8. The proposal to appoint the Company's certifying accountants.			
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The 12th Board Meeting of the 9th Term (May 9, 2023)

Important resolutions	Objection or reserve opinion expressed by independent directors	The Company's response to independent directors' opinion	Execution status
1. To approve the 2023 Q1 financial reports. 2. To establish "Work Procedures to Prepare and Acquire Assurance of the Sustainability Report", "Rules Governing Financial and Business Matters between the Company and its Related Parties", and to amend partial articles of the Company's "Regulatory System and Budget Management Cycle", "Internal Control System", "Internal Audit and the Implementation Rules", and "Procedures for Handling Material Inside Information."	None	Not applicable	Approved by all the directors (including independent directors) presenting in the Meeting.

The 13th Board Meeting of the 9th Term (August 3, 2023)

Important resolutions	Objection or reserve opinion expressed by independent directors	The Company's response to independent directors' opinion	Execution status
1. To approve the 2023 Q2 financial reports. 2. To amend partial articles in the Company's "Investment Cycle" and "Financing Cycle". 3. To approve to extend the term of fund of USD10,000 thousand that was loaned to subsidiary ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD.	None	Not applicable	Approved by all the directors (including independent directors) presenting in the Meeting.

The 14th Board Meeting of the 9th Term (November 7, 2023)

Important resolutions	Objection or reserve opinion expressed by independent directors	The Company's response to independent directors' opinion	Execution status
1. To approve the 2023 Q3 financial reports. 2. Capital increase proposal of the Company's investment, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD.	None	Not applicable	Approved by all the directors (including independent directors) presenting in the Meeting.

2. The implementation to avoid motions with matters bearing on director's personal interests. Name of director, contents of the motion, reasons to avoid conflicts of interests, and the voting situation.

The 10th Board Meeting of the 9th Term (January 13, 2023)

Important resolutions	Directors having conflict of interest situation, the reason to avoid the situation, and the voting situation
1. To approve the plan of 2022 2H managers' performance bonus. 2. To approve the plan of manager's 2022 year-end bonus. 3. To approve the 2023 salary adjustment plan to managers. 4. To approve the proposal to transfer Company's treasury stock to employees.	Director Cheng Hsi-Chien, Liu An-Hao, Tu Hsiao-Fen, and manager, Chou I-Nan and Kuo Yi-Miao, did not participate in the discussion and voting due to the concern of conflict of interest. Hence, the independent director, Hung, Li-Jung, was appointed to be the acting chair of the meeting.

The 13th Board Meeting of the 9th Term (August 3, 2023)

Important resolutions	Directors having conflict of interest situation, the reason to avoid the situation, and the voting situation
1. To approve the 2022 Remuneration Plan to Independent Directors.	Independent directors, Hung Li-Jung, He Yao-Hung, Chang Hsueh-Pin, and Chen Yu-Lin, refrained from participating in the discussion and voting due to the concern of conflict of interest.
2. To approve the 2022 Remuneration Plan to Directors (excluding Independent Directors).	Director, Cheng Hsi-Chien, Liu An-Hao, Tu Hsiao-Fen, and Lin Jui-Chang, refrained from participating in the discussion and voting due to the concern of conflict of interest. Hence, the independent director, Hung Li-Jung, was appointed to be the acting chair in the meeting.
3. To approve the 2022 Remuneration Plan to managers.	Manager, Cheng Hsi-Chien, Liu An-Hao, Tu Hsiao-Fen, Chou, I-Nan and Kuo Yi-Miao, refrained from participating in the discussion and voting due to the concern of conflict of interest. Hence, the independent director, Hung Li-Jung, was appointed to be the acting chair in the meeting.
4. To approve the remuneration distribution to managers that are appointed to subsidiaries as directors.	Manager, Cheng Hsi-Chien and Liu An-Hao, refrained from participating in the discussion and voting due to the concern of conflict of interest. Hence, the independent director, Hung Li-Jung, was appointed to be the acting chair in the meeting.

3. TWSE/TPEX listed companies shall disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content in relation to the evaluation the board of directors itself (or peer).

Evaluation Cycle	Once per year
Evaluation Period	January 1, 2023 to December 31, 2023
Scope of the evaluation	Performance evaluation is carried out for the board, individual directors, and functional committees (Remuneration Committee and Audit Committee).
Evaluation Process	Each deliberation unit of the board of directors collects and scores the implementation results based on the "Board Evaluation Form" and "Functional Committee Evaluation Form", and the board members are requested to fill out the "Director Self-Assessment Questionnaire", which are collected and scored by the deliberation unit. The scoring results are sent to report in the board of directors meeting. The evaluation process should be completed before the latest board of directors meeting in the following year.
Contents of evaluations	1. Five major aspects for evaluating the board's performance: (1) level of the participation in the Company's operation; (2) the promotion of the board meeting's decision-making quality; (3) the composition and structure of the board; (4) the election of board members and member's continuous education; (5) internal control. 2. Six major aspects for board member's self-evaluation: (1) the mastery of company goals and assignments; (2) the comprehension on director's responsibilities; (3) level of participation in the Company's operation; (4) management and communication with internal relationship; (5) director's professional and continuing education; (6) internal control. 3. Five major aspects for evaluating functional committee (Remuneration Committee and Audit Committee): (1) level of participation in the Company's operation; (2) the comprehension on the responsibilities of a functional committee; (3) the promotion of functional committee's decision-making quality; (4) the composition of a functional committee and the election of the committee members; (5) internal control.

Evaluation results on 2023 board performance:

In January 2024, the Company has completed the evaluation on the performance of the board, board members' self-assessments, and performance assessment of the functional committees. The evaluation results are good. The board of directors functions well.

Evaluation on the performance of the Board	Board member's self assessments	Evaluation on functional committees (Audit Committee and Remuneration Committee)	
		Audit Committee	Remuneration Committee
98.6% achieved	99.41% achieved	97.2% achieved	100% achieved
The board of directors implemented fully in accordance with legal regulations and controlled relevant risks, such as finance, taxation, operations, product and service processes, procurement, human resources, and other related risks. The overall evaluation index of the board of directors included five major aspects. The overall board of directors in 2023 operated well.	The board of directors implemented fully in accordance with legal regulations and controlled relevant risks, such as finance, taxation, operations, product and service processes, procurement, human resources, and other related risks. The overall evaluation index of the board of directors included five major aspects. The overall board of directors in 2023 operated well.	The overall operation of the Audit Committee is on track and is able to fulfill its supervisory responsibilities with respect to relevant legal compliance, risk control and audit matters.	The overall operation of the Remuneration Committee is mature, and the committee can fulfill its supervisory responsibilities in compliance with relevant laws, risk control and fact checking.

Suggestions to the Board and functional committees:

Improve operational risk awareness, continue to invite relevant professionals from time to time, analyze the impact of changes in laws and regulations and market changes on the company, awareness of taxation risks and financial-related risks, in order to improve decision-making quality.

Remark: For the performance evaluation report of the Board of Directors, please refer to the Company's official website:

<https://www.adgroup.com.tw/page/about/index.aspx?kind=271&lang=TW>

Submission dates to the board of directors for review for the past 2 years:

Year	Date of Submission and Approval by the Board Meeting
2022	January 13, 2023
2023	January 31, 2024

4. The goals of strengthening the board of directors' functions in the current year and the most recent year (such as the establishment of an audit committee, information transparency improvement, etc.) and the evaluation of the implementation:
- (1) In order to carry out corporate governance and improve the functions of the board of directors, the Remuneration Committee was established on December 08, 2011, and Audit Committee were established on November 26, 2021. The operation of the functional committees is held in accordance with the organizational regulations and terms of reference, and the suggestions are submitted to the board of directors for discussion and resolution.
 - (2) The Company well discloses various operational related information, financial information, corporate governance, and sustainable development promotion and implementation information in the annual report, company website, and the Market Observation Post System to enhance information transparency.

(II) The operation of Audit Committee

The Company set up the Audit Committee on November 26, 2021 to replace the duties of the supervisors. The operation of the audit committee is to supervise the fair expression of the Company's financial statements, the appointment (dismissal) of certified accountants, as well as the evaluation on accountant's independency and performance, the effective implementation of the Company's internal control, law compliance, and the management and control of the Company's existing and potential risks. The audit committee shall also make and submit suggestions to the Board for discussion.

1. The operation of Audit Committee:

(1) The Company's audit committee has a total of 4 members, composed of all the independent directors.

(2) Term of the office of the current committee: From November 26, 2021 to November 25, 2024. In the current year (2023), the Audit Committee organized 6 meetings (A), and the participation situation of independent directors as below:

Title	Name	Attendance in person(B)	Attendance in proxy	Actual attendance rate (%) 【B/A】	Note
Independent Director	Hung, Li-Jung	6	0	100%	100% total participation rate in the 1 st term.
Independent Director	He, Yao-Hung	6	0	100%	
Independent Director	Chang, Hsueh-Pin	6	0	100%	
Independent Director	Chen, Yu-Lin	5	0	83.3%	92% overall participation rate in the 1 st term.

Other matters shall be recorded:

(1) Should the operation of audit committee has any of the following situation, matters including the date of the meeting, the period, content of the motion, independent director's objections, reservations, or major recommendations, the results of the Audit Committee's resolutions, and how the Company's reacts to audit committee's opinions should be recorded.

①The matters set up in Article 14-5 of the Securities and Exchange Act.

②In addition to aforementioned matters, any other matters that have not approved by the Audit Committee but are resolved by more than two-third of the board members: None.

7th Meeting of the 1st term (January 13, 2023)

Important resolutions	Results of Audit Committee Resolutions	The Company's response to Audit Committee's suggestions
1. The proposal to transfer the Company's treasury stocks for subscription by employees other than managers.	Approved by all the members in the Audit Committee	Approved by all the presenting directors

8th Meeting of the 1st term (February 23, 2023)

Important resolutions	Results of Audit Committee Resolutions	The Company's response to Audit Committee's suggestions
1. The report of 2022 Business Report and Financial Reports 2. The 2022 earnings distribution proposal. 3. The 2022 "Internal Control Statement". 4. The proposal to provide loans of USD10,000 thousand to the Company's 100% subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 5. To propose for a pre-approval of the plan to appoint certifying accountants, the accounting firm, and its affiliated companies to provide non-assurance service for the Company and the subsidiaries. 6. The independence and competence assessment of certified Public Accountant. 7. The appointment of Certified Public Accountant.	Approved by all the members in the Audit Committee	Approved by all the presenting directors

9th Meeting of the 1st term (May 9, 2023)

Important resolutions	Results of Audit Committee Resolutions	The Company's response to Audit Committee's suggestions
1. The report of the 2023 Q1 financial statements. 2. The establishment of "Work Procedures to Prepare and Acquire Assurance of the Sustainability Report", "Rules Governing Financial and Business Matters between the Company and its Related Parties", and partial amendments of the Company's "Regulatory System and Budget Management Cycle", "Internal Control System", "Internal Audit and the Implementation Rules", and "Procedures for Handling Material Inside Information."	Approved by all the members in the Audit Committee	Approved by all the presenting directors

10th Meeting of the 1st term (August 3, 2023)

Important resolutions	Results of Audit Committee Resolutions	The Company's response to Audit Committee's suggestions
1. The proposal of 2023 Q2 financial reports. 2. Partial amendments of the Company's "Investment Cycle" and "Financing Cycle". 3. The proposal to extend the term of fund of USD10,000 thousand that was loaned to subsidiary ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD.	Approved by all the members in the Audit Committee	Approved by all the presenting directors

11th Meeting of the 1st term (November 7, 2023)

Important resolutions	Results of Audit Committee Resolutions	The Company's response to Audit Committee's suggestions
1. The 2023 Q3 financial reports. 2. The 2024 Audit Plans. 3. The proposal to amend the Company's "Performance Evaluation Method for the Board of Directors and Functional Committees". 4. Capital increase proposal of the Company's investment, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 5. New establishment of the Company's "Assistance Measures for Litigations In the Line of Duty".	Approved by all the members in the Audit Committee	Approved by all the presenting directors

12th Meeting of the 1st term (December 18, 2023)

Important resolutions	Results of Audit Committee Resolutions	The Company's response to Audit Committee's suggestions
1. The proposal to appoint Accountant Chung, Ta-Ching as the independent expert.	Approved by all the members in the Audit Committee	Approved by all the presenting directors

(2) The implementation to avoid motions with matters bearing on independent director's personal interests. Name of independent director, contents of the motion, reasons to avoid conflicts of interests, and the voting situation: none.

(3) The communication of independent directors with internal audit superintendents and accountants (should disclose the major matters, methods and results of communication in light of the Company's financial and business conditions, etc.) :

- ①The certified accountants of the Company report the quarterly financial statement review or review results and other communication matters required by relevant laws and regulations in the quarterly meetings. If there are special circumstances, they will also report to the independent directors immediately.

The communications between the Company's independent directors and certified accountants are good.

Summary of communications between independent director and certified accountants:

Date	Communication Matters	The Company's response
2/23/2023	(1) The accountants explained and discussed In light of 2022 mother company only and consolidated financial reports, key audit items, application of some accounting principles and the impact of newly revised laws and regulations. (2) The accountants communicated with the governance unit on the completion stage of the audit. (3) The accountants discussed and communicated on matters submitted by participants.	No opinion in the meeting
5/9/2023	(1) The accountants explained and discussed In light of 2023 Q1 consolidated financial reports. (2) The accountants discussed and communicated on matters submitted by participants.	No opinion in the meeting
8/3/2023	(1) The accountants explained and discussed In light of 2023 Q2 consolidated financial reports. (2) The accountants discussed and communicated on matters submitted by participants.	No opinion in the meeting
11/7/2023	(1) The accountants explained and discussed In light of 2023 Q3 consolidated financial reports. (2) The accountants communicated with the governance unit on the completion stage of the audit. (3) The accountants discussed and communicated on matters submitted by participants.	No opinion in the meeting

- ②The internal audit superintendent of the Company regularly communicates the results of the audit report with the independent directors, and makes an internal audit report in the board of directors every quarter. If there is any special situation, it will also report to the independent directors immediately.

The communications between the Company's independent directors and internal audit superintendent are good.

Summary of communications between independent director and internal audit superintendent:

Date	Communication Matters	The Company's response
2/23/2023	1. Internal audit report for the period of October to December 2022. 2. Discussion and communications on matters submitted by meeting participants.	No opinion in the meeting
5/9/2023	3. Internal audit report for the period of January to March 2023. 4. Discussion and communications on matters submitted by meeting participants.	No opinion in the meeting
8/3/2023	1. Internal audit report for the period of April to June 2023. 2. Discussion and communications on matters submitted by meeting participants.	No opinion in the meeting
11/7/2023	1. Internal audit report for the period of July to September 2023. 2. Discussion and communications on matters submitted by meeting participants.	No opinion in the meeting

(III)The implementation of corporate governance and the divergence from the regulated Best-Practice Principles for TWSE/TPEX Listed Companies and the reason for such divergences

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
I. Whether the company establishes and discloses corporate governance principles following the regulated “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has set up its own “Corporate Governance Code of Practice”, which was approved by the Board on August 5, 2016, in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”. The Code of Practice is revised according to the revision of laws and regulations and the Company's practical operation needs. The latest revision was made on February 23, 2023, and have disclosed on the Company’s website and TWSE’s Market Observation Post System.	No significant divergence
II. Share structure and stockholder’s equities				
(I) Whether the Company sets up internal work procedures to handle suggestions, questions, disputes and lawsuits with shareholders, and whether the procedures are implemented accordingly?	✓		(I) The Company has established “Corporate Governance Code of Practice”, “Rules for Ethical Management”, “Code of Ethical Conduct”, and “Procedures for Ethical Management and Guidelines for Conducts”. In addition, the Company has appointed spokesperson and acting spokesperson as external communication channel. The Company also set up a Stock Affair Section to deal with shareholder related issues.	No significant divergence
(II) Whether the company holds the information on the company’s major shareholders with controlling interests and the ultimate controlling parties that stand behind the major shareholders?	✓		(II) The Company has a list of the major shareholders who actually control the company and the ultimate controller of the major shareholders. And the changes in the stock holding status by insiders (directors, supervisors, managers, and shareholders holding more than 10% of the total shares and their within 2 nd degree relatives) are reported to TWSE’s Market Observation Post System on a monthly basis.	
(III) Whether the Company establishes and implements rules for risk management and firewall mechanism with affiliated companies?	✓		(III) The Company has established relevant controls in the Company's internal control system and has established the "Management Rules for Related Party Transactions" and “Rules Governing Financial and Business Matters between the Company and its Related Parties” in accordance with laws and regulations.	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(IV) Whether the Company establishes internal regulations to prohibit insiders from utilizing un-disclosed information to purchase/sell securities	✓		(IV) In addition to the establishment of the "Procedures for the Prevention of Insider Trading", the Company also set up "Procedures for Handling Material Inside Information and Operating Procedure for Insider Transaction Management" to regulate and prohibit all the employees, managers, directors of the Company management operation to prevent insider trading" to regulate all employees, managers, and directors, as well as any personnel, who knows the company's information based on occupation or control relationship, from conducting any behavior that may involve insider trading. In addition, the Company regularly carry out internal education training and propagation.	
III. Composition and Duties of the Board of Directors				
(I) Does the board of directors formulate diversity policies and related specific management objectives, and truly implement them?	✓		(I) The Company has established the "Corporate Governance Code of Practice" and has disclosed in detail on the Company's website and the TWSE's Market Observation Post System. Please refer page 20 to page 21 of this annual report for the diversity policy, specific management objectives and implementation of the board of directors.	No significant divergence
(II) Besides setting up Remuneration Committee and Audit Committee according to laws and regulations, whether the company voluntarily sets up other similar kinds of functional committee?	✓		(II) The Company set up the Remuneration Committee and Audit Committee as required by laws and regulations. And the corporate governance operations are handled by various departments according to their duties. In the future, the Company will assess to set up other functional committees, if necessary.	
(III) Whether the Company sets up Board of Director's performance evaluation rules and method, carries out the evaluations regularly each year, reports the evaluation results to the Board Meeting, and uses the results	✓		(III) The Company's board of directors passed the "Performance Evaluation Method for the Board of Directors and Functional Committees" on August 5, 2016. According to the Method, the performance evaluation of the board of directors, directors, functional committees (Remuneration Committee and Audit Committee) is conducted once a year. The evaluation results are submitted to the board of directors in the first quarter's meeting of the following year for approval and are used as a reference for individual directors' remuneration and nomination for renewal. Please refer to page 32 to page 33 of this annual report for the evaluation method and implementation status.	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence									
	Yes	No	Summary & Explanation										
as references to evaluate each director’s salary and remuneration, as well as his/her qualification as candidate to the successive post as directors? (IV) Whether the Company periodically evaluates the independence of the Company’s certified accountant?	✓		(IV) The Audit Committee of the Company regularly evaluates the independence and competence of certified accountants every year, based on the "Corporate Governance Code of Practice", "Certified Accountant’s Independence and Competency Assessment Method" and reference to the standards of audit quality indicators (AQIs) and 13 AQI indicators and requires certified accountants to issue a "Statement of Independence" and "Audit Quality Indicators (AQIs)" and evaluate following the standards as mentioned in Note 1 (please refer to page 45 of this annual report). Evaluation result: Accountants, Wang Chun-Kai, Wu Chien-Chih of the PwC Taiwan, and their family members have no direct or indirect material financial interests or other matters that may affect accountant’s independence with the Company (including affiliated companies). Also, the information of AQI index is considered to confirm the auditing experience and training hours of accountants and accounting firms are superior to the average level of the industry. In addition, in the latest three years, digital audit tools will be continued to bring in to improve audit quality. <table><tr><th>Year</th><th>Reviewed and approved by the Audit Committee</th><th>Reviewed and approved by the board of directors</th></tr><tr><td>2022</td><td>February 23, 2023</td><td>February 23, 2023</td></tr><tr><td>2023</td><td>February 29, 2024</td><td>February 29, 2024</td></tr></table>	Year	Reviewed and approved by the Audit Committee	Reviewed and approved by the board of directors	2022	February 23, 2023	February 23, 2023	2023	February 29, 2024	February 29, 2024	
Year	Reviewed and approved by the Audit Committee	Reviewed and approved by the board of directors											
2022	February 23, 2023	February 23, 2023											
2023	February 29, 2024	February 29, 2024											
IV. Whether the Company establishes proper and enough corporate governance personnel(s) and appoint a supervisor to be responsible specifically for corporate governance related affairs (including but	✓		Upon approval by the board on May 10, 2018, the Company has appointed Director Kuo Yi-Miao to be the Company’s corporate governance personnel to ensure shareholder’s interests and strengthen the functionality of the Board. Director Kuo also has more than five years of experience in the field of financial management in TPEx listed companies. The main responsibilities of the corporate governance superintendent are to handle matters related to the meetings of the board of directors (including independent directors) and the shareholders meeting according to the law, prepare	No significant divergence									

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
not limited to provide information required for directors/supervisors to execute business issues, to assist directors and supervisors in law-compliance issues, to handle Board Meeting and Shareholders' Meeting related affairs, to make meeting minutes of the Board of Directors' Meeting and Shareholders' Meeting, etc...)?			the minutes of the board of directors and shareholders meetings, assist directors (including independent directors) and supervisors to take office and continue their education, provide directors (including independent directors) with information needed to perform their duties, and assist directors, supervisors to follow related laws etc... Execution of duties in 2023 as below: (I) Assist independent directors and general director to perform duties, provide necessary information and arrange training for directors: 1. Notify the members of the board of directors of the latest laws and regulations related to the company's business and corporate governance and provide updates regularly. 2. Review the confidentiality level of relevant information and provide company related information required by directors to maintain smooth communications between directors and business executives. 3. In accordance with the Corporate Governance Code of Practice, independent directors will assist in arranging relevant meetings when they have the needs to hold individual meetings with internal audit supervisors or certified accountants to understand the company's financial affairs. 4. Assist independent directors and general directors in formulating annual training plans and arranging courses according to the company's industrial characteristics and director's education and experience background. (II) Assist in the law compliance issues of the meeting procedure of the board of directors meeting and shareholders' meeting and the resolutions: 1. Report to the board of directors, independent directors, and supervisors in the light of the Company's corporate governance status to make sure the convention of Shareholder's Meeting and Board of Director's Meeting meet related laws and codes as stated in the Company's Corporate Governance Code of Practice. 2. Assist and remind directors of laws and regulations that should be observed when performing business or making formal resolutions. 3. After the meeting, is responsible for reviewing the release of material information on important resolutions of the board of directors, ensuring the legitimacy and correctness of the content of the material information, so as to ensure the equivalence of investor transaction information. (III) Maintain investor relations: Arrange spokespersons and acting spokespersons to communicate with major shareholders, institutional investors or general shareholders as needed, so that investors can obtain sufficient information to evaluate and determine the reasonable capital market value of the Company, and ensure that shareholders' rights are well protected.	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence														
	Yes	No	Summary & Explanation															
			(IV) Prepare the agenda of the board of directors meeting and notify the directors seven days in advance, convene the meeting and provide meeting materials. If the topics involving conflict of interest, it will be reminded in advance, and the minutes of the board meeting will be completed within 20 days after the meeting. (V) Handle the pre-registration of the date of the shareholder meeting according to the law, make the notice of the meeting, manual of the meeting, and the minutes of the meeting within the statutory time limit, and handle the change in registration affairs when there is revision of the Articles of Incorporation or the reelection of directors. (VI) Corporate governance superintendent’s annual training status in 2022: <table><tr><th>Date of training</th><th>Course organizer</th><th>Name of the Course</th><th>Training hour</th><th>Total training hours of the year</th></tr><tr><td rowspan="3">8/14~8/15, 2023</td><td rowspan="3">Accounting Research and Development Foundation</td><td>Corporate governance</td><td>3</td><td rowspan="3">12</td></tr><tr><td>Professional ethics and legal responsibilities</td><td>6</td></tr><tr><td>Accounting</td><td>3</td></tr></table>	Date of training	Course organizer	Name of the Course	Training hour	Total training hours of the year	8/14~8/15, 2023	Accounting Research and Development Foundation	Corporate governance	3	12	Professional ethics and legal responsibilities	6	Accounting	3	
Date of training	Course organizer	Name of the Course	Training hour	Total training hours of the year														
8/14~8/15, 2023	Accounting Research and Development Foundation	Corporate governance	3	12														
		Professional ethics and legal responsibilities	6															
		Accounting	3															
V. Whether the Company establishes communication channels with interested parties (including but not limited to the Company’s shareholders, employees, customers, and suppliers), and whether the Company constructs a website specifically for interested parties on the Company’s website and properly answers all the important CSR related questions arising from interested parties?	✓		(I) The Company has the functions of spokesperson and acting spokesperson, and the Company's website has a special area for interested parties and related matters relating to the communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) (II) The Company publishes information and measures related to sustainable development in the annual report, sustainability report, company website and TWSE’s Market Observation Post System, and has planned an investor relations area on the website to announce financial information, corporate governance and other related information. By using appropriate communication manners, we are able to understand the reasonable expectations and needs of stakeholders, so that stakeholders has enough information to make a judgment, and are properly responded to the important issues they are concerned about. (III) The Company regularly reports to the board of directors on the communication with interested parties and implementation status of the previous year in the third quarter of each year. The latest reporting date was November 7, 2023. (IV)For specific instructions, please refer to the interested person section of the Company's website, the link to the website: https://www.adgroup.com.tw/page/about/index.aspx?kind=275&lang=TW	No significant divergence														

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
VI. Whether the Company entrusts professional stock affairs agency to handle Shareholder’s Meeting related affairs?	✓		The Company appointed KGI Securities Co., Ltd. as a professional stock affairs agency to handle matters related to shareholders' meetings and stock affairs.	No significant divergence
VII. Information disclosures (I) Whether the company constructs a website and discloses information in relation to the company’s financial and corporate governance? (II) Whether the Company adopts other methods to disclose the Company’s information (such as using English website, assigning a staff to collect and disclose the Company’s information, truly carrying out spokesman system, disclosing road show information and contents on the company’s website, etc...)? (III) Whether the Company discloses and files the year’s financial statement with the authorities within two months of the end of accounting year, and whether the Company early discloses and files its Q1, Q2 and Q3 financial reports and monthly	✓ <			

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
operational results before the regulated deadline?				
VIII. Whether the Company has other important information that might help understand the operation of corporate governance (including but not limiting to information regarding to employees' rights, the consideration for employees, investor relationship, supplier relationship, relationship with interested parties, director and supervisor's further education pursuit, risk management policy and risk measurement implementation, customer policy, insurance procured for directors and supervisors, and etc...)?	✓		(I) Employee's rights: The Company established a labor union and Employee Welfare Committee to protect the rights and interests of employees. In addition to implementing the pension system, the company also purchased group insurance for employees. The company also attaches great importance to labor-capital relations, and holds labor-capital meetings every quarter to coordinate labor-capital relations. (II) Care for Employees: The Company pays great attention to the comfort and cleanliness of the working environment, and also pays attention to the safety of employees at work. Access control cards, security systems and monitors are installed at all entrances and exits, and the production equipment is equipped with protective devices to ensure the personal safety of employees. In addition, employee's health examination are implemented in a regular basis. (III) Investor relation: As required by laws and regulations, the Company honestly discloses information in the TWSE's Market Observation Post System to protect the rights and interests of investors, and to publicize the contact information of spokesperson and acting spokespersons on the Company's website (Investors>Shareholder Services>Investor Contact Windows) to maintain a healthy and harmonious relationship between the Company and shareholders. (IV) Relationship with suppliers: The Company establishes partnerships with suppliers under the principle of good faith, establishes stable supply chains, implement risk assessments, and conducts irregular audits to ensure supply quality. (V) Rights of interested parties: The Company has established the "Corporate Governance Code of Practice" and maintains smooth communication channels with stakeholders in accordance with regulations, and respects and safeguards their legitimate rights and interests; in addition, a "special area for interested party" is constructed on the Company's website. Besides, the company regularly reports to the board of directors on the communication with interested parties and the implementation status of the previous year in the third quarter of each year. The latest reporting date was November 7, 2023. (VI) Training status of directors and supervisors: Please refer to page 77 for detailed information. (VII) The execution of risk management policy and risk measurement standards: The Company has formulated the "Operation Method for Risk Assessment" to carry out various risk management and assessments. For risk management policies, please refer to the company's website: https://www.adgroup.com.tw/page/about/index.aspx?kind=107&lang=TW	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			(VIII) The execution of customer's policies: The Company maintains stable and good relations with customers to create profits. (IX) Purchase of liability insurance for directors and supervisors: Liability insurance of USD3 million is purchased with protection period starting from July 1, 2023 to July 1, 2024, and has been submitted to report to the Board on August 3, 2023.	
IX. Whether the Company provides explanations on the process of improvement on the corporate governance assessment result published by the TWSE Corporate Governance Center and provides prioritized issues and measures for areas that have not been improved? As a result of the 10th Corporate Governance Evaluation, the Company was among the top 6%~20% of TPEx-listed companies, and there was no suggested improvement that needs to be prioritized as issues for improvement.				

Note 1: Please see the following table for the independence and competency assessment form adopted by Advanced International Multitech for assessing certified accountants and the associated accounting firm.

Advanced International Multitech Co., Ltd.

Independence and Competency Assessment Form for Certified Accountant and the Associated Accounting Firm

Assessing Period: 2023

Certified Accountants: Accountant Wang Chun-Kai and Accountant Wu, Chien-Chih of PwC Taiwan

Independence & Competency	Yes	No	Note
I. Certified accountant is not a director of the Company or the Company's affiliated companies.	V		
II. Certified accountant is not a shareholder of the Company or the Company's affiliated companies.	V		
III. Certified accountant is not paid in the form of salary by the Company or the Company's affiliated companies.	V		
IV. Certified accountant confirms that its affiliated accounting firm has complied with the norms of relative independence.	V		
V. The joint certified public accountant of the affiliated accounting firm of the Company's certified accountant shall not serve as a director, manager of the Company, or any position that has a significant impact on the audit case within one year after resigning from the accounting firm.	V		
VI. Certified accountant has not provided audit services for the Company for seven consecutive years.	V		
VII. Certified accountants have complied with the regulations on the independence as stated in Bulletin No.10 of the Norm of Professional Ethics for Certified Public Accountant.	V		
VIII. The accounting firm has sufficient scale and resources to handle corporate audit services.	V		
IX. The accounting firm is able to promptly inform the management of any significant issues and developments in risk management, corporate governance, financial accounting and related risk control.	V		

(IV) The composition and operation of the Company's Remuneration Committee, if there is set up a remuneration committee:

The Company has set up Remuneration Committee on December 08, 2011. The Committee should faithfully perform the following functions and powers with the attention of a good manager, and submit suggestions to the board of directors for discussion.

- Formulate and regularly review the policies, systems, standards and structures of directors and managers' performance evaluation and remunerations.
- Regularly evaluate and determine the remuneration of directors and managers.

1. Information regarding members in the Remuneration Committee:

April 30, 2024

Requirement Title Name		Professional Qualification & Experiences	Status of Independence	Number of public companies that the member concurrently serves as a member in the Remuneration Committee
Independent Director	Hung, Li-Jung (Convener)	Please refer to page 18 to page 19 of the annual report for related information regarding the disclosure of director's professional qualification and independent director's independence status.	Please refer to page 18 to page 19 of the annual report for related information regarding the disclosure of director's professional qualification and independent director's independence status. °	2
Independent Director	He, Yao-Hung			2
Independent Director	Chang, Hsueh-Pin			2

2. The operation of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members, all of which are composed of independent directors °.

(2) Term of office of the current committee members: from November 26, 2021 to May 30, 2024. There were 3 meetings(A) convened in the most recent year (2023). The qualification of the committee member and participation status are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Convener	Hung, Li-Jung	3	0	100%	
Committee member	Chang, Hsueh-Pin	3	0	100%	
Committee member	He, Yao-Hung	3	0	100%	

Other matters that should be recorded:

1. If the Board of Directors do not accept or intent to modify suggestions made by the Remuneration Committee, then date of Board of Director's Meeting, term, content of the motion, resolutions, and response to the suggestions made by the members of Remuneration Committee should also be addressed (If the remuneration proposal approved by the Board of Directors is better than the proposal suggested by the Remuneration Committee, the divergence and the reason should also be addressed): None.
2. For motions that are determined by the Remuneration Committee, if committee members hold objective or withholding comments and such comments are recorded or taken down as written statement, then date of the meeting of Remuneration Committee, term, content of motions, all committee members' opinions and the reactions to the suggestions should also be addressed: None.
3. Date, period, content of proposals, resolution results, and the Company's response to opinions expressed by the Remuneration Committee in meetings of the current year.

4th Meeting of the 5th Term (January 13, 2023)

Important resolutions	Result
1. Proposal to amend partial articles of the Articles of Association of the Remuneration Committee. 2. To review the plan of 2022 2H performance bonus distribution to managers. 3. To review the plan of 2022 manager's year-end bonus distribution. 4. To review the plan to adjust manager's remunerations in 2023. 5. To review the plan to transfer treasury stock to managers and employee as stock option in 2023.	Approved by all members of the Remuneration Committee
The Company's response to opinion expressed by the Remuneration Committee: upon submission to the board meeting, proposals are approved by all the presenting directors.	

5th Meeting of the 5th Term (February 23, 2023)

Important resolutions	Result
1. The proposal to distribute 2022 employee's remuneration and directors and supervisors' remunerations. 2. To amend partial articles in the Company's "Rules for remuneration of the Employee and Directors"	Approved by all members of the Remuneration Committee
The Company's response to opinion expressed by the Remuneration Committee: upon submission to the board meeting, proposals are approved by all the presenting directors.	

6th Meeting of the 5th Term (August 3, 2023)

Important resolutions	Result
1. To amend partial articles in the Company's "Rules for remuneration of the Employee and Directors" 2. To review the plan of 2022 remuneration distribution for directors and supervisors. 3. To review the plan of 2022 remuneration distribution for managers and employees. 4. The proposal of remuneration distribution to managers that are appointed to serve as directors in subsidiaries.	Approved by all members of the Remuneration Committee
The Company's response to opinion expressed by the Remuneration Committee: upon submission to the board meeting, proposals are approved by all the presenting directors.	

(V) The implementation of sustainable development and the discrepancies between the regulated “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the cause of such discrepancies.

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence										
	Yes	No	Summary & Explanation											
I. Whether the Company develops and promotes a governance structure for promoting sustainable development, and sets up a unit that is exclusively (or concurrently) responsible for promoting sustainable development, and such unit should be in charged by high level management empowered by the Board of Directors and be supervised by the Board of Directors?	✓		The Company established the "CSR Promotion Group" in 2014 and issued the first "Corporate Social Responsibility Report". In 2022, the team was renamed to "ESG Promotion Group", becoming a horizontally and vertically linked cross-departmental communication platform lead by the CEO, who shall appoint personnel of the same rank of directors (manager) in the field of industrial safety, human resource, financial and accounting to be responsible in promoting and implementing issues like “environmental protection”, “social responsibility”, and “corporate governance”, aiming at sustainable issues of concern to the company's operations and stakeholders to formulate sustainable development direction and goals, and then plan and promote the implementation of short-term and medium with long-term plans, while tracking the implementation results, and regularly (at least once a year) report the implementation results to the board of directors, in order to pursue sustainable corporate development and fulfill social responsibilities. The "ESG Promotion Team" will be supervised by the board of directors. In addition to reporting to the board of directors on the implementation of sustainable development and the achievement of goals every year, the team also reports to the board of directors on quarterly performance indicators and related data on environmental issues. The board of directors supervises the formation of goals of sustainable development and the review on implementation, and give relevant suggestions and guidance based on the content of the report. 2023 report status is as below: <table><tr><th>Year / Quarter</th><th>Date of report in the Board of Director’s Meeting</th></tr><tr><td>2023/Q1</td><td>February 23, 2023</td></tr><tr><td>2023/Q2</td><td>May 10, 2023</td></tr><tr><td>2023/Q3</td><td>August 3, 2023</td></tr><tr><td>2023/Q4</td><td>February 29, 2024</td></tr></table>	Year / Quarter	Date of report in the Board of Director’s Meeting	2023/Q1	February 23, 2023	2023/Q2	May 10, 2023	2023/Q3	August 3, 2023	2023/Q4	February 29, 2024	No significant divergence
Year / Quarter	Date of report in the Board of Director’s Meeting													
2023/Q1	February 23, 2023													
2023/Q2	May 10, 2023													
2023/Q3	August 3, 2023													
2023/Q4	February 29, 2024													
II. Whether the Company carries out risk assessments in relation to topics including operational related environment, society, and corporate governance, and establishes related	✓		(I) Based on the principle of materiality, the Company has formulated the "Sustainable Development Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Rules for Ethical Management", ISO14001 Environmental Management and ISO450001 Occupational Safety and Health Management and other international management standard certifications. Risk management scope including operational risk, product and service process risk, environmental safety risk, financial risk, procurement risk, human power risk, etc., are	No significant divergence										

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
risk management policies or strategies based on the principle of materiality?			established based on topics in relation to the overall operational strategy, environment, society, and corporate governance. High level management is responsible for the planning and execution of risk management strategies resolved in the board meeting, and the coordination of cross-department interaction and communication on risk management issues. Each individual functional unit is responsible to analyze, manage, and monitor the related risks within its own unit, with the goal of following laws and regulations, promoting and implementing the Company's overall risk management, and taking the ultimate responsibility for risks management. (II) The boundary of the 2023 risk assessment is based on domestic (referring to Taiwan) operating bases, including Zhonglin Factory, Daye Factory, Gaojia Factory and Hefa Factory. Except for financial information, it does not include subsidiaries included in the consolidated financial reports. (III) Please visit the Company's website for risk management strategies. The link is as below: https://www.adgroup.com.tw/page/about/index.aspx?kind=107&lang=TW	
III. Environment related topics (I) Whether the Company establishes a proper environment management system based on the industry characteristics?	✓		I. The Company established environment management policies in accordance with Air Pollution Control Act, Water Pollution Control Act, Climate Change Response Act, and Waste Disposal Act. All our factory sites are built, implementing, maintaining, and continuously improving environmental, health, and safety management system based on the requirement set forth in ISO14001:2015 international standard (validity period 11/21/2021~11/21/2024) and ISO450001 (validity period 9/29/2021~9/12/2024). Starting from 2024, the Company begins to establish a dedicate unit, which is composed of different functions from the Industrial Safety Office under the jurisdiction of CEO Office and the Dept. of Factory Affairs Department under the jurisdiction of Administration Service Division to maintain and manage the environmental, health, and safety management system, educate and train new employees, strengthen conceptual understanding, and truly carry out the policy and goals of environmental health and safety strategies and goals. II. Set up ESG team and convene regular meeting in every quarter to review and track the difference between the goal and practices, as well as to carry out greenhouse gas investigation on a regular basis. III. Please refer to the Environmental Protection Expenditures (please refer page 121 to page 126 of this annual report) for other related environment management system.	No significant divergence
(II) Whether the Company devotes to enhancing energy utilization	✓		The Company is committed to saving the use of various energy resources. Through regular meetings, reviews and tracking are continued for making the most efficient use of various energy resources, reducing waste and carbon use.	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence				
	Yes	No	Summary & Explanation					
efficiency and adopts the use of recyclable materials that have lower impact to the environment?			Based on the commitment of the Company’s environment safety and health policy in reducing burdens to the environment, wastes are recycled, reduced in volume, and reused. Please refer to the Environmental Protection Expenditure (please refer page 121 to page 126 of the annual report) and Chapter 5 “Advanced International Multitech and the Environment” of the 2023 Sustainability Report for related information.					
(III) Whether the Company assesses current and future’s potential risks and opportunities in relation to climate changes, and adopts relevant countermeasures?	✓		In response to frequent global extreme climate events and rising awareness of carbon reduction in the international community, the Company has completed the identification of climate-related risks and opportunities based on the Task Force on Climate-related Financial Disclosure (TCFD), and further formulated specific response strategies, including energy saving, carbon reduction, water saving and waste reduction, and set appropriate short-term, medium- and long-term indicators and goals. <table><tr><td>Short-term goals</td><td>1.Electricity saving rate achieve 3% in 2025. 2.Complete GHG inventory investigation in 2024. 3.Reduce 5% wastes in 2025.</td></tr><tr><td>Medium and Long-term goals</td><td>1. Complete the Group’s GHG inventory investigation in 2024 and complete the 3rd party verification in 2026. 2.Reduce 20% Carbon in 2030.</td></tr></table> Note : 1.Unit : Million per revenue. 2.2024 is base year. (Due to a significant incident at Launch Tech in the year 2023, the production sites of Advanced Group will be reallocated. As a result, adjustments are necessary to the previous calculation methods, thus the baseline year has been changed to 2024.) 3.The calculate include all factories weather internal or abroad. A competitive power following the trend of low-carbon transformation shows the basic respect for environmental resources and the due corporate citizenship responsibility. We actively formulate ambitious goals and policies such as efficient use of energy resources and recycling and introduce the TCFD framework for public disclosure related measures. Please refer to the Environmental Protection Expenditure (please refer page 121 to page 126 of the annual report) and Chapter 5 “Advanced International Multitech and the Environment” of the 2023 Sustainability Report for related information.	Short-term goals	1.Electricity saving rate achieve 3% in 2025. 2.Complete GHG inventory investigation in 2024. 3.Reduce 5% wastes in 2025.	Medium and Long-term goals	1. Complete the Group’s GHG inventory investigation in 2024 and complete the 3 rd party verification in 2026. 2.Reduce 20% Carbon in 2030.	No significant divergence
Short-term goals	1.Electricity saving rate achieve 3% in 2025. 2.Complete GHG inventory investigation in 2024. 3.Reduce 5% wastes in 2025.							
Medium and Long-term goals	1. Complete the Group’s GHG inventory investigation in 2024 and complete the 3 rd party verification in 2026. 2.Reduce 20% Carbon in 2030.							

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(IV) Whether the Company compiles information regarding statistics in relation to the past 2 years' green gas emission, total water used, and total wastage produced, and establishes policies to reduce greenhouse gas emission, water use, and other similar kinds of wastes?	✓		Please refer to the Environmental Protection Expenditure (please refer page 121 to page 126 of the annual report) and Chapter 5 "Advanced International Multitech and the Environment" of the 2023 Sustainability Report for related information.	No significant divergence
IV. Social Issues (I) Whether the Company makes related management policy and procedures according to related laws and International Bill of Human Rights?	✓		Please refer to Note 1: Policy on human rights (please refer page 63 to page 68 of this annual report) for related information.	No significant divergence
(II) Whether the Company makes and implements reasonable employee benefit manners (including salary, vacation and other benefits), and properly reflects the Company's operation performance or achievements on remunerations paid to employees?	✓		1. The Company has established the "Work Procedure for Salary Management" to provide equal pay for equal work and appropriate salary paying methods. Under the premise of complying with relevant labor laws, an overall salary policy has been formulated to motivate, reward and retain outstanding talents. 2. "Work Procedures for Performance Evaluation" and "Work Procedures for Holiday Bonus and Year-End Bonus" are established to motivate employees with the concept to share with the Company's operational results. 3. Please refer to V. Labor-Capital relations for information about other employee benefit measures (please refer page 127 to page 130 of this annual report). 4. Please refer to the Human Rights Policy (please refer page 63 to page 68 of this annual report) for information on workplace diversity (such as gender equality and the recruit of minorities) and ratings.	No significant divergence
(III) Whether the Company provides a safe and healthy work environment for employees, and regularly holds employee's safety	✓		1. The Company's environmental protection and occupational safety and health policy is - "compliance with laws and regulations, hazard prevention, environmental sustainability, continuous improvement". We post the policy on the bulletin board for viewing by all the colleagues, assign dedicated occupational safety and health personnel, and convene the Occupational Safety and Health Committee meeting every quarter to review and prevent occupational	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence																
	Yes	No	Summary & Explanation																	
and health education training?			safety and health issues in order to protect the life and property safety of employees, visitors and external contractors. 2. The Company has passed the audit and verification of ISO14001:2015 edition international standard (validity period: 11/21/2021~11/21/2024) and ISO450001 (validity period: 09/29/2021~09/12/2024). 3. Hold education and training for occupational safety and health, please refer to Note 1: Human Right Policies (please refer page 63 to page 68 of this annual report). 4. Employee Health Care Activities: <table><tr><td rowspan="3">Regular</td><td>New employees</td><td>A total of 182 people participated in the health checkup at the designated hospital before joining the Company in 2023.</td></tr><tr><td>Current employees</td><td>Every year, hospitals are hired to carry out annual health checks in the factory, and a total of 976 people participated in 2023.</td></tr><tr><td>Medical care</td><td>Physician is recruited to station in the factory and provide services once a month.</td></tr><tr><td>Irregular</td><td colspan="2">Implement 7S activities and various health promotion activities (such as make money through exercises, invite visually impaired masseuses to provide employees stress-relieving massages at factory site, and blood donation activities, etc..)</td></tr></table> 5. Information regarding the number of occupational accidents, number of employees involved, and the ratio of accident involving persons to the total number of employees in 2023 is as follows: <table><tr><td>Number of employees</td><td>Number of accidents</td><td>Occupational accident ratio</td></tr><tr><td>1,184 persons</td><td>7 cases</td><td>0.59%</td></tr></table> Manners for improvements: (1) Constructional improvement: Intrinsic safety design, installation of idle-proof and safety devices, safety fence, and implementation of pre-operation checkpoints. (2) Administration management: ①Formulate safety regulations and safe operation standards. ②Regularly review and revise safety standard and operating procedures and conduct education and training for employees.	Regular	New employees	A total of 182 people participated in the health checkup at the designated hospital before joining the Company in 2023.	Current employees	Every year, hospitals are hired to carry out annual health checks in the factory, and a total of 976 people participated in 2023.	Medical care	Physician is recruited to station in the factory and provide services once a month.	Irregular	Implement 7S activities and various health promotion activities (such as make money through exercises, invite visually impaired masseuses to provide employees stress-relieving massages at factory site, and blood donation activities, etc..)		Number of employees	Number of accidents	Occupational accident ratio	1,184 persons	7 cases	0.59%	
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1,184 persons	7 cases	0.59%																		

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			6. Describe number of fires in the year, number of casualties and the ratio of the number of casualties to the total number of employees, and related improvement measures in response to fires. The Company's subsidiary (Launch Tech) occurred a major fire incident in 09/22, which caused 6 dead, 2 severely hurt, and 89 slightly injured (including foreign labors); the number of casualties to total employees was 15.32%. in response to this fire accident, subsidiary, Launch Technologies Co., Ltd., entrusted external experts to carry out investigations. Based on the analysis report submitted by experts, all possible causes have been improved. The Company's relevant improvement measures after this incident are: establishing an "Emergency Work Safety Incident Response and Handling" unit, implementing the "Operating Procedures for Emergency Responses " and "Operating Procedures for Emergency Response Planning and Equipment Management ", and carrying out PDCA management mechanism. Short-term goal: Effectively implement the "Operating Procedures for Emergency Responses" and "Operating Procedures for Emergency Response Planning and Equipment Management" and implement the PDCA management mechanism. Mid to long term goal: Put on fire key positions, strengthen occupational injury notification, investigation, analysis, improvement and implementation of surveillance and control, emergency disaster (natural, occupational) response, and establish a multi-faceted response mechanism to coordinate operations, key supply chain alternatives, off-site backup. 2024 implementation results: 1. Establish a paperless roll call system for emergency response and escape in the factory. 2. Carry out emergency escape drills for the entire factory and complete the evacuation in the drill by evacuating all employees to nearby factories. 3. Strengthen colleagues' ability to handle emergencies, learn how to prevent the spread of accidents and become familiar with the use of various firefighting equipment, enhance the response capabilities of disaster relief personnel and the ability to support each other among various groups, and conduct off-site training and real fire drill plans.	
(IV) Does the company establish an effective career development training program for employees?	✓		1.The Company establishes a workplace job description and formulates the planning and development of various job capabilities. With the purpose of cultivating talents, establishing values and consensus, self-inspiration and learning, and combining activities, we implement the vision and values of Advanced International Multitech through three major manners including activities, literature, and rules and regulations, to deeply cultivate and activate the	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			corporate culture of Advanced International Multitech, and provide an environment and atmosphere for our people to fully develop. In addition, the system of Advanced Academy is established. 2.Cultivation of operational strategy capabilities: In the way of team co-creation, learning are enhanced through brainstorming in order to establish future development vision and goals and achieve full participation in strategic actions. 3.Cultivation of supervisory ability: Utilizing Advanced International Multitech’s training system chart to cultivate supervisor's management capabilities at all levels in order to improve superintendent’s supervisory management skills, interpersonal relationships, and the ability to cultivate and motivate subordinates. 4.Grass-roots staff’s professional training: education and training are based on the nature of each job, through general education and training of professional functions to enhance staff’s capabilities. 5.For the content of each education and training course, please refer to Note 1: Human Rights Policy (please refer page 63 to page 68 of this annual report), and for information about the hours and fees of education and training, please refer to Labor Relations (please refer page 127 to page 130 of this annual report).	
(V) In the light of issues including customer’ s safety and health in relation to the Company’ s products and services, customer’ s privacy, marketing, and labeling, whether the Company follows relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests?	✓		1.Products produced by the Company are produced in accordance with the specifications set by customers. For products sold in different regions, they are also produced and marked according to the standards and specifications provided by customers to meet the requirements of relevant laws and standards (the company has ISO90001:2015 and ISO9100:2015+AS9100D quality management system). 2.The Company has established personal data protection management system and policy to manage and protect customer privacy, and to guard customer data. We set up business office with the contact information shown in the interested person area of the Company's website. From time to time, the office actively verifies and confirms the implementation of various customer policies and accepts and handles customer complaints and assists front-line sales colleagues to handle customer complaints in order to protect customers’ rights and interests, as well as to maintain good communications with customers.	No significant divergence
(VI) Whether the Company formulates a supplier management policy, requiring suppliers to follow relevant	✓		1.According to the "Supplier Management Procedure", the Company clearly stipulates that all suppliers must sign the "Supplier Declaration and Agreement", which includes the "Supplier Code of Conduct", "Supplier Honesty and Integrity Agreement", "Non-Use Hazardous Substances and Conflict Minerals Consent Letter” and other related content, among which the “Supplier Code of Conduct” is formulated in accordance with the Responsible Business	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence												
	Yes	No	Summary & Explanation													
norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?			Alliance Code of Conduct (RBA), which is divided into five aspects including labor, health and safety, environment, ethics, and management system. The norms are stated as below:													
			<table><tr><th>Main aspects</th><th>Content</th></tr><tr><td>Labor</td><td>Including free choice of occupation, youth labor, child labor, working hours, wages and benefits, humane treatment, non-discrimination, freedom of association, etc.</td></tr><tr><td>Health and safety</td><td>Refer to ISO45001 and the Guidelines on Occupational Safety and Health Management made by International Labor Organization to define the scopes of occupational safety, emergency preparedness, work-related injuries and occupational diseases, industrial hygiene, manual labor, machine protection, public health, food and accommodation, health and safety information, etc...</td></tr><tr><td>Environment</td><td>Refer to the ISO14000 standard and the EMAS certification of the ecological management and audit system to formulate relevant environmental permit reports, pollution prevention and resource conservation, hazardous substances, solid waste, waste gas emissions and ozone-depleting substances control, substance control, water resource management, energy consumption and greenhouse gas emissions, factory boundary noise management.</td></tr><tr><td>Ethics</td><td>Including integrity management, no improper gains, information disclosure, intellectual property rights, fair trade, identity protection and protection against retaliation, responsible procurement of minerals, privacy, compliance with import and export regulations, community participation, etc...</td></tr><tr><td>Management system</td><td>Covers corporate commitments, management duties and responsibilities, legal and customer requirements, risk assessment and risk management, improvement objectives, training, communication, employee input, participation and grievances, audit assessments, corrective actions, documentation and records, and supplier responsibilities.</td></tr></table>		Main aspects	Content	Labor	Including free choice of occupation, youth labor, child labor, working hours, wages and benefits, humane treatment, non-discrimination, freedom of association, etc.	Health and safety	Refer to ISO45001 and the Guidelines on Occupational Safety and Health Management made by International Labor Organization to define the scopes of occupational safety, emergency preparedness, work-related injuries and occupational diseases, industrial hygiene, manual labor, machine protection, public health, food and accommodation, health and safety information, etc...	Environment	Refer to the ISO14000 standard and the EMAS certification of the ecological management and audit system to formulate relevant environmental permit reports, pollution prevention and resource conservation, hazardous substances, solid waste, waste gas emissions and ozone-depleting substances control, substance control, water resource management, energy consumption and greenhouse gas emissions, factory boundary noise management.	Ethics	Including integrity management, no improper gains, information disclosure, intellectual property rights, fair trade, identity protection and protection against retaliation, responsible procurement of minerals, privacy, compliance with import and export regulations, community participation, etc...	Management system	Covers corporate commitments, management duties and responsibilities, legal and customer requirements, risk assessment and risk management, improvement objectives, training, communication, employee input, participation and grievances, audit assessments, corrective actions, documentation and records, and supplier responsibilities.
			Main aspects		Content											
			Labor		Including free choice of occupation, youth labor, child labor, working hours, wages and benefits, humane treatment, non-discrimination, freedom of association, etc.											
			Health and safety		Refer to ISO45001 and the Guidelines on Occupational Safety and Health Management made by International Labor Organization to define the scopes of occupational safety, emergency preparedness, work-related injuries and occupational diseases, industrial hygiene, manual labor, machine protection, public health, food and accommodation, health and safety information, etc...											
			Environment		Refer to the ISO14000 standard and the EMAS certification of the ecological management and audit system to formulate relevant environmental permit reports, pollution prevention and resource conservation, hazardous substances, solid waste, waste gas emissions and ozone-depleting substances control, substance control, water resource management, energy consumption and greenhouse gas emissions, factory boundary noise management.											
			Ethics		Including integrity management, no improper gains, information disclosure, intellectual property rights, fair trade, identity protection and protection against retaliation, responsible procurement of minerals, privacy, compliance with import and export regulations, community participation, etc...											
			Management system		Covers corporate commitments, management duties and responsibilities, legal and customer requirements, risk assessment and risk management, improvement objectives, training, communication, employee input, participation and grievances, audit assessments, corrective actions, documentation and records, and supplier responsibilities.											
2.Regular evaluation: For existing suppliers, the Company selects some suppliers from the main suppliers whose transaction amount exceeds \$500,000 in the past two years and conducts evaluation (written) in every six months, and conducts on-site audit at least once a year. The current audit items include quality, delivery and service. In																

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence												
	Yes	No	Summary & Explanation													
			addition, for the selection of new suppliers, we have formulated the "Supply Chain ESG Information Disclosure Standard" in as early as in 2014, and formally included the standard as the basis for supplier selection in the following year, and the sustainable development policy statement is clearly stated in the supplier's order. At present, we have fully adopted the standard to evaluate and screen raw material suppliers. Starting from 2022, suppliers with the highest annual transaction amount have been audited for their corporate social responsibility implementation, and the audit will gradually extend to all the suppliers in order to ensure the sustainable development of Advanced International Multitech. Two years implementation results on the audit of suppliers <table><tr><td>Year</td><td>2022</td><td>2023</td></tr><tr><td>Number of suppliers planned to audit</td><td>48</td><td>52</td></tr><tr><td>Number of suppliers actually being audited</td><td>40</td><td>44</td></tr><tr><td>Achievement %</td><td>83%</td><td>85%</td></tr></table>	Year	2022	2023	Number of suppliers planned to audit	48	52	Number of suppliers actually being audited	40	44	Achievement %	83%	85%	
Year	2022	2023														
Number of suppliers planned to audit	48	52														
Number of suppliers actually being audited	40	44														
Achievement %	83%	85%														
V. Whether the Company compiles Sustainability Report or other non-financial related reports according to the international reporting standards or guidelines? Whether the aforementioned reports have obtained verification or assurance opinion from any third-party verification units?	✓		The report frame are following GRI standards in 2021 and reference of Task Force on Climate Related Financial Disclosures (TCFD), as well as the SASB index for Toys & Sporting Goods Industry. The report in 2023 did not achieve the 3rd party verification / convinced.	No significant divergence												
VI. If the Company follows “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” to establish the Company’s rules specifically for sustainable development, then the Company should also state the implementation status and the discrepancies between the real practices and the rules: The Company operates in accordance with our own Sustainable Development Best Practice Principles, and there is no major difference.																
VII. Other important information that might help to understand the operation of the sustainable development practices: The Company has published the 2023 Sustainability Report, which disclosed the sustainable development operation status including economic, social and environmental aspects, and disclosed it on the TWSE’s Market Observation Post System and the Company’s website.																

(V-1) Climate related information for listed companies

1. Execution status of climate related information

Items	Execution Status
1. Describe the Board and the Management's supervision and governance on climate related risks and opportunities.	Please refer page 48 of this annual report (V. The implementation of sustainable development and the discrepancies between the regulated "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the cause of such discrepancies > I. Whether the Company develops and promotes a governance structure for promoting sustainable development, and sets up a unit that is exclusively (or concurrently) responsible for promoting sustainable development, and such unit should be in charged by high level management empowered by the Board of Directors and be supervised by the Board of Directors?)
2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances (short-term, medium-term and long-term).	Please refer to Note 1 of the following table: Climate-related risks and financial impacts and climate-related opportunities and financial impacts.
3. Describing the financial impact of extreme climate events and transition actions.	Please refer to Note 1 of the following table: Climate-related risks and financial impacts and climate-related opportunities and financial impacts.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The Environmental Protection Promotion Team of the ESG Team regularly convenes meetings with relevant units to take stock of the GHG inventory, identifies climate-related risks and impacts on operating activities (including financial impacts), conducts cross-regional information sharing, and discusses appropriate and feasible response measures for each department to appropriately reduce and transfer the risk impact. In addition, the industrial safety Department also regularly performs the organization's climate risk assessment, including paying attention to the latest international climate change assessment reports and introducing the TCFD framework strategy, to comprehensively take stock of the potential financial impact of such risks on Advanced International for setting a basis to implement scenario analysis, policy and indicator targets. The above-mentioned climate risk inventory investigation results, countermeasures, implementation progress and effectiveness will be regularly reported to the board of directors through the ESG Team, so that the highest governance unit can incorporate such information into the systemic risk assessment of the Company's operations and optimize Advanced International's sustainable operation and development strategy by the measure of rolling optimization.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.	Please refer to Note 1 of the following table: Climate-related risks and financial impacts and climate-related opportunities and financial impacts.

Items	Execution Status
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.	The risks and opportunities brought about by climate change have a considerable impact on enterprise's operating, development strategies and financial planning. Currently, the current global enthusiasm for the 2050 net-zero carbon emission initiative, international carbon pricing, and carbon tariffs, and the active accompanying regulations, including "Sustainable Development Roadmap" that was released by Financial Supervisory Commission in 2022, all demonstrate an urgent needs for organizations to improve their climate resilience and execute a low-carbon transition. Therefore, Advanced International prioritizes the focus on the following four major resources saving measures as our responding countermeasures. 1. Actively improve process efficiency, adjust energy structure; 2. Implement resource recycling and reuse and accelerate the construction of a circular economy market for the carbon fiber industry; 3. Construct solar power generation and energy storage equipment; 4. Carefully monitor the use of energies. Please refer to the following disclosures in this annual report: 1. Page 121 to page 125 (IV Expenditures on Environmental Protection>(III) Environment Management) 2. Page 50 ((V) The implementation of sustainable development and the discrepancies between the regulated "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the cause of such discrepancies > (III)Whether the Company assesses current and future's potential risks and opportunities in relation to climate changes, and adopts relevant countermeasures?)
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company does not use internal carbon pricing as a planning tool.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, source and quantity of offset carbon reduction credits or quantity of renewable energy certificates (RECs) should be explained.	Please refer to the following disclosures in this annual report: 1. Page 121 to Page 125 (IV Expenditures on Environmental Protection > (III) Environment Management) 2. Page 50 ((V) The implementation of sustainable development and the discrepancies between the regulated "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the cause of such discrepancies > (III) Whether the Company assesses current and future's potential risks and opportunities in relation to climate changes, and adopts relevant countermeasures?)

Items	Execution Status
9. Information regarding greenhouse gas inventory and assurance status, and carbon reduction targets, strategies and specific action plans (additional state in 1.1 and 1.2).	Please refer to the following disclosures in this annual report: 1. Page 121 to Page 125 (IV Expenditures on Environmental Protection > (III) Environment Management) 2. Page 50 ((V) The implementation of sustainable development and the discrepancies between the regulated "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the cause of such discrepancies > (III) Whether the Company assesses current and future's potential risks and opportunities in relation to climate changes, and adopts relevant countermeasures?)

Note: The above relevant information is disclosed in "Advanced International Multitech and the Environment" and "Operating Methods Article 4-1: Climate Information Disclosure" in the Chapter 5 of 2023 Advanced International Multitech Sustainability Report

The Company's GHG inventory and assurance status in the most recent two years

1.1 Information regarding Greenhouse Gas Inventory Investigation

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/million dollars) and data coverage of greenhouse gases in the past two years.
Please refer Page 121 to Page 125 (IV Expenditures on Environmental Protection > (III) Environment Management) in this annual report.

1.2 Information regarding Greenhouse Gas Assurance

Describe the assurance status in the last two years as of the publication date of the annual report, including the scope of the assurance, the assurance institution, assurance standards and the assurance opinion.
The Company has not yet been verified by a third-party organization. We plan to include the Zhonglin Factory, Daye Factory, Hefa Factory, and Gaojia Factory that are affiliated to Advanced International Multitech Co., Ltd. as the parent company, and the Launch Technologies, China Factory, and Vietnam Factory as the subsidiaries. Starting from 2023, the Company plans to conduct a greenhouse gas inventory investigation of the previous year in March every year, carry out internal audit in April, and report the execution results to starting from 2023, implement an internal audit in April, and submit the annual implementation results to the board of directors for review in May of the same year. Advanced Group will complete the external verification in advance in 2026, and at that time, the parent company will include the subsidiary's external verification data.

1.3 GHG reduction goal, strategy, and specific action plans

Describe the greenhouse gas reduction's base year and the statistics, reduction targets, strategies, specific action plans and achievement of reduction targets.
1. Please refer Page 50 ((V) The implementation of sustainable development and the discrepancies between the regulated "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and the cause of such discrepancies > (III) Whether the Company assesses current and future's potential risks and opportunities in relation to climate changes, and adopts relevant countermeasures?) of this annual report. 2. Please refer Page 121 to Page 125 (IV Expenditures on Environmental Protection > (III) Environment Management) of this annual report.

Note 1:

Climate related risks and financial impacts

Type	Climate related risks	Potential financial impact	Responding actions
Transition risk	Policies and regulations	1. The cost of power generation per kilowatt hour in 2025 may increase by 30% compared to 2019. Based on the average of approximately 21,000,000 kilowatt hours of purchased electricity by Advanced International in the past three years, if relevant energy-saving measures are not implemented, the cost in electricity expenditures will increase by 18,270,000 in 2025. Taking the 0303 power outages as an example, the parent company's factories suffered power outages without warning, which indirectly caused production line shutdowns and product damage, with a total loss of 6.28 million dollar (Zhonglin Factory: 5.5 million dollar, Daye Factory 160,000 dollar, and Gaojia Factory 620,000 yuan). 2. For greenhouse gas inventory verification, according to regulations, the execution progress of relevant work must be reported to the board of directors every quarter. Therefore, it is necessary to plan and spend related costs in personnel and inventory investigation, and verification costs, which amount to approximately 700,000 dollars to 1 million dollars.	1. Gradually strengthen carbon management mechanism. In the fourth quarter of 2023, we have carried out self-investigation on GHG emissions and prioritize the identification and management of key carbon emission hotspot, so as to effectively achieve the annual carbon reduction goals. 2. Later on, we will operate in coordination with competent authority's regulations and policies to plan the carbon inventory investigation for Advanced International and its subsidiaries and plan to obtain assurance statement from a 3rd party prior to 2029.
Transition risk	Restrictions in international market	The European Union's Carbon Border Adjustment Mechanism (CBAM) was launched on a trial basis in 2023 and will officially roll out in 2027, and it does not rule out the possibility of expanding the controlled product scope. This will affect the operating costs of our specific customers and may indirectly influence our shipments, causing a negative impact on revenue.	In order to cope with the relevant mechanisms, we have found relevant professional software supplier to assess the cost of the introduction of carbon footprint investigation system to reduce the impact of international carbon tariffs. It is estimated that the relevant cost will be approximately 2 million dollars.
Transition risk	Impact to business reputation	If we continue to cooperate with high-carbon emission suppliers in the future, procurement costs may increase due to indirect factors. It may also affect the willingness of low-carbon transition customers or major international manufacturers to cooperate with us, which may bring about negative impact on our revenue.	There has been no increase in carbon-related costs in the short term, and we are currently actively paying attention to our suppliers' carbon reduction.

Type	Climate related risks	Potential financial impact	Responding actions
Physical risk	Short-term and Medium-term risks (such as rainstorms, typhoon, hurricane, and floods)	1. Using the climate factor RCP 8.5 as the simulation scenario, when the maximum 24-hour cumulative rainfall reaches 500mm, it may cause flooding in the Company's Kaojia plant and Hefa plant and result in a temporary reduction in production capacity, reduced revenue (such as supply chain interruption due to inability to transport, production line shutdown due to factory damage) and increased operating costs; taking the 0303 power outage as an example, the parent company's factories suffered power outages without warning, which indirectly caused production line shutdowns and product damage. The total loss was 6.28 million dollars. 2. Machinery and equipment at the operating base were damaged due to climate disasters. 3. Employees are unable to go to work and productivity is affected; this may result in reduced revenue and increased costs in occupational safety and health costs.	1. In response to force majeure disasters, the "Operating Procedures for Emergency Response Planning and Equipment Management" has been formulated to strengthen the maintenance and safety management procedures of equipment and environment. The procedure also clearly assigns the responsible units for various operations to effectively reduce the risk and extent of disaster damage. If an unfortunate event occurs causing operational interruption, normal operation of key operational activities can be restored in the shortest possible time. 2. A risk diversification strategy has been adopted in the supply chain side. Key raw materials are supplied by multiple manufacturers located in different regions to avoid the impact of a single climate event.
Physical risks	Long-term risks (such as extreme weather, rise in average temperature, sea level rise)	Taking the water shortage phenomenon in recent years as an example, the average water consumption in the past two years was about 70,000 thousand liters. If water is purchased from water suppliers due to water shortage, the water cost will increase by 1 dollar per thousand liters, and each year the water cost will increase by about 70,000 dollars per year.	1. We will strengthen the energy and resource utilization efficiency of every department, allocate appropriate raw material inventory based on the experience of the epidemic in recent years to avoid the risk of supply chain interruption, and use advanced recycling and reuse technology to reduce dependence on new materials. Using effective circular economy to maintain Advanced International's disaster response resilience and response resilience. 2. In order to cope with the tight water situation, the Company will supply domestic use water at reduce water pressure a the domestic water sources.

Climate related opportunities and financial impacts

Type	Climate related risks	Potential financial impact	Responding actions
Resource efficiency	In order to achieve effective management of climate risks, Advanced International's priority response strategies including the enhancement of energy resources' usage efficiency.	Making good use of energy resources can reduce the Company's mid- to long-term operating costs. The results of 2023 saved a total of approximately 487,426 kilowatt-hours of electricity, and reduced 1,462,278 dollars of electricity expenses.	The Company set up six major equipment energy saving plans, please refer to page 121 to page 125 ((IV Expenditures on Environmental Protection > (III) Environment Management) in this annual report.
Source of Energy	The affiliated factory is equipped with solar power generation equipment.	At present, all relevant electricity is sold to Taiwan power company, which can increase revenue by approximately 70,000 dollars per year; in the future, if self-consumption is adopted, electricity procurement costs can be reduced. Based on the fact that Advanced International's solar power equipment generated approximately 92,032 kilowatt-hours of electricity in 2023, if all the power generated is provided for self-use, the electricity cost will be reduced by 57,262 dollars.	The existing solar power generation equipment is still under maintenance and operation. From 2024, the self-consumption model will be evaluated, which will not only reduce power purchase costs, but also reduce the organization's carbon emissions.
Product service and market	Actively develop carbon fiber recycling technology and material applications to accelerate the construction of a circular economy market for the carbon fiber industry.	Although the R&D and application of new technologies may increase investment costs in the initial stage, they can also contribute to the carbon fiber industry and market and deeply implant the Company's innovative image. If the circular economy market is successfully developed, it will help reduce the procurement cost of materials in the medium and long term and prioritize access to niche markets with related products.	Cooperate with the ITRI and thermal cracking recycling manufacturers to conduct technology research and development for short fibers. The carbon fiber recycling technology has been developed and is waiting for customers to provide materials for Advanced International to be impregnated and manufactured. In addition, expanding the application scope of carbon fiber materials, such as in various 3C products, will help reduce the weight of end products and indirectly reduce the energy consumption and carbon emissions of logistics and transportation.
Adaptive resilience	Enhance Advanced Group's sensitivity and related knowledge on climate issues in order to formulate appropriate policies and plan early responses.	Follow the climate information disclosure framework (such as TCFD) to review the climate impacts faced by the Company and implement relevant response measures to reduce systemic operating losses.	The Company continues to work on the low carbon transformation of the industrial value chain, improving climate change adaptability and flexibility from aspects such as technology, products, operations, and procurement; thereby strengthening organization's operational resilience.

Note: Please refer chapter V "Advanced International and the Environment" of the company's 2023 Sustainability Report for full details of climate-related risks and financial impacts and climate-related opportunities and financial impacts.

Note 1 :

Human Right Policy: The Company jointly abides by the international human rights standards required by customers, and has clear regulations on environmental protection, safe and healthy working conditions, fair wages and benefits, and prevention of harassment and discrimination. "Work Rules" is made with the reference to the United Nations Universal Declaration of Human Rights, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and local government regulations to prevent behavior that may violate human rights.

I. Human Right Assessment

The Company continues to create long-term value of operations through innovation, exerts Advanced Group's core competitiveness, integrates internal and external resources, and contributes to society with the core concepts of sincerity, creativity, and satisfaction, taking into account the three major aspects of the environment, society, and corporate governance. The following aspects are included:

- (I) Insist on honesty and integrity, abide by laws and regulations.
- (II) Pursue excellence and create customer value.
- (III) Attach importance to corporate governance, and strive to achieve a balance of interests among customers, employees, shareholders, and all stakeholders.
- (IV) Provide employees with a healthy and safe working environment, a space where they can give full play to their talents, and are paid with reasonable remuneration and benefits.
- (V) Implement energy conservation and carbon reduction, pay attention to environmental protection, and promote sustainable development of the environment in response to climate change.
- (VI) Encourage employees to participate in social welfare and cultural and artistic activities to create a harmonious and warm society.

II. Human Right Concerns

- (I) Eliminate illegal discrimination to secure job opportunities

The Company complies with the Labor Standards Act and other laws and regulations. Based on the basic human right of equal employment opportunities, when hiring employees, we recruit based on employee's professional ability and experiences and strive to create a fair employment environment. All the employees are protected by the Labor Standards Act and the mutual agreement between labor and capital.

As of the end of 2023, the total number of employees in Advanced International Multitech was 1,181. The following table shows the distribution of age and gender of our employees.

Structure		Female		Male		Total	
		PPL	%	PPL	%	PPL	%
By contract	Full-time	487	41.23%	609	51.57%	1,096	92.80%
	Dispatch manpower	63	5.34%	22	1.86%	85	7.20%
By work hour	Full-Time	547	46.32%	631	53.43%	1,178	99.75%
	Part-Time (Note1)	3	0.25%	-	-	3	0.25%
By category	Management level (Note2)	45	3.81%	123	10.41%	168	14.22%
	Technology & RD	50	4.23%	160	13.55%	210	17.78%
	Sales, Administration and others	455	38.53%	348	29.47%	803	68%
By age	under 30 years old	63	5.34%	118	9.99%	181	15.33%
	30~50 years old	388	32.85%	440	37.26%	828	70.11%
	50+ years old	99	8.38%	73	6.18%	172	14.56%
Total		550	46.57%	631	53.43%	1,181	100%

Note 1: refers to employees working part-time

Note 2: Management level refers to management personnel with the job rank above section leader.

(II) Prohibition of Child Labor, Prohibition of Forced Labor

1. The Company attaches great importance to human rights and prohibits the employment of forced labor and child labor. So far, there has been no forced or compulsory labor in Advanced Group.

Analysis of the employee turnover rate in the past 3 years

Year	Turnover rate		New employee's turnover rate	
	Female	Male	Female	Male
2021	15%	12%	31%	25%
2022	8%	13%	43%	36%
2023	5%	10%	3%	11%

(III) Diversity in the workplace

1. Recruit of Urban and Rural Minorities

In order to ensure equal employment opportunities for the disadvantaged and related groups, the Company has recruited 10 disabled employees, accounting for 1% of the employees.

The Company is located in Xiaogang District, Qianzhen District, and Daliao District of Kaohsiung City. When there is a shortage in manpower, local qualified candidates will be given priority to increase local employment opportunities. The Company does not specifically register the category of indigenous people.

Age distribution of disabled employees in 2023:

Employee possess disability handbook	Female	Male
30-50 years old	4	-
51 years old above	2	4

2. Employee nationality index

Type	Proportion to all the employees (%)
Taiwan R.O.C.	93.61%
Foreign nationality	6.11%
Aborigine	0.27%

3. Proportion of female employees and senior supervisors

The Company pays attention to gender equality, equal pay and equal promotion opportunities. In 2023, the average proportion of female employees was 46.57%, and the average proportion of female supervisors was 3.81%.

(IV) Measures adopted for gender equity rights

In order to assist employees in raising children to promote a balance between work and family life, in accordance with the provisions of the Gender Equality in Employment Act, after being in service for six months, employees may apply for parental leave without pay before any of their children reach the age of three years old; and when the parental leave expired, arrangements will be made for the employee to return to the original position or to the original unit.

Status of the Parental Leave applied by full time employees in the most recent two years.

Year	Item	Male	Female	Total
2023	Number of people that are qualified to apply for parental leave (note 1)	32	34	66
	Number of people that actually applied for parental leave	4	9	13
	Parental leave application rate	13%	26%	20%
	Expected number of people that are reinstated after parental leave in 2023	3	9	12
	Actual number of people that are reinstated after parental leave in 2023	3	8	11
Reinstatement rate in 2023		100%	89%	92%
Year	Item	Male	Female	Total
2022	Actual number of people that are reinstated after parental leave in 2023	2	7	9
	Actual number of people that are reinstated after parental leave and continue to work in the Company for one year (Note 2)	2	7	9
Reinstatement and continuous working rate in 2022		100%	100%	100%

Note 1. Estimated based on the number of employees who have applied for maternity leave or paternity leave in the past three years (2021~2023).

Note 2. The actual date of reinstatement is in 2021 and the employee has been employed for 1 year after reinstatement (still employed in 2022).

(V) Provide a Safe and Healthy Work Environment

The Company has passed the audit and verification of ISO 14001 (environmental management system) and ISO 45001 certificate (occupational safety and health management system). It has established an occupational safety and health committee in accordance with the "Occupational Safety and Health Management Measures" to hold regular safety and health meetings every quarter and organize relevant safety and health education and training. The Disabling Frequency Rate in 2023 is 2.95, which increased by 0.3 from 2022 and exceeded the target of 2.06 in FR. The Company will take more active measures to enhance the concept of safety culture, employee's autonomous management on safety, and will perform operating environment monitoring twice a month to gradually understand the

exposure status of workers to ensure their safety during work.

In order to effectively understand the hazards at the workplace, regular factory inspections are carried out to prevent employees from being exposed to special health hazards or unsafe behaviors. Possible risks in the working environment are regularly reviewed and effectively managed by performing the following industrial safety inspections.

Inspection Works	Inspection Frequency
Industrial Safety Inspection Team	Once a month
Industry Safety Check on	Once a week
On-site Check on	Once a day

Please refer to "IV. Human Rights Guarantee Training Practices" for the 2023 Industrial Safety Education, Training and Promotion on page 68 of this annual report.

- (VI) Help employees maintain physical and mental health and work-life balance
Arrange annual employee health checks, hold charity funding projects (to assist single parents/poor families, or employees who have difficulties in their families and need help), encourage employees to participate in public welfare activities, establish club activities (golf club, boxing aerobic club, yoga club, etc.) , provide education and training subsidy and talent training plan, hold annual family day and end-of-the-year activities to promote the interaction between colleagues, encourage employees to exercise independently and manage their health, and hold sports competitions and annual healthy weight loss competitions from time to time; such are all beneficial to employee's physical and mental health. In addition, the Company has set up a library and fitness facilities at the company site.

III. Human rights risk mitigation measures and the relevant policies of the Company

(I) Human dignity

Is regulated by the Company's "Procedures for Ethical Management and Guidelines for Conducts", "Rules for Ethical Management", and "Code of Ethical Conducts".

(II) Equal Rights

The Company formulates the "Operating Procedures for Sexual Harassment Prevention and Complaint Measures" in accordance with the "Act of Gender Equality in Employment" to protect the personal safety of women and promote the substantive equality of gender status. The relevant regulations all state that "to prevent the occurrence of discrimination or allowing of discrimination based on race, social class, country of birth, religion, disability, gender, sexual orientation, or political factors."

(III) Freedom of Expression

In order to respect the rights or reputation of others, the Company sets up physical suggestion box and online suggestion box.

Online suggestion box: The internal website has established channels of "Appointment with the CEO" and "E-Suggestion Box", "Integrity Box" and the external website has dedicated personnel and contact lines in the area of sustainable development\stakeholder, where includes dedicated lines provided for the Company's shareholders/investors, employees, customers, suppliers and contractors, government units and competent authorities, communities and non-profit organizations.

(IV) Privacy, Reputation

In order to implement the protection of personal data and privacy rights, the Company has formulated relevant regulations and norms, such as the "Operating Procedures for Personal Data Protection", to regulate the collection, processing and utilization of personal data, so

as to avoid infringement of personality rights and to comply with legal requirements.

(V) Right to Work

1. The Company has established the “Work Procedure for Salary Management” for providing equal pay for equal work and appropriate salary method.
2. Safe and healthy work condition:
 - (1) Set up dedicated responsible unit to maintain, manage, and carry out law compliance, implement educational training to new staffs and employees, strengthen conceptual awareness, and truly implement environmental, safety and health strategies and goals.
 - (2) Convene occupational safety and health committee meeting to review and prevent occupational safety and health related issues for protecting employees, visitors, and external contractor’s lives, property, and safety.
 - (3) The Company pays attention to the comfort and cleanliness of the working environment, and also pays attention to the work safety of employees. Access cards, security systems and surveillance system are installed at all entrances and exits. Production equipment is equipped with protective devices to ensure the personal safety of colleagues. Also, employee health checks are carried out regularly.
3. The Company has established the “Operating Procedures for Promotions” to provide employees with smooth promotion channel.
4. Reasonable setting of vacation and working hours: The Company has established the "Operating Procedures for Employee Leave Management" to provide employees with special leave, family care leaves and parental leaves, maternity, marriage, funeral leaves, on-the-job study leaves, etc.

(VI) Right to Health

Through four major aspects, “safe management, protective prevention, dynamic health, and perfect service”, Advanced International perfects employees' work-life integration plan with the expectation to enhance the health, safety and quality of life of colleagues through more diverse perspectives, and also through the following measures and principles, employees’ physical and mental health can be enhanced and their personal safety can be protected.

(VII) Environment Right

The Company has formulated “Operating Instructions for Wastewater Management”, “Procedures for Air Pollution Management”, “Operating Procedures for the Formulation and Review of Goals of Environmental Safety and Health Strategy”, “Operating Procedures for the Measurement and Supervision of Environmental Safety and Health”, “Operating Procedures for Corrective Actions in relation to Environmental Safety and Health”, “Operating Procedures for Wastes Management”, and “Operating Procedures for Noise Prevention” to provide environment related management for safe water supply, air pollution control, sewage treatment and waste disposal. In addition, green plants are planted in the factory area to protect earth's resources and reduce greenhouse gas emissions.

(VIII) Right of Culture

Based on the core values of the three intentions and six faiths, the Advanced Academy is planned, relevant codes of conduct are compiled, and the "Group's annual outstanding Advanced personnel and the measures to elect the annual outstanding Advanced personnel” is established as the model for the realization of corporate culture.

Three intentions: sincerity, creativity and satisfaction.

Six faiths: be consistent in what you say and what you do, be willing to share, continue to learn, active in trying, exceed expectations, and achieve others.

IV. Training practices for the guarantee of human rights

The Advanced Group Academy was established in 2008. With the purpose of cultivating talents, establishing values and consensus, self-inspiration and learning, the academy carries out the vision the value of the Company in three major areas including activities, literature, and rules and regulations, in order to deep root the Company's corporate culture, provide employees with an environment and atmosphere, where they can give full play to talents, as well as to construct Advanced Group's academic system, starting from newcomer training, with joint training, class-specific management training, and professional training, to improve the ability of colleagues step by step, so that Advanced Group people can grow with the development of the Company. The Advanced Group Academy has also won the silver medal of the corporate version of the Training Quality Evaluation System (TTQS) of the Vocational Training Bureau of the Executive Yuan since September 2011, and has continued until now.

Related courses and seminars held in 2023 as below:

Year	Category of the Course	Total Hours	Number of participants
2023	Administrative procedures	3	32
	Traffic safety	4.5	349
	Safety and health	8	358
	Self-defense fire marshalling	35.5	329
	Sustainable environment	51	1,068
	Grassroot cadres	3.5	69
	Mid-level management	48	248
	General studies	32	56

(VI) The implementation of ethical operation and the divergence and cause of divergence between real practices and the regulated Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
I. Ethical Management Policy Establishment and Plan				
(I) Whether the Company establishes Board approved ethical management policies and explicitly states, in the Company's Articles of Incorporation and other external correspondences, the Company's policy and method toward ethical management, as well as the promise made by the Board of Directors and the Company's management to carry out such ethical management policies actively and honestly?	✓		(I) Based on the business philosophy of integrity, transparency and responsibility, the Company formulates integrity-based policies, which has been approved by the board of directors, and establishes a good corporate governance and risk control mechanism to create a sustainable operational environment. In order to implement the integrity management policy, the Company also establishes the "Rules for Ethical Management" and "Procedures for Ethical Management and Guidelines for Conduct" and requires every employee to implement the integrity policies. In addition, the operational practice of integrity management is carried out through regular publicity and education and training by the dedicated units of the integrity operation promotion team to implement integrity management, and the execution status is reported to the board of directors regularly (at least once a year) as requested by regulations. In accordance with the commitment and implementation of the "Rules for Ethical Management", the Company should require directors and senior management to issue a statement of compliance with the integrity management policy and sign on the statement at the beginning of their appointment or every year. In 2023, 100% of directors and managers has signed on the "Integrity Management Statement".	No significant divergence
(II) Whether the Company establishes risk assessment mechanism for unethical behaviors to regularly analyze and assess higher unethical behavior related operation activities within the Company's business scope and set up prevention manners to prevent unethical	✓		(II) In order to implement the integrity management policy and actively prevent dishonesty behaviors, the Company has formulated the "Operating Procedures for Moral Risk Assessment", which covers the preventive measures for the behaviors set forth in Item 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", as a risk assessment mechanism for major dishonesty behaviors to regularly analyze and evaluate business activities with higher risks of dishonesty within	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
behaviors that at least includes all the behaviors mentioned in Article 7-2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?” (III) Whether the Company prescribes prevention programs to guard against unethical conducts and clearly stipulates work procedures, behavioral guidance, punishment at violation, and complaint system in each program and truly executes the stipulation, and whether the Company regularly examines and modify the aforementioned stipulations?	✓		the scope of business. The moral risk assessment is carried out on a regular basis every year, and the Integrity Management Operation Team affiliated to the board of directors shall compile the relevant comprehensive risk assessment results, and report the implementation status to the board of directors on a regular basis (at least once a year), as requested by regulations, when necessary, as the basis for risk management. (III) The Company has established “Rules for Ethical Management” and “Procedures for Ethical Management and Guidelines for Conduct”, in which clearly state the Company’s integrity management policy, the related work procedures, code of conduct, and the complaint system. In addition, training is provided for managers, employees, appointees, and persons with substantial control capabilities to implement the policy. Additionally, for carrying out the execution of integrity management, the Company also established specific whistle-blowing system, the “Operating Procedures for Reporting of Unethical Behaviors”, which clearly stipulates the operating procedures such as the principles of complaints and whistle-blowing, reporting channels, and investigation principles and procedures. The "Integrity Operation Team" affiliated to the board of directors is also responsible for supervising the implementation and reporting the implementation status to the board of directors on a regular basis (at least once a year) in conformity to regulations.	
II. Ethical Operation Implementation (I) Whether the Company assesses corresponding parties’ past credit histories and explicitly sets up ethical behavior clause in any of the contracts signed with the corresponding parties?	✓		(I) The Company has established the “Rules for Ethical Management” and “Procedures for Ethical Management and Guidelines for Conduct”, which were approved by the board of directors. Contents of the Procedures include the prohibition of dishonest behavior, avoidance of interests, prohibition of insider trading and confidentiality agreements, and prohibition of engaging in unfair competition, etc. The procedures also regulate to avoid engaging in	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(II) Whether the Company establishes a unit that is exclusively responsible for promoting corporate ethical operation and reporting its ethical operation policies, manners used to prevent unethical conducts and the supervision on the execution status to Board of Directors regularly (at least once a year)?	✓		commercial transactions with dishonest agents, suppliers, customers, or other business contacts, and the content of the contract signed with others shall include that if the counter-party of the transaction is found to be involved in dishonest behavior, the Company may terminate or rescind the contract at any time. The company has established an assessment mechanism for its customers and outsourcing counter-parties, and when signing a contract with such, the rights and obligations of both parties are detailed in the contract (II) 1.The company has set up a dedicate unit, the "integrity operation team, under the board of directors as a full-time unit, which is composed of the Chairman's Office and the CEO Office, and the senior supervisor of the Chairman's Office serves as the convener and supervisor. The team is responsible for assisting the board of directors and management in formulating and supervising the implementation of integrity management policies and prevention plans according to the work duties and scope of each department to ensure the implementation of the integrity management policy. 2.The report by the dedicate unit in relation to the implementation status of the integrity management policy on November 7, 2023: please see Note 1 and Note 2 for detailed information. (Please refer to page 75 to page 76 of this annual report).	
(III) Whether the Company establishes conflicts of interest prevention policy, provides proper declaration channels, and truly carries out the policy?	✓		(III) The “Rules for Ethical Management” and “Procedures for Ethical Management and Guidelines for Conduct” clearly set out policies to prevent conflicts of interest, provide appropriate reporting channels, and require relevant units of the Company to implement.	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(IV) Whether the Company has already established effective accounting system and internal control system to implement ethical operations, and empowers internal audit unit to establish according audit plans based on the assessment results in relation to the risks of unethical conducts, and to verify the compliance status of the plans to prevent unethical conducts according to the audit plans or entrust accountants to execute such verification?	✓		(IV) For ensuring the implementation of integrity management, besides establishing effective accounting system and internal control system, the Company also establishes an assessment mechanism for the risk of dishonesty behavior to regularly analyze and assess the risk of high dishonesty behavior in the business scope, and draw up relevant audit plans when necessary based on the risk assessment results, and internal auditors will regularly check the compliance of the preceding system according to the plan.	
(V) Whether the company regularly holds internal or external education training in the light of ethical operations?	✓		(V) Please refer to Note1 (please refer to page 75 of this annual report).	
III. The Operation of the Company's Whistling Blowing System				No significant divergence
(I) Whether the Company establishes specific whistling blowing and awarding system and creates convenient reporting channels, and whether proper personnel are appointed to investigate the being reported person and handle the case?	✓		(I) 1. The Company has set up the "Rules for Ethical Management", "Procedures for Ethical Management and Guidelines for Conduct", and "Operating Procedure for Reporting of Unethical Behavior" to carry out the practices of integrity management and operation and report the implementation status to the board of directors regularly. 2. The Company sets up channels such as the "Appointment with the CEO", "E Suggestion Box", and "Integrity Mailbox" in the Company's internal website. Employees are able to reflect their opinions through multiple channels connecting with the management and human resources units, and the communication channels are smooth. 3. The Company has set up physical suggestion boxes and online suggestion boxes and established and announced independent whistleblowing mailboxes and hotlines on	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(II) Whether the Company sets up standardized investigation work procedures after accepting claims, regulates actions to take after the investigation and establishes related security system while handing the accusation cases? (III) Whether the Company adopts some protection mechanism to protect reporter from encountering improper punishment?	✓ ✓		external websites for whistleblowers to use. It also has a dedicated unit of the "Integrity Management Promotion Team" to accept and implement suggestions. 4.The "Integrity Operation Promotion Team" under the board of directors is responsible for accepting and executing the suggestions and reporting cases. (II) The Company formulates complaint procedures, responsible units for case acceptance, and incident handling procedures, and abides by the law to keep personal information confidential and strictly prohibits retaliation against colleagues. The Company's "Procedures for Ethical Management and Guidelines for Conduct" and "Operating Procedures for Reporting of Unethical Behavior" stipulates clearly the standard operating procedures for accepting and reporting matters and related confidentiality mechanisms. (III) The "Procedures for Ethical Management and Guidelines for Conduct" and "Operating Procedures for Reporting of Unethical Behavior" stipulate clearly the standard operating procedures for accepting and reporting matters and related confidentiality mechanisms to protect reporter from being treated improperly due to his/her reporting.	
IV. Information Disclosure Enhancement Whether the Company discloses the contents of ethical operation criteria and the implementation efficacy on the Company's website and on the Market Observation Post System?	✓		Besides disclosing in the annual report, the implementation status of the Company's ethical management policy is also disclosed on the Company's website under the section of Corporate Governance. Please refer to the website: www.adgroup.com.tw Disclosure matters include: (I) Disclosure of the promotion and implementation status of integrity operation on the Company's website. (II) Reporting channels for dishonest behaviors in relation to integrity management are established on the Company's website under the section of Sustainable Operation.	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
V. If the Company follows “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” to establish the Company’ s ethical management rules, then the Company should also state the implementation status and the divergence between the real practices and the rules. The Company set up the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” following the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”. (I) Regularly promote the concept of integrity management to all employees 1. Regularly promote the concept of honest management to all employees The company’s responsible unit should hold internal integrity management promotion sessions at least once a year, hence from 2023 October the company mainly used the manner of online publicity. The company handled the publicity activity with manners including group-wide email announcements, internal websites (the latest news), KM Platform, etc... The theme of the integrity management publicity is "Ethical Corporate Management", so that all employees can clearly understand the Company’s integrity management philosophy and the norms. 2. Arrange directors to participate in publicity or seminars: please refer to page 77 of this annual report for directors’ training and education. (II) Express the terms of integrity operation behavior in the contract with the counterparty. (III) Establish and announce internal independent reporting mailboxes and dedicated lines on the company website and internal website: update the Company website and internal website in real time. Establish and announce internal independent reporting mailboxes and dedicated lines. 1.The Company has not received reports in relation to integrity behavior in 2023. 2.The execution is based on the Company’s “Rules for Ethical Management”, and there is no difference in the actual implementation status.				
VI. Other important information that might help to understand the operation of the Company’s ethical management practices (such as the review and revision of the established Rules for Ethical Management, etc...): (I) The “Rules for Ethical Management” and “Procedures for Ethical Management and Guidelines for Conduct”: There was no amendment in 2023. (II) Report to the board of directors regarding the actual operation of integrity management on November 7, 2023.				

Note 1:

1.Law compliance and publicity:

The Company conducts education and publicity on the “Procedures for the Prevention of Insider Trading”, “Insiders are prohibited from trading company stocks during the closed period before the announcement of financial report (2023Q2)”, “Common propaganda that insiders' reporting of changes in shareholding violates the provisions of the Securities and Exchange Act” and related laws and regulations for current directors (including independent directors), supervisors, managers and employees, and for new directors and managers, related education and publicity is arranged within 3 months after taking office.

2.Regular publicity and education training

(1) The company's responsible unit should hold internal integrity management promotion sessions at least once a year, hence from 2023 October the company mainly used the manner of online publicity. To publicize the integrity operation policy themed at “Ethical Corporate Management”. The popularizing objects included all the Company's employees with the purpose to popularize to clearly understand the Company's idea and norms of integrity operation. Besides publicity, the popularizing course also included topics on the prevention of fair trade, advertising and competition, collusion, conspiracy, intellectual property, etc., as well as on insider trading and short-swing trading that are often heard in the market due to unfamiliarity with the details of laws and regulations, and on the relevant provisions of the "Securities and Exchange Act", the prevention suggestions and examples.

Number of employees browsing the page and the manner of publicity are as follows:

December 31, 2023

List	Training Topic	Publicity Method	Class duration	Number of viewers
1	Integrity and Ethics	Online Publicity	20 minutes	287
2	Insider Trading	Online Publicity	20 ~ 30 minutes	167
3	Fair Trade	Online Publicity	20 minutes	44
4	Personal data protection	Online Publicity	20 minutes	47
5	Intellectual Property and	Online Publicity	20 minutes	77
6	Confidential Information Protection	Physical Course	2 hours	23

(2) In response to the competent authority's promotion of insider trading and related information such as ownership rights, the Company provided audio-visual files and materials (PDF files), provided by the competent authorities, to insiders and directors for reference in July 2023 and October 2023. The contents include promotions topics such as reporting changes in insider shareholdings is a common violation of the Securities and Exchange Act, in 2023Q2 and 2023Q3, insiders are prohibited from trading company stocks during the closed period before the announcement of financial etc.....

Note 2:

1.The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the integrity management policy and actively prevent dishonest behavior, the "Procedures for Ethical Management and Guidelines for Conduct" was formulated, approved by all the presenting directors in the meeting, and reported to shareholders' meeting.

Based on this, the Company formulated the "Operating Procedures for Moral Risk

Assessment" to establish an assessment mechanism for the risk of dishonesty and for the Integrity Operation Promotion Team to implement integrity management and to regularly analyze and assess the risk of dishonesty within the scope of business, and as a basis to formulate plans to prevent dishonesty behavior.

After completing relevant risk assessments, the Integrity Operation Promotion Team compiles the relevant comprehensive risk assessment results and conducts follow-up actions on relevant improvements based on the risk level of the risk index formulated in the "Operation Procedures for Moral Risk Assessment ", which serves as the basis for risk management.

And in October 2022, according to the four categories of "moral hazard categories", such as integrity management and information disclosure, intellectual property protection, fair trade, advertising and competition, and privacy, identity protection and prevention of retaliation, assessment was carried out in each business department and staff unit. The assessment result summary showed that there was no major risk, so the topic does not need to be included in the annual audit plan.

2.Regarding whistle-blower system and whistle-blower protection, specific whistle-blower's policies are formulated in the "Rules for Ethical Management", "Procedure for Ethical Management and Guidelines for Conducts", and "Operating Procedure for Reporting of Unethical Behaviors" to actively prevent dishonesty and encourage internal and external personnel to report dishonesty or misconduct.

- (1) Complaints and Reporting channels: The Company establishes and announces independent reporting mailboxes and dedicated lines on external and internal websites, and entrusts other external independent organizations to provide reporting mailboxes and dedicated lines for the use by internal and external personnel of the Company.
- (2) The Company also appointed the "Integrity Operation Promotion Team" as the unit responsible for accepting reporting cases. Should a reporting case involving directors or senior managers, the case shall be reported to independent directors or supervisors. The identity and content of the whistle-blower are kept confidential. The specific practices are based on the whistle-blower's protection system as stated in the "Procedures for Ethical Management and Guidelines for Conduct" and "Operating Procedures for Reporting of Unethical Behavior.
- (3) In 2023, the Company did not receive reporting cases that involved dishonest behavior or dishonest interests. °

(VII) If the Company has established its own ethical corporate management principles and related policies, then the inquiry method should also be addressed:

Please refer to the following methods to view the Company's Corporate Governance Code of Practice and the related regulations:

1. TWSE's Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>) , under the Corporate Governance section.
2. Company website (<http://www.adgroup.com.tw>), under the section of Investor Relations/Corporate Governance.

(VIII) Other significant information that will provide a better understanding of the implementation of corporate governance:

1. The Company regularly performs audits and regularly analyzes and reviews the financial and business information of subsidiaries in accordance with the regulations stipulating the supervision and management of subsidiaries as stated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies.
2. Related license, which is issued by competent authorities, obtained by personnel in charge of financial information transparency: None.
3. Directors’ training status in 2023:

Category	Courses
Corporate Governance, Economic	(I) 2023 TPEx ESG Elite Information Sharing Seminar (II) Corporate Governance Lecture No. 156 (III) Insider shareholding publicity briefing for companies listed in TPEx and emerging stock market. (IV) 2023 Insider Trading Prevention Conference (V) Corporate governance and enterprise sustainable management Seminar
Environment	(1) 2023 Taishin Net Zero Summit (2) 2023 KPMG Business Leader Academy Forum – Challenges and Opportunities on the path to Net Zero Success
Society	(1) Case analysis and director and supervisor’s civil responsibilities by Securities and Futures Investors Protection Center (2) The trend of sustainable development and sustainable governance

Title	Name	Types and Numbers of Refresher Courses			
		Governance, Economic	Environment	Society	Hours of training
Chairman, representative of corporate director	Cheng, Hsi-Chien	•	•		6
Vice Chairman, representative of corporate director	Liu, An-Hao	•	•		6
Representative of corporate director	Lin, Jui-Chang	•			6
Director	Tu, Hsiao-Fen	•			6
Independent director	Hung, Li-Jung		•	•	6
Independent director	Chang, Hsueh-Pin	•		•	6
Independent director	He, Yao-Hung		•		6
Independent director	Chen, Yu-Lin	•	•		6

(IX) Regarding the implementation of internal control system, the followings should be disclosed:

1. Statement of Internal Control System

Advanced International Multitech Co., Ltd.

Statement of Internal Control System

Date: February 29, 2024

In the light of the Company's 2023 internal control system, the Company is hereby made the following statement based on the results of self-assessment:

- I. The Company acknowledges that the Board of Directors and management personnel are responsible for establishing, performing, and maintaining an Internal Control System. The system has already been duly established in the Company with purposes to provide a reasonable assurance of the Company's efficient and effective operations (including the profits, performance and safeguard of assets, etc...), to ensure the reliability of financial reports, and to reasonably assure the compliance to applicable laws and regulations.
- II. The Company also acknowledges that the Internal Control System has inherent constraints irrespective of how comprehensive the system design is and therefore could only provide a reasonable assurance on the three above-mentioned goals. In addition, due to changes in the environment and circumstances, the effectiveness of the Internal Control System may vary accordingly. Nevertheless, the Internal Control System is equipped with self-monitoring mechanisms. Should any flaws be recognized, the Company would enforce corrective measures immediately.
- III. The Company evaluates the effectiveness and execution of its Internal Control System according to the guidelines defined in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" ("the Guidelines" hereinafter) set forth by the Financial Supervisory Commission. The Guidelines divide the internal control system into 5 major elements: 1) Control environment; 2) Risk assessments; 3) Control operations; 4) Information and communication; 5) Monitoring. Each element includes certain factors. Please refer to "the Guidelines" for the detailed factors.
- IV. The Company has assessed and evaluated the design and execution effectiveness based on above-mentioned internal control system assessing elements.
- V. Due to a fire at the factory of an important subsidiary, Launch Technologies Co., Ltd., which resulted in a suspension in operation, the competent authority determined and punished the Company for failing to fully fulfill its responsibilities for the supervision and management of subsidiaries in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies". The relevant improvements carried out to strengthen the supervision of subsidiaries, please refer to the attachments.
- VI. According to the afore-mentioned assessing results, the Company is of the opinion that the Company's Internal Control System (including the governance to its subsidiaries) on Dec. 31st, 2023, including the understanding of the efficiency and effectiveness of operations and achievements, reliability, timing, and transparency of the company's report, and the compliance to applicable laws and regulations due to the design and execution of its Internal Control System, is effective and provides a reasonable assurance of achieving the above-mentioned goals, except the issue mentioned above.
- VII. The Statement of Internal Control System will be a prominent feature of the Company's annual report and prospectus. It will also be released to the public. Should any statement herein involve forgery, concealment or any other illegalities, liabilities stated in Articles 20, 32, 171, and 174 of the Securities and Exchange Act shall apply.
- VIII. The statement has been approved in the Board of Director's Meeting on February 29, 2024 with 8 directors presenting at the meeting and 0 holding objection opinion on the contents of this Statement of Internal Control System



Advanced International Multitech Co., Ltd.

Chairman: Cheng, Hsi-Chien



CEO: Chou, I-Nan



Advanced International's Supervision Progress Report (implemented according to the review and implementation progress of matters that should be improved by subsidiary Launch Technologies)

79

Matters should be improved	Improving strategy and the execution	Progress
	3.Chemical warehouse: Subsidiary, Launch Technologies, plans to establish an independent chemical warehouse that complies with regulations.	The fire department is currently reviewing the design drawings. It is expected to obtain the license on June 30, 2024.
2. Violation of the Establishment Standard and Safety Control Regulation for Manufacturing, Storing, Processing Public Hazardous Substances and Flammable Pressurized Gases Places: Article 19, Article 20, Article 21, paragraph 2, Article 21, paragraph 3, Article 21, paragraph 4, Article 21, paragraph 5, Article 46, Article 47, etc....	1. Subsidiary, Launch Technologies, will renovate and split the existing chemical warehouse into two areas for storing public hazardous goods and general chemicals, respectively. Before the chemical warehouse renovation is completed, the company will rent a qualified external warehouse to store public hazardous goods and establish a new procedure, "Procedure for material receiving from external public hazardous warehouse". After verification, the cargo warehousing contracts, inventory record, revised operating procedure are all carried out in accordance with improvement measures and the modification procedures is deemed adequate. 2. Add explosion-proof cabinets to the production line to comply with the provisions of Article 46 of the Management Measures. The relevant storage regulations are added to the work instructions, and an explosion-proof cabinet inspection list is added to be implemented on a monthly basis. After random inspection, the explosion-proof's storing situation, inspection list of the on-site explosion-proof cabinets, and the revised work instructions all are executed in compliance with the improvement measures and the modification procedure is deemed adequate.	Completed
	3. Subsidiary, Launch Technology, has dispatched 3 additional security supervisor trainees and 2 trained security inspector trainees to comply with the requirements of Article 47 of the Management Measures; all trainees have completed the training courses (certificates are pending), and the improvement has been revised in the "Environmental safety and health education and training work instructions". After verification, the training records and revised work instruction have been executed in accordance with improvement measures and are deemed adequate.	Completed Completed

Matters should be improved	Improving strategy and the execution	Progress
3.Violation of Fire Service Act: Subsidiary, Launch Technologies, was fined by the Bureau of Fire and Emergency Services of the Pingtung County Government for failing to provide the type, quantity, location layout plan and necessary rescue information of the chemicals in the factory for rescue use by fire commanders in accordance with regulations, as well as failing to assign specialists to the scene to assist in disaster relief. , therefore, violated the provisions of Article 21-1, paragraph 1, and Article 21-1, paragraph 2, of the Fire Service Act, and the punishment were given in accordance with the provisions of Article 43-1, paragraph 1, and Article 43-1, paragraph 2, of the Fire Service Act.	1.Violation of Article 21-1, paragraph 1 of the Fire Service Act: Subsidiary, Launch Technologies, has established hazard identification card (hazard identification card include information such as types and quantities of chemicals, floor plan, etc.) in accordance with “Guidelines for the implementation of fire and disaster prevention plans for various types of business sites with public hazardous materials” and have placed the hazard identification card at the entrances and exits of each production line. All the hazard identification information of the entire plant are also integrated and placed in the guard rooms at the front door and side door. After verification, the placement of hazard identification card in the factory site of Launch Technology has been executed according to the improvement measures.	Completed
	2.Violation of Article 21-1, paragraph 2 of the Fire Service Act: (1) Subsidiary, Launch Technologies, has adjusted its organizational structure. The Industrial Safety Office is responsible for the implementation and audit of occupational safety and health regulations, and the Factory Affairs Dept. is responsible for fire protection, environmental protection, general affairs, etc., and the two assigned t personnel from the production dept. have completed the training and obtained the fire prevention manager qualification certificate. After verification, the organizational structure of subsidiary, Launch Technology, and the qualification of fire prevention manager are executed in accordance with the improvement measures. (2) Strengthen the drill intensity and task organization of personnel emergency response, revise the "Operating Procedure for Emergency Response", re-plan evacuation routes, and increase the frequency of emergency response training courses and fire drills. After verification, the revised operating procedure and fire drills are executed according to the improvement measure and the modification of procedures is deemed adequate.	Completed

Matters should be improved	Improving strategy and the execution	Progress
4. The report from the Bureau of Fire and Emergency Services of the Pingtung County Government accusing the violation of the Fire Services Act and punishment by Export Processing Zone, Pingtung Branch, of the Ministry of Economic Affairs requesting to fully suspend operation have significant impact on subsidiary, Launch Technologies', financial operation, and shareholders' right. Hence, the TPEx gave punishment for Launch Tech's production cycle failing to conform to Article 5-2 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" in accordance with regulations.	1.In the aspect of system: (1) Organization structure is changed. The originally Industrial Safety Team is replaced by Industrial Safety Office, which is equipped with Class-1 Manager, Occupational safety and health personnel and factory nurse, to be solely responsible for the execution and audit of industrial safety and health regulations. In addition, the factory affairs team is responsible for firefighting, filing and management of public hazardous goods.	Completed
	After verification, the organizational structure of subsidiary, Launch Technologies, responsibilities in various teams, and work statement are executed in accordance with improvement measures. 2.In the aspect of execution: Inspect existing materials, and add, if found, the words "Public Hazardous Goods" to the "Material Master File" in the SAP system. After verification, the material master file of subsidiary, Launch Technologies, has been executed in accordance with the improvement measure.	Completed
	(2) Subsidiary, Launch Technologies, inspected the production management unit's "Operating Procedures of Raw Material Management " and "Operating Procedures of Warehouse Management" to add and revise SOPs for management procedures for raw material management and public hazardous materials management, as well as strengthening of occupational safety and health-related operations, etc. After verification, the revised operating procedures of subsidiary Launch Technologies have been executed in accordance to the improvement measures and are deemed adequate.	Completed
	(3) Revise production cycle related work procedures to add public hazardous goods management and strengthening of occupational safety and health related contents. After verification, subsidiary Launch Technologies' revised work procedures regarding production	Completed

	cycles and relevant raw material management,	
Matters should be improved	Improving strategy and the execution	Progress
	warehouse management, procedure change in environmental safety, and health, chemical goods management, emergency responses have been executed in accordance with the improvement measures and are deemed adequate.	
5.Violation of Article 21-1 of Factory Act: the factory shall file dangerous objects manufactured, processed or used by the factory to competent authorities of Municipal City, Count (City) within ten days from the next day of manufacturing, processing and using dangerous objects over control volume.	1.Subsidiary, Launch Tech, has added the control regulations to control the quantity of public hazardous goods and dangerous goods in the “Operating procedure of raw material management” and “Operating procedure of warehouse management”. 2.The Industrial Safety Office has confirmed the completion of declaration in conformity with “Factory Dangerous Goods Declaration Method”. After verification, the revised Operating procedures of Launch Tech and its declaration record have been executed in accordance with the improvement measures and are deemed adequate.	Completed
6.Violation of Article 22 of the Factory act: The minimum insurance amount of the public liability insurance is insufficient.	Subsidiary, Launch Tech, has signed insurance contract with property insurance company. The insured item and amount have met Article 3 of the “Method for Factory to Purchase Public Liabilities Insurance for Dangerous Goods”. After verification, the insurance contract of subsidiary, Launch Tech, have been executed in accordance with the improvement measures.	Completed
Conclusion	In summary, the subsidiary, Launch Tech, continues to implement the execution of the internal control system, and as the parent company, Advanced Group will also continue to track and supervise the implementation.	Keep tracking and audit irregularly.

2. If the Company is requested by the Securities and Futures Bureau to entrust accountants to audit its internal control system, the Company should also disclose the accountant’s audit report: None.

(X) Regulatory authorities' legal penalties to the Company and its employees, and the Company's punishment to its employees due to violation to the Company's internal control policy in the most current fiscal year and the current fiscal year until the printing date of this annual report; and if such punishment may bring significant effect on shareholders' interest or stock price, the Company shall state the content of the punishment, major deficiency, and the status of the improvement:

Penalties Received from the Competent Authorities in 2023	Improvement Situation
Violation of Article 6-1 of the "Occupational Safety and Health Act" Description: The branch company in Kaohsiung Export Processing Zone has Insufficient safety devices for some equipment in the factory and failure to implement grounding on non-live metal parts. Disciplinary Citation: Notified with Letter Yuan-Kao-Huan-Zi-Di-No.1120101925 with a fine of NT\$300,000 on Oct. 23, 2023. °	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 9-1, 22-2, 24-1, and 36-1 of the "Labor Standards Act" Description: A randomly drawing on 20 employees from the list of attendance records, overtime, vacation, salary details and regular contract employee list in the branch company in Kaohsiung Export Processing Zone. Disciplinary Citation: Notified with Letter Yuan-Kao-Huan-Zi-Di-No.1120102036 with a fine of NT\$190,000 on October 30, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 24 and Article 3202 of the "Labor Standards Act" Description: A random check on the Company's attendance record and salary list found that wages paid to workers for extended working hours per month were insufficient and the extended working hours per month exceeded the legal limit of 46 hours. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11239111600 with a fine of NT\$150,000 on November 1, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 6-1, paragraph 1 of the Occupational Safety and Health Act" Description: Partial hazardous equipment such as automated machinery (impregnation machines) are not equipped with guarding cover, fencing, or safety doors with interlocking capabilities in the Company's Hefa Factory. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11271959900 with a fine of NT\$140,000 on November 1, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 6-1, paragraph 2, 5, 7,8, and 14 of "Occupational Safety and Health Act" Description: The Company has not set up warning signs, appropriate heat insulation and other necessary safety facilities on equipment that may cause burns or scalds. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11271962300 with a fine of NT\$140,000 on November 2, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 6-1, paragraph 3 of the "Occupational Safety and Health Act" Description: The electrical equipment, heater for dust spreaders, used in the Company's Daye factory did not implement the necessary grounding on non-live metal parts. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11271962500 with a fine of NT\$100,000 on November 3, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 24-2 of Air Pollution Control Act Description: The number shown at the on-site voltage buck meter of the Company's dust collector (A105) was 42.6cmH₂O, which is inconsistent with the licensed operating range of 8~20cmH₂O. Disciplinary Citation: Notified with Letter Kao-Si-Hua-Ju-Kong Zi-Di-No.11240398500 with a fine of NT\$100,000 on December 5, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 38 to Article 41 of "Regulations Governing Establishment of Internal Control Systems by Public Companies" Description: : The Company fails to fulfill responsibilities for supervision and management of subsidiaries. Disciplinary Citation: Notified with Letter Zheng-Gui-Jiani-Zi-No.11202026245 with a fine of NT\$500,000 on September 26, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.

(XI) Important resolutions made in the Shareholders Meeting and Board of Director's Meeting in the most recent fiscal year and up until the printing date of this annual report.

Date of Meeting	Type of Meeting	Important resolutions	Execution status
1/13/2023	Board of Director's Meeting	1.To approve the amendment of Rules Governing Share Buyback and Transfer to Employees. 2. To approve the amendment of partial articles of the Organizational Rules of the Remuneration Committee. 3. To approve the plan of 2022 H2 managers' performance bonus. 4.To approve the plan of managers' 2022 year-end bonus. 5.To approve the 2023 salary adjustment plan to managers. 6.To approve the company's treasury stock transfer to employees. 7.To approve the 2023 operating plan. 8.To apply for account opening, saving, and borrowing, including the application or renewal of relevant quotas, in order to meet the needs of bank, loan procedures and fund dispatch, handle account opening, deposit.	Handled following the resolution
2/23/2023	Board of Director's Meeting	1. To approve employees, directors and supervisors' remuneration of 2022. 2. To approve the amendment of "Rules for remuneration of the Employee and Directors" 3. To approve 2022 Business Report and Financial Reports. 4. To approve 2022 dividend distribution. 5. To approve the Company's 2022 Internal Control Statement. 6. To approve the amendment of partial articles of the Company's "Procedures for Ethical Management and Guidelines for Conduct." 7. To approve the amendment of partial articles of the Company's "Sustainable Development Best Practice Principles" and "Corporate Governance Best Practice Principles". 8. The related matters regarding the convention of the Company's 2023 shareholders' meeting. 9. The proposal to provide funds of USD10,000 to the Company's 100% owned subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 10.To propose for a pre-approval of the plan to appoint certifying accountants, the accounting firm, and its affiliated companies to provide non-assurance service for the Company and the subsidiaries. 11.To set the base date to issue new shares for the conversion of the Company's third domestic unsecured corporate bonds. 12.To approve the independence and competence assessment of certified Public Accountant. 13.The proposal to appoint the Company's certifying accountants.	Handled following the resolution
5/9/2023	Board of Director's Meeting	1. To approve the 2023 Q1 financial reports. 2. To set the base date to issue new shares for the conversion of the Company's third domestic unsecured corporate bonds.	Handled following the resolution

Date of Meeting	Type of Meeting	Important resolutions		Execution status
		3. To establish “Work Procedures to Prepare and Acquire Assurance of the Sustainability Report”, “Rules Governing Financial and Business Matters between the Company and its Related Parties”, and to amend partial articles of the Company’s “Regulatory System and Budget Management Cycle”, “Internal Control System”, “Internal Audit and the Implementation Rules”, and “Procedures for Handling Material Inside Information.” 4. To apply for account opening, saving, and borrowing, including the application or renewal of relevant quotas, in order to meet the needs of bank, loan procedures and fund dispatch, handle account opening, deposit. 5. To sign a short-term financial contract with subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 6. To apply for change in investment for Kaojia Plant III for the branch company in Kaohsiung Processing Export Zone.		
5/29/2023	General Shareholders’ Meeting	Matters for acknowledge	1.2022 Business Report and Financial Reports	Handled following the resolution
			2.2022 Earning distribution plan	Set April 4, 2023 as the ex-dividend record date, and all the distribution was completed on Mau 4, 2023 in accordance with the resolution of the shareholders' regular meeting (distribute cash of \$8.97481203 for each share).
8/3/2023	Board of Director’s Meeting	1. To approve the 2023 Q2 financial reports. 2. To amend partial articles in the Company’s “Investment Cycle” and “Financing Cycle”. 3. To approve to extend the term of fund of USD10,000 thousand that was loaned to subsidiary ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 4. To approve the amendment of some clauses of the Rules for remuneration of the Employee and Directors and Supervisors 5. To approve the 2022 Remuneration Plan to Independent Directors. 6. To approve the 2022 Remuneration Plan to Directors (excluding Independent Directors). 7. To approve the 2022 Remuneration Plan to Managers. 8. To approve the remuneration distribution to managers appointed to service as a director in subsidiaries.		Handled following the resolution
11/7/2023	Board of Director’s Meeting	1. To approve 2023 Q3 Financial Reports. 2. To approve the 2024 audit plan. 3. To amend the Company’s “Performance Evaluation Method for the Board of Directors and Functional Committees”.		Handled following the resolution

Date of Meeting	Type of Meeting	Important resolutions	Execution status
		4. To apply for account opening, saving, and borrowing, including the application or renewal of relevant quotas, in order to meet the needs of bank, loan procedures and fund dispatch, handle account opening, deposit. 5. To approve on the capital increase proposal of the Company's reinvestment, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CO., LTD. 6. To establish the Company's "Assistance Measure for Litigation in the line of duty".	

(XII) Whether any director or supervisor has different opinions on the approved important resolutions during the Board of Directors' Meetings in the most recent fiscal year and up until the date of printing of this annual report and such different opinions were recorded or taken down as written statement: None.

(XIII) The summary of post resignation or dismissal of personnel whose job might be relating to the Company's financial reports, who may include the Chairman, CEO, Accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor, etc., in the most recent fiscal year and up until the date of printing of this annual report: None.

V. Information on the fees paid to certified accountants

(I) The amount of audit fees paid, non-audit public fees paid and content of the non-audit services to certified accountants and their affiliated firms and affiliated enterprises shall be disclosed. If one of the following circumstances occurs, the following matters shall be disclosed:

1. If the accounting firm is replaced and the audit fee paid in the replacement year is less than the audit fee in the previous year, the amount and reasons for the audit fee before and after the replacement shall be disclosed: No such situation.
2. If the audit fee has decreased by more than 10% compared with the previous year, the amount decreased, proportion and reason of the audit fee reduction shall be disclosed: No such situation.

(II) Fees paid to certified accountants

Unit: NT\$1,000

Name of Accounting Firm	Name of Accountant	Review Period	Audit Fee	Non-Audit Fee	Total	Note
PwC Taiwan	Wang, Chun-Kai	1/1/2023~ 12/31/2023	2,790	990	3,780	Note
	Wu, Chien-Chih					

Note: The non-audit fee was mainly paid for the service of tax compliance audit, transfer pricing, the Group's master file report, etc....

VI. Information on the Replacement of Accountants:

Information on the replacement of certified accountants in the most two recent fiscal years: Not applicable.

(I) About the former accountant: Not applicable.

(II) About the successor accountant: Not applicable.

(III) Reply letter from the former accountant regarding item 1 and item 3 of Clause 6 of Article 10 of this Standard: Not applicable.

VII. Whether the Company's chairperson, CEO, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: No such situation.

VIII. Information on share transfer and pledge of stock right changes by directors, managers' and shareholders that hold more than 10 % of the Company's outstanding shares at the most recent fiscal year and up until the printing date of this report.

(I) Change in shareholding status of Director, Supervisor, Manager, and Shareholders that hold more than 10% of the Company's outstanding shares

Unit: share

Job Title	Name	2023		January 1~March 31, 2024	
		Increase (Decrease) of shares held	Increase (Decrease) of shares pledged	Increase (Decrease) of shares held	Increase (Decrease) of shares pledged
Representative of legal person, the Chairman	Ming An Investment Co., Ltd.	0	0	0	0
	Representative: Cheng, Hsi-Chien	0	0	0	0
Representative of legal person, the Vice Chairman	Yuan Hong Investment Co., Ltd.	0	0	0	0
	Representative: Liu, An-Hao	(400,000)	0	0	0
Director of the board / Director of the business	Tu, Hsiao-Fen	9,000	0	0	0
Representative of legal person, director	Fu Yuan Investment Co., Ltd.	0	0	0	0
	Representative: Lin, Jui-Chang	0	0	0	0
Independent Director	Hung, Li-Jung	0	0	0	0
Independent Director	He, Yao-Hung	0	0	0	0
Independent Director	Chang, Hsueh-Pin	0	0	0	0
Independent Director	Chen, Yu-Lin	5,000	0	0	0
CEO	Chou, I-Nan	15,000	0	0	0
Vice General Manager	Li, Mei-Chuan	(35,000)	0	0	0
Vice General Manager	Yang, Chih-Ming	(2,000)	0	0	0
Vice General Manager	Lu, Ying-Cheng	15,000	0	0	0
Financial superintendent and accounting superintendent and a director	Kuo, Yi-Miao	4,000	0	0	0
Director (Note1)	Sasamoto Akunori	0	0	0	0
Director (Note 2)	Lin, Tien-Chien	0	0	0	0
Director	Hsueh, Hung-Jung	10,000	0	0	0
Director	Wang, Chih-Wen	10,000	0	0	0
Director	Liu, Chih-Jung	8,000	0	0	0
Director	Chen, Chun-Chung	8,000	0	0	0
Director	Cheng, Feng-Yao	8,000	0	0	0

Note 1: Director Sasamoto Akunori was dismissed of the position on July 1st, 2023.

Note 2: Director Lin, Tien-Chien was dismissed of the position on September 30, 2023.

(II) The counter-party of the share transfer is the relative of director, supervisor, manager, and shareholders holding more than 10% of the Company's outstanding shares:

Name	The reason of transfer equity	Transfer Date	Transaction counterparty	The relationship between the transaction counterparty to the company, directors, supervisors, managers and Shareholders holding more than 10% of the shares	Shares	Transfer price
Liu, An-Hao	Gift	November 1 st ,2023	Cheng, Mei-Jin	Couples	400,000	-

(III) Circumstances where the counter-party of the equity pledge is a related party: No such situation.

IX. Information on the relationship among the top ten shareholders who are related persons or spouses or relatives within the second degree

Information on the top ten shareholders and their interrelationships

March 29, 2024 Unit: share/%

Name	Shares held in person		Shares held by spouse and minor children		Shares held under others name		RELATIONSHIP AMONG TOP 10 SHAREHOLDERS INCLUDING SPOUSE AND WITHIN 2ND DEGREE RELATIVE AS STATED IN NO.6 OF THE ACCOUNTING STANDARD		Note
	Shares	Stake(%)	Shares	Stake(%)	Shares	Stake(%)	Title (or Name)	Relations	
Cheng, Hsi-Chien, representative of Ming An Investment Co., Ltd.	12,134,838	8.66%	0	0.00%	0	0.00%	Cheng Feng-Yao Liu An-Hao	Father-son Affinity	
Cheng, Feng-Yao, representative of Shang Ming Investment Co., Ltd.	6,570,000	4.78%	0	0.00%	0	0.00%	Cheng, Hsi-Chien	Father-son	
Liu, Yen-Liang, Representative of An Yen Investment Co., Ltd.	5,000,000	3.63%	0	0.00%	0	0.00%	Liu, An-Hao	Father-son	
Cheng, Hsi-Chien, representative of Ming Feng Investment Co., Ltd.	2,587,339	1.88%	0	0.00%	0	0.00%	Cheng, Feng-Yao Liu, An-Hao	Father-son Affinity	
Wang, Mei-Chen, representative of Ming Yu Investment Co., Ltd.	2,560,003	1.86%	0	0.00%	0	0.00%	None	None	
Liu, An-Hao, Representative of Yuan Hong Investment Co., Ltd.	2,263,415	1.65%	0	0.00%	0	0.00%	Cheng, Hsi-Chien Liu, Yen-Liang	Affinity Father-son	
Lu, Wan-Jung	2,210,609	1.61%	0	0.00%	0	0.00%	None	None	
Malaysian Freedom Investment Co., Ltd., representative of Freedom Investment Co., Ltd.	2,115,380	1.54%	0	0.00%	0	0.00%	None	None	
Cheng, Hsi-Chien, representative of Ming Fa Investment Co., Ltd.	2,000,000	1.45%	0	0.00%	0	0.00%	Cheng, Feng-Yao Liu, An-Hao	Father-son Affinity	
Fu, Chang-Hui, representative of Yong Cun investment Co., Ltd.	1,984,916	1.44%	0	0.00%	0	0.00%	None	None	

Number of treasury shares as of March 29, 2024: 2,629,000 shares

X. The number of shares held by the Company, its directors, supervisors, managers, and enterprises directly or indirectly via enterprises that the Company holds controlling power over in the same reinvestment enterprise, and the composite shareholding status.

Composite Shareholding Ratio

December 31, 2023

Unit: share/%

Re-investment (Note)	Invest by the Company		Invest by the Company's directors, supervisors, managers, and directly or indirectly via controlled enterprises		Composite Investment	
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %
ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	4,584,815	100%	0	0%	4,584,815	100%
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	14,000,000	100%	0	0%	14,000,000	100%
Launch Technologies Co., Ltd.	28,518,424	51.65%	368,542	0.68%	28,886,966	52.31%
MUNICH COMPOSITES GMBH	69,003	30.53%	0	0%	69,003	30.53
Advanced Sporting Goods (Dongguan) Co., Ltd.	0	0%	0	100%	0	100%
Baoji Zatech Material Co., Ltd.	0	0%	0	25%	0	25%
Maya Metal Technology Co., Ltd.	0	0%	750,000	30%	750,000	30%
Technology on Prototyping Ultimate Co., Ltd.	1,200,000	21.64%	0	0%	1,200,000	21.64%

Note: Long-term investment of the Company using the equity method.

IV Capital Raising Activities

I. Capital and Shares

(I) Source of Capital

April 30, 2024

Untie: NT\$1 ; share

Month/Year	Issue Price	Authorized capital stock		Paid-in-Capital		Note		
		Number of shares (share)	Amount (dollar)	Number of shares (share)	Amount (dollar)	Source of capital stock	Non-cash stock subscription	Other (Approval letter No.)
02/1996	\$10	8,509,000	85,090,000	8,509,000	85,090,000	Capital increase by cash	--	85.03.20(85) Shang-Di-No. 103677
07/1998	\$10	18,717,012	187,170,120	18,717,012	187,170,120	Merge of Da An and Ming An	--	87.09.11(87)Shang-Di-No.087119823
12/1998	\$10	40,620,012	406,200,120	40,620,012	406,200,120	Capital increase by cash	--	87.12.02(87)Tai-Cai-Zheng(1)Zi-Di-No.97995
10/1999	\$10	55,620,012	556,200,120	55,620,012	556,200,120	Capital increase by cash	--	88.10.30(88)Tai-Cai-Zheng(1)Zi-Di-No.94843
07/2000	\$10	57,844,812	578,448,120	57,844,812	578,448,120	Capital increase by capital reserve	--	89.07.15(89)Tai-Cai-Zheng(1)Zi-Di-No.61843
07/2001	\$10	63,629,294	636,292,940	63,629,294	636,292,940	Capital increase by retained earnings	--	90.07.27(90)Tai-Cai-Zheng(1)Zi-Di-No.148681
07/2002	\$10	116,300,000	1,163,000,000	66,810,759	668,107,590	Capital increase by retained earnings	--	91.07.05(91) Tai-Cai-Zheng(1)Zi-Di-No.0910136844
07/2003	\$10	116,300,000	1,163,000,000	70,934,236	709,342,360	Capital increase by retained earnings (incl. Employee bonus)	--	92.07.04(92)Tai-Cai-Zheng(1)Zi-Di-No.0920129884
08/2004	\$10	146,300,000	1,463,000,000	85,629,863	856,298,630	Capital increase by retained earnings (incl. Employee bonus)	--	93.08.23Jing-Shou-Shang-Zi-Di-No.09301153530
01/2005	\$10	146,300,000	1,463,000,000	87,241,326	872,413,260	Conversion of corporate bond Employee stock option	--	94.01.25Jing-Shou-Shang-Zi-Di-No.09401008090
04/2005	\$10	146,300,000	1,463,000,000	89,032,803	890,328,030	Conversion of corporate bond Employee stock option	--	94.04.13Jing-Shou-Shang-Zi-Di-No.09401060590
09/2005	\$10	146,300,000	1,463,000,000	94,944,607	949,446,070	Capital increase by retained earnings (incl. Employee bonus) Employee stock option	--	94.09.08Jing-Shou-Shang-Zi-Di-No.09401176760
10/2005	\$10	146,300,000	1,463,000,000	95,616,891	956,168,910	Conversion of corporate bond Employee stock option	--	94.10.25Jing-Shou-Shang-Zi-Di-No.09401212400
01/2006	\$10	146,300,000	1,463,000,000	96,059,641	960,596,410	Employee stock option	--	95.01.16Jing-Shou-Shang-Zi-Di-No.09501009210
04/2006	\$10	146,300,000	1,463,000,000	97,080,641	970,806,410	Employee stock option	--	95.04.17Jing-Shou-Shang-Zi-Di-No.09501066950
08/2006	\$10	146,300,000	1,463,000,000	102,901,923	1,029,019,230	Capital increase by retained earnings (incl. Employee bonus) Employee stock option	--	95.08.25Jing-Shou-Shang-Zi-Di-No.09501186570
10/2006	\$10	146,300,000	1,463,000,000	103,028,423	1,030,284,230	Employee stock option	--	95.10.24Jing-Shou-Shang-Zi-Di-No.09501239350
01/2007	\$10	146,300,000	1,463,000,000	104,210,023	1,042,100,230	Employee stock option	--	96.01.25Jing-Shou-Shang-Zi-Di-No.09501018310
04/2007	\$10	146,300,000	1,463,000,000	106,843,313	1,068,433,130	Conversion of corporate bond Employee stock option	--	96.04.17Jing-Shou-Shang-Zi-Di-No.09601077630
07/2007	\$10	146,300,000	1,463,000,000	108,305,210	1,083,052,100	Conversion of corporate bond Employee stock option	--	96.07.18Jing-Shou-Shang-Zi-Di-No.09601163620

Month/Year	Issue Price	Authorized capital stock		Paid-in-Capital		Note		
		Number of shares (share)	Amount (dollar)	Number of shares (share)	Amount (dollar)	Source of capital stock	Non-cash stock subscription	Other (Approval letter No.)
09/2007	\$10	146,300,000	1,463,000,000	111,643,138	1,116,431,380	Capital increase by retained earnings (incl. Employee bonus) Conversion of corporate bond Employee stock option	--	96.09.05Jing-Shou-Shang-Zi-Di-No.09601218630
20/2007	\$10	146,300,000	1,463,000,000	114,780,567	1,147,805,670	Conversion of corporate bond Employee stock option	--	96.10.22Jing-Shou-Shang-Zi-Di-No.09601254980
01/2008	\$10	146,300,000	1,463,000,000	115,548,707	1,155,487,070	Conversion of corporate bond Employee stock option	--	97.01.21Jing-Shou-Shang-Zi-Di-No.09701011550
04/2008	\$10	146,300,000	1,463,000,000	115,561,951	1,155,619,510	Conversion of corporate bond	--	97.04.18Jing-Shou-Shang-Zi-Di-No.09701091500
07/2008	\$10	146,300,000	1,463,000,000	116,334,575	1,163,345,750	Conversion of corporate bond	--	97.07.24Jing-Shou-Shang-Zi-Di-No.09701183940
09/2008	\$10	146,300,000	1,463,000,000	119,645,814	1,196,458,140	Capital increase by retained earnings (incl. Employee bonus)	--	97.09.15Jing-Shou-Shang-Zi-Di-No.09701236020
11/2008	\$10	146,300,000	1,463,000,000	118,785,058	1,187,850,580	Conversion of corporate bond Retirement of treasury stock	--	97.11.06Jing-Shou-Shang-Zi-Di-No.09701281280
01/2009	\$10	146,300,000	1,463,000,000	118,789,924	1,187,899,240	Conversion of corporate bond	--	98.01.08Jing-Shou-Shang-Zi-Di-No.09801001810
04/2009	\$10	146,300,000	1,463,000,000	118,975,109	1,189,751,090	Conversion of corporate bond	--	98.04.09Jing-Shou-Shang-Zi-Di-No.09801067780
07/2009	\$10	146,300,000	1,463,000,000	125,397,905	1,253,979,050	Conversion of corporate bond	--	98.07.21Jing-Shou-Shang-Zi-Di-No.09801151010
10/2009	\$10	146,300,000	1,463,000,000	129,355,126	1,293,551,260	Conversion of corporate bond	--	98.10.16Jing-Shou-Shang-Zi-Di-No.09801240030
01/2010	\$10	146,300,000	1,463,000,000	129,937,359	1,299,373,590	Conversion of corporate bond	--	99.01.19Jing-Shou-Shang-Zi-Di-No.09901009280
04/2010	\$10	146,300,000	1,463,000,000	131,213,663	1,312,136,630	Conversion of corporate bond	--	99.04.02Jing-Shou-Shang-Zi-Di-No.09901066280
01/2011	\$10	146,300,000	1,463,000,000	135,041,722	1,350,417,220	Conversion of corporate bond	--	100.01.19Jing-Shou-Shang-Zi-Di-No.10001013520
03/2012	\$10	146,300,000	1,463,000,000	134,342,722	1,343,427,220	Retirement of treasury stock	--	101.03.26Jing-Shou-Shang-Zi-Di-No.10101051510
12/2015	\$10	146,300,000	1,463,000,000	133,375,722	1,333,757,220	Retirement of treasury stock	--	104.12.24Jing-Shou-Shang-Zi-Di-No.10401269350
10/2017	\$10	146,300,000	1,463,000,000	135,312,722	1,353,127,220	Employee stock option	--	106.10.20Jing-Shou-Shang-Zi-Di-No.10601144720
07/2019	\$10	180,000,000	1,800,000,000	135,312,722	1,353,127,220	Increase of authorized capital	--	108.07.04Jing-Shou-Shang-Zi-Di-No.10801072630
03/2023	\$10	180,000,000	1,800,000,000	137,192,926	1,371,929,260	Conversion of corporate bond		112.03.09Jing-Shou-Shang-Zi-Di-No.11230035620
05/2023	\$10	180,000,000	1,800,000,000	140,200,272	1,402,002,720	Conversion of corporate bond		112.05.23Jing-Shou-Shang-Zi-Di-No.11230090290

March 29, 2024 ; Unit: 9share

Type of Shares	Authorized capital stock			Note
	Outstanding shares (Note1)	Un-issued shares (note2)	Total	
Common shares	140,200,272 shares	39,799,728 shares	180,000,000 shares	(note 2)

Note 1: 140,200,272 outstanding shares includes 2,629,000 shares of treasury stock.

Note 2: Stocks that listed in TPEX.

Related information regarding shelf registration system: Not applicable.

(II) Shareholding structure

March 29, 2024

Shareholding structure Amount	Government	Financial institutions	Other judicial persons	Individual	Foreign institution and judicial persons	Total
Number of person	0	0	107	13,109	97	13,313
Shares hold	0	0	59,355,620	70,458,435	10,386,217	140,200,272
Shareholding status (%)	0	0	42.34	50.25	7.41	100

(III) Dispersion of shareholding

1. Dispersion of shareholding - common stock

March 29, 2024

Unit: ppl /share

Face value per share / NT\$10

Range of shareholding	Number of shareholders	Number of shares held	Shareholding %
1 ~ 999	4,135	549,715	0.39
1,000 ~ 5,000	7,291	14,028,864	10.01
5,001 ~ 10,000	959	7,435,715	5.30
10,001 ~ 15,000	287	3,698,452	2.64
15,001 ~ 20,000	157	2,910,712	2.08
20,001 ~ 30,000	138	3,494,743	2.49
30,001 ~ 40,000	67	2,351,657	1.68
40,001 ~ 50,000	52	2,384,624	1.70
50,001 ~ 100,000	99	7,031,532	5.02
100,001 ~ 200,000	48	6,685,024	4.77
200,001 ~ 400,000	24	6,882,447	4.91
400,001 ~ 600,000	14	6,549,512	4.67
600,001 ~ 800,000	7	5,059,569	3.61
800,001 ~ 1,000,000	7	6,353,913	4.53
> 1,000,001 above	28	64,783,793	46.20
Total	13,313	140,200,272	100

Number of treasury stock as of March 29, 2024: 2,629,000 shares

2. The Company does not issue preferred stock.

(IV) Name list of Major shareholders

Shareholders with a shareholding ratio of 5% or more; if there are less than ten shareholders, the names, shareholding amount and percentage of the top ten shareholders:

March 29, 2024

Unit: share/%

Shareholding status Name of Major shareholders	Amount of shares held	Shareholding %
Ming An Investment Co., Ltd.	12,134,838	8.82%
Shang Ming Investment Co., Ltd.	6,575,000	4.78%
An Yen Investment Co., Ltd.	5,000,000	3.63%
Ming Feng Investment Co., Ltd.	2,587,339	1.88%
Ming Yu Investment Co., Ltd.	2,560,003	1.86%
Yuan Hong Investment Co., Ltd.	2,263,415	1.65%
Lu, Wan-Jung	2,210,609	1.61%
Freedom Investment Co., Ltd.	2,115,380	1.54%
Ming Fa Investment Co., Ltd.	2,000,000	1.45%
Yong Cun Investment Co., Ltd.	1,984,916	1.44%

Number of treasury stock as of March 29, 2024: 2,629,000 shares.

(V) Share prices, net worth, earnings, dividends, and other related information in the most recent two fiscal years

Information on market price per share, net worth, earnings, and dividend

Unit: NTD
1,000 shares ; %

ITEM \ YEAR			2022	2023	Current year until March 31, 2024
Market price per share	Highest		114.50	119	76.3
	Lowest		72.20	62.10	69.6
	Average		90.97	82.67	72.52
Net worth per share	Before distribution		52.13	44.98	Not applicable
	After distribution		42.93	43.38	Not applicable
Earnings per share	Weighted average number of shares		132,419	137,163	137,571
	Earnings per share		16.92	0.5	Not applicable
Dividend per share	Cash dividend (Note 4)		8.97481203	1.6	Not applicable
	Stock grants	From retained earnings	0	0	Not applicable
		From capital reserve	0	0	Not applicable
	Accumulated unpaid dividend		0	0	Not applicable
Return on investment analysis	P/E Ratio(Noe 1)		5.38	181.88	Not applicable
	Price to dividend ratio (Note 2)		10.14	51.67	Not applicable
	Cash dividend yield (Note3)		9.87%	1.94%	Not applicable

Note 1: P/E Ratio = average price per share of the current year / Earnings per share.

Note 2: Price to dividend ratio = average price per share of the current year / cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share / average price per share of the current year

Note 4: 2023 earnings distribution include cash distribution of 0.5 dollar per share and 1.1 dollar per share from capital reserve, and were distributed on April 30, 2024.

(VI) Dividend policy and the implementation

1.Dividend policy

The Company adopts a residual dividend policy for sustainable operation and profits increase. If the Company has a surplus after accounts close each year, in addition to paying income tax and making up for losses in previous years, 10% of the statutory reserve shall be set aside first, except for the situation when the statutory reserve has reached the total capital. After the special reserve is set aside or reversed in accordance with the laws or regulations of the competent authority, the earnings of the current period along with the undistributed earnings at the beginning of the same period are calculated to be the accumulated distributable earnings. The amount to be distributed or reserved shall be prepared by the board of directors as earnings distribution plan, which then shall be submitted to the shareholders' meeting for resolution and distribution. The amount of distribution shall not be less than 50% of the distributable earnings for the current year, and cash dividends shall not be less than 10% of the total dividend distribution for the year. The Company's dividend policy is determined based on factors such as earnings stability, cash receipts and payments, future business evaluation, appropriate earnings retention, and shareholders' tax burden. In the future, a balanced dividend policy will be the goal. In the long run, such policy can not only protect the rights and interests of investors, but also can control the flow of funds and maintain the Company's image.

2.Dividend distribution situation:

In accordance with the provisions of the "Company Act" and the "Articles of Incorporation", the Company authorizes the Board of Directors to distribute dividends and bonuses, capital reserves or statutory surplus reserves all or in part by cash with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present, and reports to the shareholders' meeting.

The Company has resolved in the board meeting on February 29, 2024 for the distribution of 2023 dividends, details as below:

2023 cash dividends of NT\$68,785,636 dollars are distributed from the undistributed earnings, NT\$0.5 dollar for per share.

In addition, according to Article 241 of the Company Act, NT\$151,328,400 of the premium received from the issuance of stocks will be appropriated from the capital reserve and distributed in cash at the rate of NT\$1.1 per share. A total of NT\$220,114,036 in cash will be distributed to shareholders, with a cash distribution of NT\$1.6 per share; which were distributed on April 30, 2024.

3. When a major change in the dividend policy is expected, it should be stated: Not applicable.

(VII) The impact of stock grants proposed at the shareholders' meeting on the company's operating performance and earnings per share: Not applicable.

(VIII) Remunerations paid to employees, directors and supervisors

1.The ratio or range of remuneration for employees, directors and supervisors as stated in the Company's articles of incorporation:

The Company shall distribute employee remuneration at no less than 1% of the current year's earnings and shall distribute directors' remuneration at no more than 5% of the current year's earnings. However, if the Company still has accumulated losses, it shall make

up losses first.

Employee remuneration may be paid in stock or cash, and the recipients of the stock or cash may include employees of affiliated companies who meet certain conditions.

The earnings of the current year referred to the current year's pre-tax profit after deducting remunerations paid to employees and directors. The distribution of employee remuneration and director remuneration shall be made by the board of directors with the resolution of more than two-thirds of the directors present and the approval of more than half of the directors presenting in the meeting and shall report to the shareholders' meeting.

In addition, the regular evaluation of the remuneration of directors and managers will be made based on the degree of participation in the Company's operations and personal performance and contributions and will be handled in accordance with the Company's "Employee Remuneration and Director Remuneration Distribution Measures". If a director or manager has moral related hazards or other risk, events that may cause negative impacts on the Company's image and goodwill, or involves in other risk issues, such as improper internal management, and personnel malpractice, etc., such are all considered along with director and manager's goal achievement rate, operation efficiency, level of contribution, to make a comprehensive consideration in the calculation of the proportion of remuneration for providing reasonable remunerations to directors and managers. And the system is reviewed in a timely manner at any tie depending on the actual operation conditions and relevant laws and regulations.

- 2.The basis for the estimation of the remuneration of employees, directors and supervisors in the current period, the basis for calculating the number of shares of employee remuneration distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount:

In 2023, the Company proposed to distribute \$12,133,840 as employee remuneration and NT\$6,510,000 as director's remuneration; the remuneration distribution proposal is made in conformity with the Company's Articles of Incorporation. If there is a difference between the actual remuneration distribution as adopted in the shareholders' meeting, the difference in the estimated amount and actual distributed amount changes will be recorded as changes in accounting estimates and listed as the profit or loss in the year of actual distribution. °

- 3.The approval of remuneration distribution by the board of directors.

- (1) Cash or stock distribution of employee remuneration and the amount of remuneration for directors and supervisors. If there is a discrepancy from the estimated amount of the recognized expense in the year, the discrepancy, reason and handling situation shall be disclosed:

Unit: NT\$1,000

Proposed distribution items	2023			
	Estimated amount	Distributed amount proposed by the Board	Difference	Reason of difference
Cash remuneration for employees	12,134	12,134	0	None
Remunerations for directors	6,510	6,510	0	None

- (2) The amount of proposed distribution of employee stock bonuses, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee bonuses: Not applicable, because employee remuneration is planned to distribute by cash only.

4.The actual distribution of employee bonuses and director/supervisor remuneration in the previous fiscal year (with an indication of the number of the shares distributed, dollar amount, and stock price), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor remuneration, shall also state the amount of the difference, the cause, and how it is treated.

Unit: NT\$1,000

Proposed distribution items	2022			
	Estimated amount	Distributed amount proposed by the Board	Difference	Reason of difference
Cash remuneration for employees	128,650	128,650	0	None
Remunerations for directors	10,400	10,400	0	None

(IX) Share buyback situation

Share buyback situation (already executed)

Term of share buyback	The 4 th time
Purpose of share buyback	For transfer to employee
Buyback period	September 24, 2021 To November 22, 2021
Range of buyback price	\$60 to \$110
Type and amount of re-purchased shares	3,379,000 common shares
Dollar amount of re-purchased shares	\$258,234,917
The ratio of the quantity bought back to the quantity scheduled to be bought back (%)	50.43%
Number of shares that have been canceled and transferred	1.Has transferred 400,000 shares to employees on March 4, 2022. 2.Has transferred 350,000 shares to employees on March 2, 2023.
Cumulative number of shares held in the Company	2,629,000 shares
The ratio of the cumulative number of shares held in the Company to the total number of issued shares (%)	1.92%

II. Issuance of Corporate Bond:

(I) The handling of corporate bond

Type of corporate bond		The 3 rd domestic unsecured convertible corporate bond
Date of issuance (handling)		July 20, 2022
Face value		NT\$100,000
Place of Issuance and Transaction		R.O.C.
Issuance price		NT\$102
Total amount		NT\$1billion
Interest rate		0% coupon rate
Duration		3 years, will expire on July 20, 2025
Guarantee agency		Not applicable
Trustee		Taishin International Bank Co., Ltd.
Underwriter		Taishin Securities Co., Ltd.
Lawyer		Lawyer Shih, Li-Fei
Certified accountant		PwC Taiwan Accountant Liao, A-Shen Accountant Wu, Chien-Chih
Repayment method		Except that the holders of the convertible corporate bonds are converted into ordinary shares of the Company in accordance with Article 10 of the Issuance and Conversion Method of the Third Domestic Unsecured Convertible Corporate Bonds, or the Company redeems them in advance in accordance with Article 18 of the Method, or the Company repurchase and from the securities company and cancel the bonds, the Company shall repay at the bond's face value in cash in one lump sum within the fifth business day from the day after the convertible corporate bond matures.
Principal outstanding		NT\$604,100 thousand dollars
Clause of redemption or early settlement		Please refer to Article 18 of the Company's "Issuance and Conversion Method of Advanced International Multitech Co., Ltd.'s 3 rd Domestic Unsecured Convertible Corporate Bond".
Restrictions		None
Name of credit rating agency, rating date, and corporate bond rating result		Not applicable
With other rights	Amount of converted (exchanged or subscribed) ordinary shares, overseas depository receipts or other securities as of the publication date of the annual report	4,887,440 shares have been converted into common shares, total amount of \$48,875,500 dollars.
	Issuance and conversion (exchange or subscription) method	Please refer to TWSE's Market Observation Post System (Investment Section - Corporate Bond)
Issuance and conversion, exchange or subscription methods, issuance conditions on possible dilution of equity and impact on existing shareholders' rights and interests		The total face value of this issuance of convertible corporate bonds is NT\$1 billion. Up until the date of the printing of this annual report on April 30, 2024, amount of the remaining unconverted corporate bonds is NT\$604,100 thousand dollars. Creditors may request conversion at different times, which may delay the result of earnings per share but shall not have a major impact on existing shareholders' rights and interests.
Name of the Exchange Subject Entrusted Custody Institution		Not applicable

(II) Information regarding convertible corporate bond

Type of corporate bond		The 3 rd domestic unsecured convertible corporate bond		
Year		2022	2023	Current year (2024) until March 29, 2024
Item				
Market price of the convertible bond	Highest	138	145	109.20
	Lowest	104.75	102.05	105.00
	Average	113.5	117.25	107.49
Conversion price		NT\$73 (Note 1)		
Date of Issuance (handling) and the conversion price at issuance		Date of Issuance: July 20, 2022 Conversion price at issuance: NT\$81		
Fulfillment of conversion obligation		Issuance of new shares		
Note 1: The conversion price from NT\$81 was adjusted to NT\$74.6 on April 4, 2023. The conversion price from NT\$74.6 was adjusted to NT\$73 on April 2, 2024.				

III. Issuance of Preferred Stock: None.

IV. Issuance of Global Depositary Receipt: None.

V. Employee Stock Option: None.

VI. Restriction on employee's right and the handling of new shares: None.

VII. Mergers or acquisitions, and issuance of new shares due to acquisition of shares of other companies: None.

(I) On-going consolidation or merger projects:

On April 15, 2024, the Company's board of directors approved the signing of a stock swap contract with Launch Technologies Co., Ltd. (hereinafter referred to as Launch Tech), in which the Company agrees to acquire 100% of Launch Tech's equity in accordance with the stock swap method stated in Article 29 of Business Mergers and Acquisitions Act. Upon completion of the share swap procedure, Launch Technologies will become a 100% owned subsidiary of the Company. Since the number of ordinary shares expected to be issued by the Company for this capital increase complies with the provisions of Article 29-6 of the Business Mergers and Acquisitions Act and is exempt from the need to be resolved in the shareholders' meeting, with more than two-thirds of the directors of the Company's board of directors present in the meeting and resolution of more than half of the presenting directors, the capital increase proposal this time can be executed. After the share swap procedures, the Company will be the on-going business and will still be listed in the TPEx. After the share swap, Launch Tech will apply to terminate its TPEx listing to the Taipei Exchange in accordance with relevant regulations; its share shall be terminated to transact at the TPEx starting from the base date of share swap, and Launch Tech should apply to cease its public offering status at the same day to the Financial Supervisory Commission. The share exchange ratio of this share swap project is that each Launch Tech' ordinary share is exchanged for 0.54 ordinary shares of the Company. The share exchange ratio falls within the reasonable range based on the opinion on the rationality of the share exchange ratio issued by an independent expert. The base date for the share swap is tentatively set as September 30, 2024. The relevant approval and operating procedures for this share swap project are still in progress.

Basic information of the being merged company.

Unit: NT\$1,000, EPS: NT\$

Name of Company		Launch Technologies Co., Ltd.
Company Address		No.38, JingJian Rd., Qianjin Village, Pingtung City, Pingtung County
Person in Charge		Cheng, Hsi-Chien
Paid-In-Capital		552,200
Main Business		Manufacturing and Sales of Golf Balls
Main Products		Golf balls, including high-end competition balls, four-layer golf balls, three-layer golf balls, two-layer golf balls, practice balls and other golf balls with special specifications
Financial information of the current period	Total assets	2,002,924
	Total liabilities	1,329,283
	Total shareholders' equity	673,641
	Sales revenue	2,811,974
	Gross margin	564,948
	Operating profit/loss	381,765
	Profit/Loss of current term	(930,148)
Earnings Per Share		(17.4)

(II) On-going split: None.

VIII. The implementation of fund utilization plan:

(I) Content of fund utilization plan:

The Company's 3rd domestic unsecured conversion bonds (Advanced III) has been approved with the approval letter Jin-Guan-Zheng-Fa-Zi-Di-No. 1110342552 on May 25, 2022. The total amount of funds raised was NT\$1,026,225,000 thousand, which was fully used to enrich working capital, and the plan has been implemented in the third quarter of 2022.

(II) The execution status

Unit: NT\$1,000			
Name of Project	Date of Completion	Total Amount Needed	Fund utilization progress
			2022
			Q3
To replenish working capital	2022 Q3	1,026,225	1,026,225

The Company completed the collection of the fund in mid-July of 2022 and immediately invested in replenishing working capital. As of the third quarter of 2022, the actual execution amount and progress were NT\$1,026,225,000 and 100% respectively, and the execution has been completed. In response to the rapid rise in interest rates in the international market, borrowing rates have gradually increased. Therefore, the Company used debt to pay cash dividends and payment for goods. When considering total saved interest expenses after the collection of funds, there should be no significant difference between the expected benefits and the actual achievement.

The execution status of the above fund utilization progress was entered into the MOPS on the date: July, 19 , 2022.

V Operation Overview

I. Content of Business

(I) Business Scope

1. Main contents of the scope of business

- (1) Process, manufacture, and trade of carbon fiber prepreg and carbon fiber products (including baseball bat, cue sticks, arrows, golf clubs and club heads, fishing tackle, bicycles and their accessories);
- (2) Supply of composite materials for aerospace industry. Process, manufacture, and trade of "carbon fiber fabric";
- (3) Import and export above-mentioned products;
- (4) Sporting Goods Manufacturing;
- (5) Copper Casting;
- (6) Copper Rolling, Drawing, and Extruding;
- (7) Valves Manufacturing;
- (8) Mechanical Equipment Manufacturing;
- (9) Enterprise Management Consultancy;
- (10) Information Software Services;
- (11) International Trade;
- (12) Wholesale and Retail Sale of Clerical Machinery Equipment;
- (13) Other Rubber Products Manufacturing
- (14) Other Plastic Products Manufacturing
- (15) Wholesale and Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- (16) Mold and Die Manufacturing and Wholesale of Molds;
- (17) Reinforced Plastic Products Manufacturing;
- (18) Wholesale and Retail Sale of Computers and Clerical Machinery Equipment;

2. Proportion of main products in sales in 2023

Unit: %

Business Item	Proportion of product sales in 2023(%)
GOLF equipment	67.04%
GOLF ball	19.66%
Composite products	13.30%
Total	100%

3. Current product and service of the Company

- (1) Golf wood club head, iron head, putter head.
- (2) Carbon fiber golf clubs.
- (3) Golf club set.
- (4) Carbon fiber thermoplastic and thermosetting prepreg, glass fiber prepreg and short fiber prepreg materials (SMC).
- (5) Range balls.
- (6) Two-layer golf ball.
- (7) Three-layer golf ball.
- (8) Four-layer golf ball.
- (9) High-end game ball.
- (10) Other golf balls of special specifications.

- (11) 3C product-related composite material components.
- (12) AR/VR composite material components.
- (13) Sporting goods related composite material components.
- (14) Application of recycled carbon fiber technology on related composite component.
- (15) Composite components related to artificial exoskeleton.

4.Planned development of new products and new technologies

(1) Sports and leisure products

- ① Development of multi-stage resin infusion technology.
- ② Development of 3D printing molding technology.
- ③ Light weight and highly rigid carbon fiber top and bottom cover.
- ④ Development of high-strength stainless steel and titanium alloy casting materials.
- ⑤ Establishment of forging technology and the products.
- ⑥ Development of plastic injection molding technology.
- ⑦ Development of wrap-around carbon fiber molding.
- ⑧ The recycle of carbon fiber impregnated bulk molding compound.
- ⑨ Composite material modular design and structure combination.
- ⑩ Three-layer and four-layer competition ball and the design of dimples.

(2) Composite products

- ① Technology of green and environmentally friendly bio-based composite material and the product applications
- ② Technology of green, environmentally friendly, lightweight and high-strength thermoplastic carbon fiber composite and the product application.
- ③ Development of the technology of high vibration and high strength nanocomposite carbon material and the product application
- ④ Development of carbon fiber recycling technology and the application on products.
- ⑤ Epoxy resin technology and product application for winding.
- ⑥ Intelligent production technology and equipment development of carbon fiber prepreg.
- ⑦ Development and application of TFP intelligent embroidery technology.
- ⑧ Carbon fiber auto parts.

(II) Industry Overview

1.Industry's current status and the development

(1) Sports and leisure products

Golf club products are mainly sold to the United States and Japan. Big domestic brands, including Taylor Made, Callaway, Ping, Titleist, Cobra and Cleveland in the U.S. and Dunlop, Majesty, Bridgestone, Mizuno, Yamaha and PRGR in Japan, have already established brand advantages and almost dominated the global golf equipment consumption market.

Most Taiwanese manufacturers mainly undertake OEM orders. Taiwanese golf equipment manufacturers have more than 40 years of manufacturing experience, strong product research and development capabilities, and possess cost advantages. Therefore, Taiwan has become the most important golf club manufacturing center in the world.

For the global operation model of the golf industry, except for a few brands that specialize in the production of golf balls, most of the brands adopt a multi-modal operation, backed by the brand, and their business tentacles cover the sales of all kinds of golf products, including clubs, balls, etc..., equipment and even jerseys, etc. Most of these brands have outsourced clubs and other products to Asian manufacturers,

especially Taiwanese OEMs. In the field of golf equipment manufacturing, Taiwanese OEMs, with superb manufacturing technology and excellent development and design ability, proficient manpower experience and sufficient capital production capacity, have won more than 80% of the OEM market, making brand manufacturers more dependent on Taiwanese manufacturers, and the division of labor between marketing-design-manufacturing between industries is more clear. Taiwanese manufacturers have become an inseparable partnership.

Today's golf clubs are increasingly complex in terms of material application, appearance, and process design. Therefore, a complete supply system is required in the production process. Major brands are also actively forming close cooperation systems with major domestic manufacturers, and such close cooperation system also forms competition barriers for external entrants.

In response to geopolitical issues, major brands have adopted various countermeasures on the issue of origin. Taiwan and Vietnam have taken a lot of focus and advantages in this wave of trade wars.

Since 2020, the covid epidemic has caused changes in life and exercise habits, and the golf population has increased significantly. Since then, countries affected by the epidemic have successively changed their policies and relaxed border management measures. Whether people's social and exercise behaviors will change again will be the focus of continued observation. However, the increased population in sports and the rooting effect on young people are also a considerable help to golf industry.

If we observe from the perspective of market participation, according to a report by R&A and the US National Golf Foundation, there were 39.6 million on-course golf enthusiasts in 2023. This number has increased by 15% compared with 2020, and if comparing with 2016, it has increased by as much as 34% compared with 2016. In addition, the total number of golf courses played in the United States in 2023 increased by 4.3% compared with 2022. A survey conducted by the National Golf Foundation in the United States in mid-December 2023 showed that 93% of respondents expected to increase or maintain the number of golf courses played in 2024. If we look at the market supply side, market inventory will be tight due to supply from the fourth quarter of 2023 to the first half of 2024, but the overall number of golf courses continues to grow steadily and slightly. Therefore, it is estimated that the inventory should be reduced to normal levels by the first quarter of 2024. Therefore, as golf participation continues to grow slightly, market inventory is reduced, and new products are launched, the demand for golf balls in 2024 is expected to increase compared with 2023.

(2) Composite product

① Composite materials (the application in 3C):

With the global advocacy of the circular economy, corporate social responsibility and EPEAT (Electronic Product Environmental Assessment Tool) legal factors, composite materials are bound to become more and more important in response to recyclable issues and will impact the development trend of TS (Thermoset) or TP (Thermoplastic).

② Portable device:

With the characteristics of light weight, high rigidity, and dimensional stability, the new application in the market will bring another wave of demand for composite materials. Several leading brands will also use carbon fiber in AR (Augmented Reality Augmented Reality Technology) and other fields.

③ Automotive field:

As the world's environmental laws and regulations become more and more stringent, under the pressure of energy conservation, emission reduction and low carbon requirements, lightweight for automobile has become an urgent need for global automobile companies.

Carbon fiber auto parts have the advantages of good plasticity, strong impact resistance, high rigidity and ultra-light weight. It is one of the most effective ways for automobile companies to reduce fuel consumption, reduce emissions, and improve the cruising range of new energy vehicles.

As an important part of new energy vehicles, carbon fiber composite materials can maintain high strength while reducing weight; hence, their development prospects are extremely broad.

Especially automotive carbon fiber rims, carbon fiber composite interior and exterior trims and structural parts have great development and market demand.

Carbon fiber prepreg material (PPG):

In recent years, the application of carbon fiber composite materials in cutting-edge industries has become increasingly widespread. For example, high-tech products such as sports equipment, aerospace structures, automotive components, electronic printed circuit boards and construction materials all contain a large amount of carbon fiber composite materials. With the government's full planning and encouragement and the strong cooperation of academic and research institutions, Taiwan's composite material industry is currently facing a complete transformation and upgrading, and the application of carbon fiber are becoming wider and wider; the rapid growth of the industry is quite impressive.

In order to meet the needs to deep cultivate in the industry, the prepreg developed by the Company is gradually developing into the field of mass-customization with a small amount of big varieties, and to deepen and meet the needs of different industries as a niche for future competition.

④ Sneakers:

After the introduction of carbon fiber plates into high-end running shoes, they have successively achieved good results in competitions and became hot discussion topics. All the leading brands have also introduced carbon fiber plates into their designs to improve the performance of their products. Trends show that brands will continue to increase the use of carbon fiber and expand its use to other shoe types.

(3) Carbon fiber prepreg (PPG)

In recent years, the application of carbon fiber composite materials in cutting-edge industries has become increasingly widespread. For example, high-tech products such as sports equipment, aerospace structures, automotive components, electronic printed circuit boards and construction materials all contain a large amount of carbon fiber composite materials. With the government's full planning and encouragement and the strong cooperation of academic and research institutions, Taiwan's composite material industry is currently facing a complete transformation and upgrading, and the application of carbon fiber are becoming wider and wider; the rapid growth of the industry is quite impressive.

In order to meet the needs to deep cultivate in the industry, the prepreg developed by the Company is gradually developing into the field of mass-customization with a small amount of big varieties, and to deepen and meet the needs of different industries as a niche for future competition.

2. The relationship between the upstream, mid-stream and downstream of the industry

(1) Sports and leisure industry

Upstream industry	Midstream industry	Downstream industry
Iron and steel smelting industry Metal manufacturing industry Carbon fiber industry Rubber manufacturing industry Resin Manufacturing industry	Manufacturing of golf balls, ball heads, clubs, and golf equipment	Major golf equipment factories

(2) Compound material industry

Upstream industry	Midstream industry	Downstream industry
Carbon fiber industry Steel industry Metal industry Chemical industry Rubber raw material industry Plastic raw material industry Paint industry Hardware parts industry	3C components	Major electronic product manufacturer

3. Product developmental trend and competition

(1) Sports and leisure products

Golf heads can be roughly divided into three categories: wood club heads, iron heads and putters. With the continuous advancement of material technology, the manufacturing of golf heads has become increasingly complex. The traditional precision casting molding with single materials can no longer meet the needs of the market. The golf industry has begun to devote itself to the development of new materials, high-function and multi-material composite structures.

As far as the current product development trend is concerned, the following points can be summarized:

- ① The demand for customized products is increasing, and the complexity is high.
- ② The sweet spot of hitting the ball is large, and the rebound coefficient is improved to meet the general low-handicap territory users.
- ③ In addition to functional requirements, aesthetic appearance is also the focus of requirements, so the need for the diversity of surface process are increasing.

After more than 40 years of development, Taiwan's golf industry has become a global manufacturing center, and has become a major OEM and ODM partner of the world's major manufacturers. In addition to the Company, currently Taiwan's golf club head manufacturers include Fusheng , Ota and Dynamic. And because of the following niches, The Company holds competitive advantage among its peers:

- ① Provide customers with one-stop shop integrative services.
- ② Short product development time to quickly meet customer's needs.
- ③ Has the technological basis of composite materials, good for product development and mass production.
- ④ Stable product quality.
- ⑤ Establish strategic alliance with the source of technology to solidify market position.

⑥ The construction of an information network system to enhance the overall competitive advantage.

⑦ Possess the core ability in innovating and producing compound materials.

Golf ball is a product with complex physical characteristics, and its product types are quite diverse. For example, its material, structure, size, weight, and shell design will cause differences in ball specifications, and slight differences in distance, speed, wind resistance, etc. will also occur with swing reactions, thus affect the result of the competition. The early golf ball's core system adopted liquid materials, and the outer layer was covered with winding coils, and now the production has evolved to the current structure where the inner and outer layers are made of rubber and resin respectively. The designed physical characteristics are also oriented toward precise material calculations. Since the development of golf balls, the product specifications have been integrated into set standards. The current global standard of golf ball specifications is formulated by the United States Golf Association (USGA), which regulates that the diameter of golf ball must not be less than 42.627mm, the weight must not exceed 45.93g, and there are also restrictions on ball speed.

In addition to standard specifications, golf balls also have different structures and materials according to the research and development of manufacturers.

Generally speaking, when market users choose ball types, they mostly use the structure of the ball to roughly distinguish them, which can be divided into the following types:

- ① Single layer ball: called one-piece ball, the ball is pressed and formed by hard rubber, and then printed and painted for protection. Because of its durable characteristics, it is mostly used as practice ball products.
- ② Two-layer ball: A ball consisting of a large rubber core and a relatively thin shell. Because of its excellent performance and affordable price, it is the most common golf ball design. The ball shell is made of special plastic material.
- ③ Three-layer ball: The center and the middle layer are made of rubber or plastic, and the outer shell is made of special plastic material or PU material, so it is able to cope with both the distance required by the long rod and the spin performance control required by the short rod. Most of today's balls with the highest spin and best feel still feature this already proven three-layer structure.
- ④ Multiple-layer ball: balls with multiple layers are designed to produce the best results with any hitting strength. The core is designed to drive the ball as far as possible with the tee cup, while the mid layer accommodates hard iron hits and the shell for optimal feel and backspin control on half-swings, chips and putts.

In terms of application selection, single-layer balls are generally only used for driving ranges, while double-layer balls are softer, spin faster, fly farther, and are cheaper, and are very popular among ordinary consumers. The three-layer ball and the four-layer ball require a high degree of swing skills, because they take into account various hitting situations and are easy to control, so they are loved by high-level golfers. Although the structure of golf balls has become more and more complex with the R&D and innovation of manufacturers, all types of golf balls currently on the market have their ranges of use and use groups, and they are developed in parallel rather than to replace each other. Due to the refinement of rubber formula and manufacturing technology in recent years, products with soft hitting feel and long distance can be manufactured, which is of great help to ordinary golfers in pursuit of distance and hitting tolerance. The product design in the market has been adjusted towards a softer overall play feeling, which is the development trend of golf products today.

(2) Composite products

Carbon fiber prepreg material (PPG): In order to meet the needs to deep cultivate the industry, the prepreg developed by the Company is gradually developing in the field of mass-customization with a small amount of varieties, and to deepen and meet the needs of different industries as a niche for future competition.

Composite material components: The Company has been a long-term partner of brand manufacturer of 3C and sporting goods. We specialize in composite material thermoforming technology to provide customized and solutions for mass production.

(III) Our technology and R&D

1. R&D expenses

Unit: NT\$1,000

Year	2023	Current year until March 31, 2024
R&D expenses	586,117	171,267

Note: the 2024 Q1 number has not been audited by accountants.

2. Successfully developed technology

(1) Sports and leisure product

R&D results	Application	Effects
Compression molding self-made materials in mass production of ball head composites	New material	Improve the competitiveness of self-made materials for compression molding and the efficiency of molding processes
High Strength Stainless Steel Castings	New material	Improve product value and competitiveness
High density counterweight heterogeneous material combine technology	New structure	Improve product design freedom and the performance
Thermoplastic molding technology	New process	Improve process capability and product performance
360-degree guide package design composite molding technology	New structure	Improve production performance and customer adherence
Molding technology for dyed resin short fiber	New material, new process	Increase customer adherence and promote competitive strength
Titanium mix clustering casting	New process	Promote product competitiveness

(2) Composite products

R&D results	Application	Effects
Development of recyclable carbon fiber	Sports products	Use the recycled waste produced during the manufacturing process to achieve sustainable development
Development of TFP manufacturing technology	3C/Sports	Significantly improve material utilization rate (~100%), reduce waste, accurately apply reinforcing fibers in any direction, and have automation capabilities
Development of LFT hot pressing technology	3C/Sports	Direct hot pressing on local featured structures, has the potential to replace subsequent injection processing

(IV) Long-term and Short-term business development plan

1. Short-term plan

(1) Marketing plan

- ① Strengthen the relationship with existing customers by fast responding and diversified specifications.
- ② Continuous collect market trends, respond to different market needs, make breakthroughs from point to plane, and enter new markets.
- ③ Develop niche markets and products, and increase overall gross margin by mix-and-match product sets and the expansion of high-end ODM products.
- ④ Strengthen supply chain management and strategic alliance with upstream and downstream customers to shorten the process, provide real-time information, and make capital operation more efficient.
- ⑤ Systematically to effectively management inventories, maintain a reasonable inventory level without affecting production stability.

(2) Production plan

- ① Continuously improve production process and minimize production procedures, introduce partial automation, improve quality and efficiency, and reduce man-power dependence.
- ② In response to market expansion strategies and need of small-volume large-variety to flexibly adjust and build a safe and green energy production environment.
- ③ Take advantage of the differentiated production advantages of Taiwan, China, and Vietnam to carry out production and sales division to achieve the goal of optimizing production allocation.
- ④ Strengthen pre-employment and on-the-job education and training for employees, take into account safety and the cultivation of multi-skilled workers to cope with the trend of small-quantity and large-variety.
- ⑤ Strengthen the effort in promoting the factory's environmental safety and health strategies.

(3) R&D plan

- ① Add more R&D manpower and strength the cooperation with customers to develop new applications and new products.
- ② Implement the basic skills of research and development, from the point of theory, practice to link to application, and interact applications as a plane.
- ③ Strengthen knowledge management and integration, share the group's technology resources.
- ④ Develop innovative composite material technologies to enhance corporate competitiveness.
- ⑤ Strengthen cooperation with industry experts to develop new products to increase the weight of ODM (Original Design Manufacturer) product design and production capabilities in operating sales.

(4) HR and Informatization plan

- ① Multi-capacity training for existing personnel, encourage attempts and tries, and strengthen employee experience and skills.
- ② Recruit personnel from different fields and diverse ideas to stimulates existing organizations, integrate internal resources of the Company, and improve work efficiency.

(5) Financial plan

- ① Use appropriate derivative financial products to cooperate with export-oriented sales

plans to avoid the risk of exchange rate fluctuations.

- ② Strengthen business management, reduce the risk of stagnant accounts receivable and inventory, and increase the turnover rate of accounts receivable and inventory.

2. Medium- and long-term plan

- (1) Estimate the market trend and demand in the next 3 years, quickly enter the early development and market penetration.
- (2) Extend the use of core technologies such as "precision casting" and "composite material production and application", and enhance the overall value of the company through cross-industry cooperation.
- (3) Implement lean production and management, continuously improve manufacturing process, enhance efficiency and quality, and through the introduction of partial automation to gradually move towards a labor-saving and intelligent factory
- (4) Strengthen talent cultivation and multi-skilled worker training programs to enhance colleague's work value and sense of belonging, and strengthen corporate competitiveness.
- (5) Use "prepreg materials" and "molding" as the core technologies, extend to integrate upstream and downstream processes to increase added value.
- (6) In line with the market expansion strategy, prepare resource construction and allocation in advance to seamlessly connect from development to mass production.
- (7) Simultaneously improve the new processes of R&D units to diversify products to meet the needs of new markets.

II. Market and the Production-Marketing Situation

(I) Market analysis

1. Analysis of major products and sales regions in the last two years

Unit: NT\$1,000 / %

Sales region \ Year		2023		2022	
		Sales amount	%	Sales amount	%
Domestic sales		523,447	3.66	981,652	4.58
Exports	America	10,260,111	71.75	15,026,056	70.14
	Asia	3,227,629	22.57	4,547,380	21.23
	Other region	288,662	2.02	867,697	4.05
	Total	13,776,402	96.34	20,441,133	95.42
Total		14,299,849	100	21,422,785	100

2. Main competitors and Market Share

(1) Sports and leisure market

Although the golf equipment market is already a mature market, almost 80% of the global OEM orders are taken by Taiwanese manufacturers. At present, the top four major golf club head industries in Taiwan are Fusheng, Advanced, Ota, and Dynamic. The common layout model is to receive orders in Taiwan and mass-produce in Taiwan, Mainland China or Vietnam. The production layout has changed according to the international situation, and moved from centralized production in one region to multi-regional production.

(2) Composite material market

① 3C field

High-end protective cases provide device protection and input functions. They have been one of the indispensable accessories since the launch of tablet computers, and

product development has turned matured. Fiberboard is a key component of thin and lightweight protective cases. Over the years, many suppliers have entered the competition.

- ② Metaverse is the future trend, and wearable devices are an indispensable part of it. Major brand manufacturers have adopted carbon fiber composite materials as the main structure design of their products, making use of the characteristics of high rigidity, dimensional stability, and lightweight. Composites will be widely developed and applied in the market.
- ③ In the fields of industrial products, aviation and automobiles
While car manufacturers including Land Rover, Porsche, GM, Ford, and BMW introduced a large number vehicle that adopted the use of carbon fibers in the car body structure and the rims, many major car manufacturers followed to launch gasoline-electric/pure electric models, which will also become the pursuit of carbon fiber composite materials, as a major indicator of lightweight, in the automotive industry. At the same time, carbon fiber rims have also become another development focus of the automotive industry in light-weighting area.
- ④ In the high-performance running shoe market, NIKE is the leading brand in the use of carbon fiber plates. The high rigidity and rebound properties of carbon fiber can significantly improve runners' performance. Other running shoe brands have also joined the ranks of using carbon fiber plates. It's been a trend that high performance and carbon fiber are of equal rank.

3.Future Market Demand and the Growth

(1) Future market demand

As far as the supply side is concerned, Taiwan's golf products have experienced more than 40 years of development. The accumulated technology, experiences, and market sensitivity, coupled with a complete and sound peripheral industry support system, have made Taiwan an important supply base. The demand side of global golf market is dominated by major consumer markets, the United States and Japan.

(2) Future growth potential

① Sports and leisure products

The golf club head industry is currently in a mature stage. The market mainly in the United States, Japan, and Europe, altogether accounting for more than 90% of the entire market. In addition to the vigorous development of golf sport in the United States and Japan, the sports population and female golf population in Asia and other regions have increased. From the introduction of female soft-colored appearance and high-fault-tolerant golf equipment by various brand manufacturers, it can be seen that they attach importance to the female market. In addition, a significant trend in recent years shows that the high-value-added customization market has continued to grow significantly, and major brands are actively cultivating this market.

With the professional education of consumers in brand management, the development of online communities, and the effect of professional golf equipment for professional players, consumers' professional knowledge and specification requirements for golf equipment are becoming more and more mature. Under this environment, the need for customization and professional golf equipment has significant growth.

The added value of this market is higher than that of the general consumer market, and major brand manufacturers are all trying their best to package and attract the

unique needs of this market. In contrast, the reliance on the manufacturing speed and quality stability of golf equipment manufacturers can also be expected to increase.

② Composite products

Carbon Fiber Prepreg (PPG): Advanced grasps a stable source of carbon fiber raw materials, and has the ability to independently develop and impregnate various UD and woven fabrics in the factory, as well as a complete R&D team, a stable OEM reputation and other niches, and so is able to obtain orders from world-renowned manufacturers. The issue of energy saving is getting more and more attention. Carbon fiber products with light weight and strong texture have the advantage of low energy consumption, and have the opportunity to replace products made with other metal products.

Composite components: Compared with traditional metal and plastic materials, composite materials have the advantages of high rigidity/high strength/low weight. The application of composite material products in 3C and sports-related wearables has increased significantly. AR/VR's desire for lightweight and the introduction of composite material shoe boards have made great progress in athletes' performance; the application of composite materials has once again ushered in vigorous development. The diversity of products and the development of mass production technology will be a big challenge.

4. Competitive niche

(1) Professional management team

In addition to being familiar with the past, present and future development of products, the Company's operation and management team is also highly sensitive to market demand, so the management can fully grasp the changes in the overall market and flexibly utilize production strategies, making the company a major leading manufacturer.

(2) Excellence pursuit in R&D and production capabilities

The Company's Dept. of Research and Development continues to improve existing products, and is committed to the development and design of new styles and new materials to improve product quality, upgrade technology and pursue product innovation and diversification.

(3) Good management system and harmonious labor-capital relationship

The Company knows that in order to occupy a place in the increasingly competitive and changing environment, and to seek sustainable operation and development, the strengthening of the company's management system and the training of human resources are important guidelines for implementation. In addition, a harmonious labor-capital relationship is also a very important part, which needs to be maintained by a good employee welfare system. In view of this, in addition to establishing a reasonable and sound management system through written and standardized systems, the Company also pays special attention to employee benefits and team morale incentives in order to maintain harmonious labor-capital relations, improve business performance, and jointly to create the Company's largest profit.

5. Favorable factors and unfavorable factors that might affect the company's future operations

(1) Sports and leisure products

① Favorable factors

(A) Global layout

Following the rapid changes in global trade and geographical relations, the Company is committed to establish the layout of multiple production bases in

Taiwan, Mainland China and Vietnam. In the past few years, we have achieved remarkable results, and still continue to realize the layout and deep cultivate it. Nevertheless, the geopolitical risks evidence the importance of multiple production bases. Manufacturers with production bases set up in different areas and better risk management capabilities will be listed as an important strategic partner in the market.

(B) Complete product system

At present, domestic golf equipment manufacturers mainly produce club heads, and the Company is one of the few manufacturers in Taiwan that has the ability to produce golf heads, clubs, balls and club sets at the same time, so we can provide customers with one-stop shopping service, which reduces the trouble of purchasing from multiple manufacturers and minimizes the complexity of logistics. Besides, while we are able to provides customers with more sufficient product information in product design and development, we can maintain a closer cooperative relationship with customers.

(C) Emphasis on research and development, possess rich production experience

The Company has accumulated many years of manufacturing experiences. In addition to being committed to continuous improvement of production technology and NPS (New Production System) production process management, we have also introduced SAP ERP system to integrate different internal processes among different modules for consistency and management. Furthermore, the Company has always adhered to the principle of customer satisfaction; by adopting a dedicated service team for each customer, we can more precisely grasp and implement the product intellectual property rights, quality requirements, team culture and market demand of different customers.

(D) The R&D and production capacity of composites

In recent years, the golf equipment industry has been pursuing innovation and changes in materials, especially the proportion of the use of composite materials has been increasing. Our company is one of the few companies in the golf equipment industry that has independent R&D power and specializes in the production of composite materials. We are the first choice for customers in this field. In addition, we have been working in the composite material supply chain for many years and have established good relationships with related suppliers in Japan, the United States and Europe, providing a stable foundation for the Company's development.

② Unfavorable factors and the countermeasures

(A) High labor cost

The golf head manufacturing is highly dependent on manpower, due to its cumbersome processing procedures and the complexity of models, especially when partial processing stages are not easy to automate. Because of the gradual increase of labor costs year by year, the production cost of this industry cannot be significantly reduced. And yet, with the rising trend of labor costs, the Company has invested in the development of automation equipment for key processes and key tasks a few years ago and has put it into mass production.

On the other hand, through the automated production of key processes, the Company also improves the stability of product quality.

Countermeasures: Through the promotion of R&D abilities, production process's design, and employee's education and training to enhance

the utilization efficiency of human resources.

- (B) High proportion of export sales, the impact of exchange rate changes is relatively large

Most of the Company's products are mainly for export, and exchange rate fluctuations closely affect the order acceptance and profitability.

Countermeasures: Keep close contact with banks, keep abreast of the trend of exchange rate, and use appropriate foreign exchange operation tools to avoid the risk of exchange rate changes, or negotiate with customers on the limit of price adjustments, and reflect the impact of exchange rate fluctuations at any time.

- (C) Origin risk dispersion management:

When there are drastic changes in global trade relations and policies, with limited resources, how can the strategy of direct supply chain in product origin avoid the impact of tariffs due to trade wars and geopolitical risks on customers?

Countermeasure: Increase the proportion of production in Vietnam to diversify risks.

- (D) Supply chain risk management:

In recent years, the international situation and extreme weather have drastically affected the operation of the global supply chain, posing risks to stable production.

Countermeasure: Adopt multiple sources from multiple origins and continuously strengthen cooperation with supply partners.

(2) Composite products

① Favorable factors

- (A) Advanced grasps a stable source of carbon fiber raw materials and has the ability to independently develop and impregnate various UD and woven fabrics in the factory, as well as has a complete R&D team, a stable OEM reputation and other niches, and so is able to obtain orders from world-renowned manufacturers.
- (B) The issue of energy saving is getting more and more attention. Carbon fiber products with light weight and strong texture have the advantage of low energy consumption and have the opportunity to replace metal products made with other materials.
- (C) The stable and mass-produced forming technology coupled with in-house production of prepreg materials are able to provide customers with world-class lightweight solutions.

② Unfavorable factors and the countermeasures

- (A) The application of carbon fiber in the aerospace industry and other industries continues to increase. Under the continuous imbalance between supply and demand, the source of carbon fiber for sporting goods is squeezed, causing the price of raw materials to continue to rise.

- (B) New competitors keep joining the market.

Countermeasures:

- Develop various material sources to disperse the risk of materials supply.
- Strengthen R&D and innovation and differentiate products to capture different customer segments with high-end and low-end products.
- Integrate the application technology of carbon fiber, including in the up-stream and down-stream manufacturing process, to enhance added value, and actively develop

various products in the niche market.

(II). Important functions of major products and the production process

1.Sport and leisure products

(1) Important uses of golf club heads, clubs and balls:

Golf club heads and clubs are the most important spare parts in the manufacture of golf equipment, both of which have a great influence on the performance of the golf equipment.

As one of the products in golf sport industry, golf balls used as objects for players to control their swing ability and skills.

(2) Production process

①Golf club head

Mold making ⇒ wax shooting ⇒ hook ⇒ dipping ⇒ dewaxing ⇒ casting ⇒ cutting off ⇒ heat treatment ⇒ processing ⇒ polishing ⇒ surface processing ⇒ finished product.

②Carbon fiber club

Carbon fiber yarn + resin ⇒ carbon fiber cloth ⇒ cutting ⇒ laminate ⇒ roll cloth ⇒ roll OPP tape ⇒ hardened ⇒ abrasive ⇒ coating ⇒ finished product.

③Golf ball

Ingredient mix ⇒ Roll chain ⇒ Extrude forming ⇒ Thermoforming ⇒ Center grinding ⇒ Injection molding ⇒ painting ⇒ finished product.

2.Composite products

(1) Carbon fiber prepreg (Prepreg)

①Important usage

A large amount of carbon fiber composites are used and applied in high-tech products such as sports equipment, aerospace structures, automotive components, electronic printed circuit boards and construction materials contain a large amount of carbon fiber composite materials.

②Production process

Material preparation ⇒ material mixing ⇒ coating ⇒ impregnate

(2) Composite moldings for 3C products and sports shoes

①Important usage

3C structural parts (Including internal components and casing exterior parts): Portable PC/Tablet, Metaverse, 3C accessories.

Sneaker board: running shoes, track shoes, hiking shoes.

②Production process

Prepreg Lamination and Cutting ⇒ Compression Molding and Curing ⇒ Net Size Processing ⇒ Coating

(III) Supply of major raw materials

At present, the Company's raw material supply is quite stable and the quality is also good. Most of the raw materials are not from a single supplier to ensure safe supply. The supply status of the main raw materials is as follows:

Item	Raw Materials	Main source(Supplier)	Supply condition
1	Titanium material and stainless steel ingot	Taiwan, and partial from abroad	Good supply condition
2	Blank	Taiwan and abroad	Good supply condition
3	Carbon fiber	Taiwan and abroad	Good supply condition
4	Rubber, ionized resin, acrylic zinc salt, paint and ink	Taiwan, and partial from abroad	Depending on customer order requirements, the overall supply situation is good.

(IV) Suppliers that accounted to 10% or above of the total procurement amount in the most recent 2 years, and state the reason of increase(decrease).

1. Suppliers that accounted to 10% or above of the total procurement amount in the most recent 2 years: None, there wasn't single supplier that supplied 10% or more of the total procurement amount in the most recent 2 years.

2. Customers that accounted to 10% or above of the total sales revenues in any year during the past 2 years.

Unit: NT\$1,000

Item	2022				2023			
	Name	Amount	% of total sales in the year	Relationship with the Issuer	Name	Amount	% of total sales in the year	Relationship with the Issuer
1	10986	7,829,404	36.55%	None	10986	5,045,733	35.29%	None
2	10008	5,185,939	24.21%	None	10008	4,027,181	28.16%	None
	Others	8,407,442	39.24%		Others	5,226,935	36.55%	
	Net sales	21,422,785	100%		Net sales	14,299,849	100%	

(V) Production volume and value over the past two years

Unit: NT\$1,000

Production volume and value Main products	Year	2022			2023		
		Capacity	Volume	Value	Capacity	Volume	Value
Golfe equipment(pc)		16,577,520	15,305,868	12,458,849	19,387,680	8,016,353	8,220,892
Golf ball (pc)		278,832,000	267,879,000	2,862,775	185,706,000	174,209,556	2,012,076
Composite product (pc)		83,650,896	48,737,881	2,373,682	72,295,735	31,068,882	1,704,970
Total		379,060,416	331,922,749	17,695,306	277,389,415	213,294,791	11,937,938

(VI) Sales volume and value over the past two years

Unit: NT\$1,000

Sale volume and value Main products	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Golf equipment(pc)		547,765	394,529	14,920,235	14,656,506	223,507	174,534	8,108,138	9,411,389
Golf ball (pc)		147,192	4,037	269,134,048	3,593,983	899,777	14,294	198,043,131	2,797,680
Composite product (pc)		1,993,967	583,086	45,413,211	2,190,644	1,235,578	334,619	32,482,058	1,567,333
Total		2,688,924	981,652	329,467,494	20,441,133	2,358,862	523,447	238,633,327	13,776,402

III. Number of employees, the average years of services, average age, and education analysis over the past two years and during the current fiscal year until the date of printing of this annual report.

Year		2022	2023	Jan.1~March 31, 2024
Total number of employees (ppl)	Management	820	796	825
	Technology and R&D	511	602	600
	Sales, administration and Others	7,632	7,691	6,966
	Total	8,963	9,089	8,391
Average age (year-old)		36.42	38.2	39.0
Average year of service (year)		5.25	6.7	7.3
Education analysis (%)	Doctor	0.23	0.18	0.31%
	Master	5.95	4.64	4.72%
	Bachelor	21.54	24.41	26.53%
	High school	33.53	29.82	28.63%
	Below high school	40.29	40.95	39.82%

IV. Expenditures on environmental protection

(I) Total significant expenditures or losses from environmental pollution in the most recent fiscal year and the current fiscal year until the printing date of this annual report:

Pollution status (type, degree)	2022	2023	Jan. 1 ~ Mar. 31, 2024
Compensation to or Punished by	No major incident	Environment Protection Bureau, Kaohsiung City Government	No major incident
Amount of compensation and Disciplinary situation	No major incident	NT\$100,000	No major incident
Other losses	No major incident	No major incident	No major incident

(II) Disclose of the current and future possible estimated amounts, as well as countermeasures and improvement plans:

The Company regularly arranges to monitor and maintain the treatment effect of air pollution prevention and control equipment, effectively grasps the exhaust gas conditions in the factory, and regularly completes air emission declarations and pays air pollution control fees in accordance with the law. The granular pollutants, sulfur oxides, nitrogen oxides, and volatile organic compounds emitted from the factory are all processed through air pollution prevention and control equipment such as pulse dust collectors and water-washed dust collectors, and normal operations are maintained within a reasonable range to ensure that the pollutants emitted meet regulatory requirements.

(III) Environment management

Based on product's characteristics, the Company's products are classified into golf equipment and composite products. Advanced Group has passed the ISO 14001 environmental management system in 2006 (validity period: 11/21/2020 ~ 11/21/2024), qualified as environmental protection and green production plant, and is committed to reducing the impacts on the environment resulting from the manufacturing process.

The Company's Environmental Safety and Health Policy: law compliance, environment sustainability, continuous improvement.

The importance of environmental sustainability makes enterprise operations duty-bound to do a good job in waste classification and possible recycling, so that the life cycle of resources can be extended to reduce resource consumption. This has become a necessary issue.

Short-term Goals:

The Company entrusts a legitimate waste disposal and treatment company recognized by the environmental protection agency to clean up wastes, declare online and actively track the flow of waste disposal. Advanced International is well aware of the importance of environmental sustainability, so we sort out waste and do recycle and reuse as much as possible for extending the life cycle of resources and reducing resource consumption. For waste that cannot be recycled and reused, we entrust qualified disposal companies to handle it.

Medium-term goals

In order to mitigate the impact of greenhouse gases and energy depletion on the environment, Advanced International actively manages carbon emissions and the use of water and electricity resources generated in product design, production, manufacturing and other business links to implement relevant green energy policies. Advanced International regularly checks the power consumption per unit product every month and compares with the previous year to understand the reasons for the differences and manage the energy usage in the factory.

Long-term goals

While pursuing business performance, Advanced international is also committed to reducing the impact on the natural environment.

1. Has the company disclosed its annual greenhouse gas emissions, water consumption and total waste in the past three years?

(1) In greenhouse gas (GHG): The Company conducts inventory investigation in accordance with ISO 14064 to understand the main sources of greenhouse gases. Currently, we continue to improve the energy efficiency of the production line through regular inspections, energy-saving effect tracking, and improved operation introduction. In the future, the primary goal will be to reduce the waste of energy and resources, and gradually promote energy-saving measures for high-power-consuming equipment.

A. Execution measures and the achievements

Total GHG emission in 2023 was 14,827.86 tons, which increased by 11.8% comparing to the base year, 2021. In 2023, due to the reduction in production capacity and production volume, and the growth trend of new factories put into operation, we strived to reduce the emission intensity for per unit revenue by 1% annually.

B. Prevention measures

Competitive energy under the trend of low-carbon transformation includes the demonstration of basic respect for environmental resources, due corporate citizenship responsibilities, active formulation of ambitious goals and policies such as efficient use of resources and recycling, and introduction of the TCFD framework for public disclosure related measures.

C. Advanced Group's greenhouse gas emissions in the past 3 years: (2021 is the base year for carbon reduction)

Year	2021	2022	2023
Scope 1 (ton CO ₂ e)	2,530.2	2,609.7	4,256.4
Scope 2 (ton CO ₂ e)	13,276.72	13,025.7	10,571.46
Total GHG emissions (ton CO ₂ e)	15,806.92	15,635.40	14,827.86
Annual sales (millions)	16,908.02	21,422.78	14,299.85
Emission intensity per unit of revenue (ton/million dollar)	0.93	0.73	1.04
Annual increase/reduction rate	-	(21.5%)	11.8%
Note1: Main energy used in Scope 1 are liquefied natural gas and diesel.			
Note2: Scope 2 refers to electricity purchased from Taiwan Power Company.			

(2) In waste water treatment:

A. Execution measures and achievement

Wastewater produced by Advanced is managed and is not directly discharged to ground surface water bodies. The wastewater in the factory is mainly divided into two categories: operational wastewater and domestic sewage, and both are treated by wastewater treatment facilities until water quality standards are met before discharging to sewage treatment plant of the industrial zone for further treatment.

B. Prevention measures

In order to properly handle the wastewater produced during the production process, the Company has equipped wastewater pre-treatment equipment, and regularly arranges to monitor and test the quality of the discharged water. After process the wastewater to meet the discharge standards of environmental protection act, the processed wastewater will be piped and discharged to the Kaohsiung Linhai Linyuan &

Dafa Industrial Parks Combined Wastewater Treatment Plant for treatment to avoid causing environmental pollution and ecological impact.

In 2023, production capacity and production volume has returned to regular levels.

From the calculation of water intensity of per unit revenue, it can be seen that the water intensity of per unit revenue in 2023 decreased by 17.1% compared to 2021, showing that the water saving effect is excellent. We strive to reduce water consumption per unit product by 1% every year.

C. The water usage situation in the past 3 years (base year 2021).

Unit: ton

Item	Year		
	2021	2022	2023
Total water used (mn liter)	69.64	71.17	48.29
Annual sales (100 mn dollar)	169.08	214.22	142.99
Water use intensity per unit of revenue (million liter/100mn dollars)	0.41	0.33	0.34
Annual increase/reduction rate	-	(19.51%)	(17.1%)

The Wastewater discharge situation in Advanced factories in the past 3 years (base year 2021)

Unit: ton

Factory	Discharge Destination	2021	2022	2023
Kaojia plant	Central area wastewater treatment plant	5,509.3	4,399.40	4,374.5
Daye plant	Kaohsiung Linhai Linyuan and Dafa Industrial Parks Combined Wastewater Treatment Plant	4,655	6,865	530
Zhonglin plant		29,311	29,038	27,057
Hefa plant	Hefa Industrial Park Wastewater Treatment Plant		2,185.3	5,559.8
Total		39,475.30	42,487.70	37,521.30

(3) In waste disposal:

A. Execution measures and the achievements:

The amount of waste in 2023 was 1,595.85 tons, a decrease of 43.8% compared with the base year of 2021 of 3,637.89 tons.

In 2023, due to the reduction in production capacity and production volume, and the growth trend of new factories put into operation, the annual waste reduction target is 1%.

B. Prevention measures

For wastes that cannot be recycled and reused, we entrust qualified waste disposal and treatment companies to legally and properly handle the back-end treatment, and check whether the waste disposal and treatment company receives, and processes wastes normally and whether the waste disposal and treatment company meets the requirements of laws and regulations. The wastes produced by different factories are

also different. Among them, the main hazardous wastes are waste liquids with a flash point of less than 60°C produced by Zhonglin factory. Currently, appropriate physical disposal is carried out in accordance with the regulations of the competent authority. In the future, we will actively move towards the goals of resource recycling and waste reduction.

C. Waste processing situation in Advanced factories in the past 3 years

All Advanced Group's factories' waste disposal situation in the past 3 years:

Unit: ton

Name	Hazardous/ Non-hazardous	Year			Method of Disposal
		2021	2022	2023	
Waste plastic mixture	Non-Hazardous	53.42	64.59	50.58	Incineration
Waste wood mixture	Non-Hazardous	0.42	0.39	0.27	Incineration
Waste paper	Non-Hazardous	5.61	5.98	4.30	Recycle
Waste plastics	Non-Hazardous	22.26	24.44	23.35	Recycle
Waste iron, aluminum	Non-Hazardous	3.89	3.33	16.67	Recycle
Waste liquid (flashing point less than 60°C)	Hazardous	15.24	14.38	7.87	Incineration, Physical
Inorganic sludge	Non-Hazardous	16.32	27.48	21.81	Heat treatment, solidification
Non-hazardous waste dust or the mixtures	Non-Hazardous	341.22	343.15	170.77	Bury, solidification
waste lubricating oil	Non-Hazardous	2.66	2.29	2.39	Physical
waste oil mixture	Non-Hazardous	6.72	3.74	4.99	Physical
Waste foundry sand	Non-Hazardous	2,014.55	1,904.84	994.37	Reuse
Induction furnace slag (stone)	Non-Hazardous	311.33	267.7	128.99	Reuse
Household garbage	Non-Hazardous	802.46	905.58	65.95	Incineration
Waste fiber	Non-Hazardous	18.70	2.04	11.26	Incineration
Waste paper mixture	Non-Hazardous	21.46	35.51	86.79	Incineration
Non-hazardous organic waste liquid or waste solvent	Non-Hazardous	-	5.02	5.03	Physical
General waste chemical mixture	Non-Hazardous	0.63	0.62	0.47	Physical
Fertilizer, feces, and other wastes	Non-Hazardous	1	0	0	Waste (sewage) water treatment facilities outside the plant
Total amount of wastes		3,627.89	3,611.08	1,641.41	Cyclical use rate: The amount of cyclical / total amount of wastes*100%
Cyclical use rate		64.81	61.10	76.36	

(IV) In the aspect of energy -saving and carbon reduction

A. Execution measures and achievement

The Company has formulated six major equipment energy-saving plans, and has previously invested a total of 2,443,980 dollars to actively improve process efficiency, including

- ① Integrate hot/cold barrels of ice water machine in the process with intelligent integrated control system to improve the efficiency of ice water use.
- ② Adjust on-site CNC area's air conditioning box's operating time and its operating temperature reduction measures.
- ③ Adjust the 450RT cooling tower motor in the Zhonglin Plant I to non-summer hours (January ~May, November and December).
- ④ Adjust the 450RT cooling tower motor in the Zhonglin Plant I to summer hours (June ~ October).
- ⑤ The management of the operation of A/C ice water machine in the 6F of Zhonglin Plant II; operation is adjusted based on the same period of the previous year's actual loads.
- ⑥ The management of the operation of A/C ice water machine in the Zhonglin Plant I; ice water motor is adjusted based on the actual loads of the same period of the previous year.

If calculated based on the energy-saving results of equipment replacement in 2023, the above six major equipment energy-saving plans have saved a total of approximately 487,426 kWh of electricity, for a saving of 1,462,278 dollars in electricity expenditures, and a total carbon reduction of 291 tons/CO₂e.

Currently, all the solar power self-generated are sold to Taiwan Power Company, which is able to add about 70,000 dollars to the Company's sales. In the future, if we adopt the measure to generate and use the power energy, it is expected to reduce electricity costs. Based on the power generation capacity of Advanced Group's 2023 solar equipment of approximately 92,032 kWh, if all the self-generated power is used for self-use, the electricity costs will be reduced by 57,262.

B. Prevention measures

① Ability, training, and awareness:

The Company's energy management personnel and those related to major energy use must receive corresponding training, or have appropriate skills or experience. The Company should also ensure that these personnel can enhance their professional skills and awareness of the energy management system through internal and external training.

② The design for energy saving and carbon reduction:

When designing, modifying and renovating major energy-consuming facilities, equipment, systems and operations, all the energy-saving and high efficiency related elements should be considered in order to provide opportunities for energy performance improvement.

③ Procurement of energy, energy services and energy-consuming products:

While purchasing energy-intensive energy services and energy-consuming products, and equipment, the Company should inform suppliers that energy efficiency is one of the factors for procurement consideration. Where the Company purchases products such as lighting, electrical appliances, computers, business machines, and other equipment, the relevant units should evaluate the energy use, consumption, and efficiency, and give priority to purchasing energy-saving and high-efficiency equipment.

3. Disclose the losses suffered (including compensation and environmental protection audit results in violation of environmental protection laws and regulations, should specify the date of disposition, name of disposition, violation of laws and regulations, content of violations of laws and regulations, content of punishment), and disclose the estimated amount and response that may occur at present and in the future. If it is not able to be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

Penalties Received from the Competent Authorities in 2023	Improvement Situation
Violation of Article 6-1 of the "Occupational Safety and Health Act" Description: The branch company in Kaohsiung Export Processing Zone has Insufficient safety devices for some equipment in the factory and failure to implement grounding on non-live metal parts. Disciplinary Citation: Notified with Letter Yuan-Kao-Huan-Zi-Di-No.1120101925 with a fine of NT\$300,000 on Oct. 23, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 6-1, paragraph 1 of the Occupational Safety and Health Act" Description: Partial hazardous equipment such as automated machinery (impregnation machines) are not equipped with guarding cover, fencing, or safety doors with interlocking capabilities in the Company's Hefa Factory. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11271959900 with a fine of NT\$140,000 on November 1, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 6-1, paragraph 2, 5, 7,8, and 14 of "occupational Safety and Health Act" Description: The Company has not set up warning signs, appropriate heat insulation and other necessary safety facilities on equipment that may cause burns or scalds. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11271962300 with a fine of NT\$140,000 on November 2, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 6-1, paragraph 3 of the "occupational Safety and Health Act" Description: The electrical equipment, heater for dust spreaders, used in the Company's Daye factory did not implement the necessary grounding on non-live metal parts. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11271962500 with a fine of NT\$100,000 on November 3, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 24-2 of Air Pollution Control Act Description: The number shown at the on-site voltage buck meter of the Company's dust collector (A105) was 42.6cmH₂O, which is inconsistent with the licensed operating range of 8~20cmH₂O. Disciplinary Citation: Notified with Letter Kao-Si-Hua-Ju-Kong Zi-Di-No.11240398500 with a fine of NT\$100,000 on December 5, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.

(IV) In the next three years, capital expenditures expected to add pollution prevention equipment for environmental protection purpose in the next 3 years:

Unit: NT\$1,000

Year	2024	2025	2026
Investment amount	3,000	3,000	3,000

(V) According to the characteristics of the industry, the Company is not affected by the European Union's Restriction on Hazardous Substances (ROHS).

V. Labor-Capital Relationship

(I) The Company's various employee welfare measures, advanced education, training, and retirement systems and their implementation, as well as the agreement between labor and the capital and various employee rights protection measures:

1. The list of employee welfare measures is as follows :

Bonuses, allowances, insurance and benefits	Employee remuneration (earnings distribution)
	Award money for three major holidays; about 20% of salary as holiday bonus along with gift money of 1,000 are provided as holiday bonus for Moon Festival and Dragon Boat Festival.
	\$3,000 is provided for wedding cash award and childbirth subsidy each.
	Injury allowance/funeral condolences, the maximum amount is \$11,000 and a flower basket is also presented.
	Birthday cash gift is \$500.
	Labor insurance, health insurance and employee group insurance (including life insurance, accident insurance, medical insurance, cancer insurance, etc.).
	Pension contribution.
	Charity funding project: Charity Funding Project: To assist single parents/poor families, or employees in urgent difficulties, encourage employees to participate in public welfare activities or improve humanistic quality, with a maximum of \$20,000 per case.
	Up to \$2,000 for children's scholarships.
	Provide a complete talent training plan and subsidy for education and training expenses.
Physical and Mental Health Promotion Measures	Reward outstanding employees: select outstanding Advanced people of the Company and the annual outstanding Advanced people of the Group every year, and award each bonuses of \$5,000 and \$20,000 and trophies respectively.
	Regular annual health check.
	Arts and cultural activities contest and ticket giveaway.
	No-pay parental leave system.
	Staff cohesion activities: including team building activities such as year-end and staff family day.
	Domestic and foreign travel subsidies, provide subsidy up to \$ 6,000.
	Club activities: golf club, yoga club, boxing aerobic club.

2.Labor-capital meetings: labor-capital meeting is convened each regularly.

3.Talent training and cultivation plan:

In terms of talent cultivation, in addition to designing necessary training courses or activities in line with the six core functions, management functions, and professional functions, Advanced also from time to time dispatches employees to receive various certificate training courses in accordance with laws and regulations and operational needs to ensure production and work safety. Advanced planned to establish the Advanced Academy in 2008. With the purpose of cultivating talents, establishing values and consensus, self-inspiration and learning, and combining activities, publicity and rules and regulations, Advanced Group's vision and values are implemented in order to deepen and activate the corporate culture of Advanced and provide an environment and atmosphere for Advanced employees to fully utilize their talents. Advanced Academy system was also planned, which starts from the training of newcomers, with joint training, class-specific management training, and professional training to improve the abilities of colleague's step by step, so that Advanced employees can grow with the development of the Company. Advanced Academy has also been awarded the silver medal of the corporate version of the Training Quality Evaluation System (TTQS) from the Workforce Development Agency

of the Executive Yuan since September 2011, and the silver medal has continued till now.

4.Related information regarding the Advanced Academy as below:

(1) Purpose of the establishment of the Advanced Academy

- ①Improve the quality of personnel and establish a talent training mechanism for the Group that can fully stimulate the enthusiasm of employees.
- ②Fully develop and utilize human resources to maintain the rapid and stable development of the Group.
- ③The supply of successors is endless, in line with the continuous growth and sustainable operation of the Group.

(2) The overall execution status of the Advanced Academy

①Talent cultivation

In addition to providing general functional training such as management system, problem analysis and decision-making, Advanced Group's talent training courses also provide suitable training for different work needs in the light of engineering, secretarial staff, and management; such courses include customer service, goal management, QC, etc., to ensure that personnel in different departments, business functions and ranks can grow and utilize their talents.

②Values and Consensus Building

Advanced Group attaches great importance to corporate culture and regards it as an important factor to unite the Company's centripetal force. Therefore, we ensure that corporate culture and values are implemented in the daily work through communication and publicity, employee interaction activities and related regulations.

③Self-inspiration and study

Besides the cultivation in career capabilities, the Advanced Group also attach great importance to the cultivation of employee's individual soft abilities. Through the organization of communities, reading clubs, and life seminars, we'd like to ensure the whole-person development of our employees.

(3) The relevant information on the Company's education and training hours and expenses in 2022 and 2023 is as follows:

Year	2022	2023
Total number of employees	1,818	1,181
Total training expenses (\$1)	1,063,395	982,728
Per capita training fee	585	832
Total training house (hours)	10,476	11,138
Per capital training hour (hour)	5.76	9.43

5.Retirement system

The Company appropriates pension funds for every employee in accordance with statutory retirement system. Employee's participation rate in the retirement plan is 100%. According to "Labor Standards Act" and "Labor Pension Act", employees, who joined the Company at and before June 30, 2005, are entitled to the seniority under the old pension system; nevertheless, they are able to use the seniority under the new pension plan after electing, on their own, to be qualified to the new pension system.

Retirement system	Old System	New System
Applicable laws	Labor Standards Act	Labor Pension Act
Implementation Status	For those who qualify for adopting the old system retirement plan, 2% of those employee's monthly salary is allocated to the special account in the Central Trust of China according to the laws and regulations. Currently, the total reserve amount in the retirement plan under the old system is 40,551,874 dollars. For the old system, only the employer appropriates the funds, the employees are not participated.	For those who are qualified for new system retirement plan, 6% of the monthly salary is allocated to employee's personal pension account each month. In addition to the fixed 6% appropriation by the employer, employees are able to choose to make additional appropriation on their own in the range of 0~6% into their personal pension account.

6. In order to smooth the communication channels, we specially formulated the proposal system, set up a suggestion box, and set up an internal EIP website on April 6, 2005. Through the use of various methods to give everyone the opportunity to express, it is hoped to establishing and maintaining harmonious labor relations in the Company.

7. Work environment and the protection measures for employee's personal safety

The Company adheres to the spirit of continuous improvement and pursuit of perfection. In addition to continuous investment in hardware to improve various pollution prevention and fire safety equipment to directly reduce pollutant emissions and improve production safety, the Company has successively introduced environmental management systems (ISO 14001) and occupational safety and health management system (ISO 45001), to establish a good management system through planning, implementation, auditing, improvement and other actions to provide employees with a safe and healthy working environment. Preventive occupational disease health examinations are arranged for colleagues working in jobs with high incidence and risk of occupational diseases, and the working environment are carried out environmental monitoring in the workplace. For colleagues with abnormal test values, we will track and manage and provide necessary individual health consultation, care and guidance so that they can understand their own health conditions; workplaces with abnormal working environment monitoring will be improved or controlled. The main purpose of working environment monitoring is to assess the actual exposure status of workers in the working environment. Therefore, Advanced carries out monitoring and management through personal exposure and environmental exposure. In order to systematically understand the distribution of employee exposure and operating environment monitoring items throughout the factory, when planning the operating environment monitoring, similar exposure groups will be established based on exposure types and group sizes to provide reference for subsequent sampling plans. After the monitoring of the working environment is implemented, the results will be announced to labors. For the parts that need to be improved in the working environment, measures such

as engineering control, administrative management, and protective equipment will be taken to provide a safe and hygienic working environment for employees.

In terms of personal safety protection for employees, in addition to providing personal protective gears, such as goggles, earplugs and earmuffs for employees to use, we also provide employees with education and training on safety in normal times, so as to ensure the safe operation of equipment and the smooth achievement in the production goals.

8. Code of Conduct or Ethics for Employees

In accordance with the provisions of the Labor Standards Act and related laws and regulations, we've formulated work rules and various management systems to maintain employee work discipline and order.

(II) Other important agreements: Although the Company has established a labor union, the union has not yet signed a group agreement with the Company because the labor union has not requested the Company to negotiate a group agreement.

(III) Loss incurred due to labor disputes in the most recent year and up to the publication date of the annual report, the estimated amount of loss due to possible occurrence of labor dispute at present or in the future, and the countermeasure: parent company and its subsidiaries have not had any labor disputes:

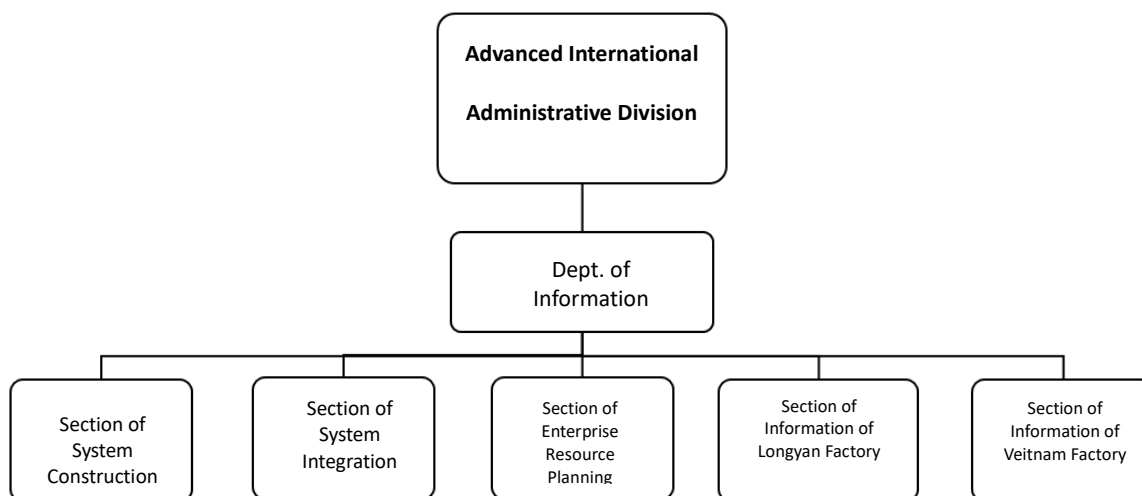
There were no losses due to labor disputes in recent years and as of the publication date of the annual report. However, the Company was found to have violated laws and regulations as a result of labor inspections and was fined as follows:

Penalties Received from the Competent Authorities in 2023	Improvement Situation
Violation of Article 9-1, 22-2, 24-1, and 36-1 of the "Labor Standards Act" Description: A randomly drawing on 20 employees from the list of attendance records, overtime, vacation, salary details and regular contract employee list in the branch company in Kaohsiung Export Processing Zone. Disciplinary Citation: Notified with Letter Yuan-Kao-Huan-Zi-Di-No.1120102036 with a fine of NT\$190,000 on October 30, 2023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.
Violation of Article 24 and Article 3202 of the "Labor Standards Act" Description: A random check on the Company's attendance record and salary list found that wages paid to workers for extended working hours per month were insufficient and the extended working hours per month exceeded the legal limit of 46 hours. Disciplinary Citation: Notified with Letter Kao-Si-Lao-Tiao Zi-Di-No.11239111600 with a fine of NT\$150,000 on November 1, 20023.	The violation fine has been paid; will be handled in accordance with laws and regulations in the future.

VI. Information Security

(I) Describe the information security risk management framework, information security policies, specific management plans, and resources invested in information security management, etc...

1. Information security risk management framework



2. Information security policy

In order to strengthen information security management, ensure the confidentiality, integrity and availability of information related to the operation process, so as to provide an information environment in which the Company can continue to operate, and comply with relevant regulations and contractual obligations, as well as the requirements of interested parties (such as customers or shareholders) to protect it from internal and external deliberate or accidental threats.

3. Specific management plan

(1) Risk prevention:

- ① Regularly publicize the information security policy to all employees of the Group every year.
- ② In the event of a major global information security event, immediately notify all employees of the group by email.
- ③ The Dept. Of Information conducts a group-wide review of information security every month.
- ④ As for external network, the Company works with the telecommunications company for long-term cooperation to monitor the weaknesses of the circuit and patch the loopholes in due course.
- ⑤ Carry out a comprehensive antivirus software health check every quarter, and make timely policy revisions.

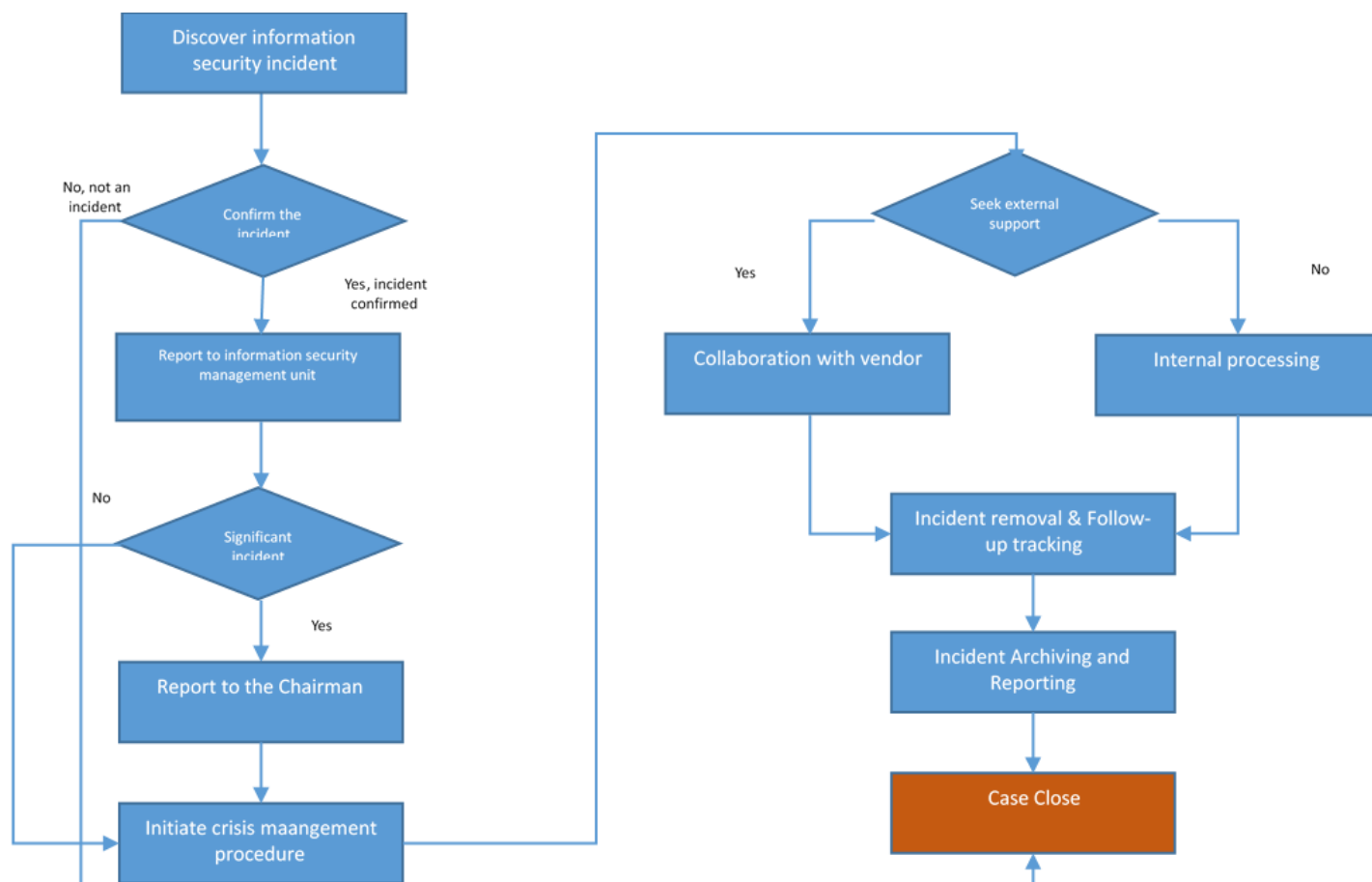
(2) Protection facilities:

- ① Independent air-conditioning system in the information control room with independent power system for backup.
- ② The headquarters collects firewall data of each factory, analyzes and formulates appropriate defense policies to ensure that each factory is free from external attacks.
- ③ The headquarters centrally regulates the use permissions of all endpoints in each factory (such as USB control, cloud hard disk, Bluetooth, and external mail).
- ④ The headquarters and all factories control all external devices (such as employees' personal NBs, mobile phones, tablets, and all devices of visitors, etc.), and all unauthorized external devices are prohibited from connecting to the Company's network.

(3) Emergency response measures:

- ① Disaster recovery mechanism for important hosts, and restoration and verification is performed every year to ensure the restorability of important systems.
- ② The VPN circuit backup mechanism of each factory of the Group ensures that the operation of the Company will not be affected due to circuit abnormalities.
- ③ Daily backup of important systems, databases and files for data recovery in emergencies.

(4) Information Security Incident Reporting Mechanism



4.Resources invested in the information security management

(1) Information security related certification and software are listed below:

Name	Amount
①Renewal of NAC network access management system	\$1.8719 million
②Information security certificate ISO27001	
③Renewal of anti-virus software	
④Renewal of information security management system, SMART IT	
⑤Maintenance contract of firewalls	
⑥Network switch contract renewal	

(2) The company has 4 information security personnel.

(3) Information security meetings were held regularly, and a total of 6 information security meetings were held in 2023.

(4) Irregularly promote information security information on the company's intranet, a total of 4 information security promotions in 2023.

(II)Losses incurred, possible impacts, and countermeasures in relation to major information security incident in current year until the printing date of this annual report: As of April 30, 2024, the Company does not suffer from losses due to major information security related incident.

VII. Important contracts

Contract type	Counter-party	Contract period	Main content	Restrictions
Manufacturing and Supplier Agreement	Client A	6.1.2018~	Golf head OEM products	None
Supplier Acknowledgement And Agreement	Client B	8.25.2017~	Golf head OEM products	None
Component Sourcing Agreement	Client C	9.25.2017~	OEM Composite parts	None

VI Financial Situation

I. Condensed Balance Sheets and Composite Statements of Income over the Past 5 Years and state the name of accountants and the audit opinions.

(I) Condensed balance sheets and composite statement of income

Condensed consolidated balance sheet statement -adopted the IFRS reporting standard.

Unit: NT\$1,000

Year		Financial information over the past 5 years (note)				
		2019	2020	2021	2022	2023
Account						
Current assets		5,671,588	7,028,293	8,803,309	11,767,530	8,794,789
Property, plant and equipment		2,197,452	2,607,969	3,099,062	3,789,767	3,316,244
Intangible assets		13,206	7,533	12,539	17,828	15,369
Other assets		386,182	1,172,445	1,116,097	1,242,270	1,318,962
Total assets		8,268,428	10,816,240	13,031,007	16,817,395	13,445,364
Current liabilities	Before distribution	3,163,167	4,949,193	6,473,300	6,838,185	5,269,272
	After distribution	3,474,386	5,314,537	7,201,135	8,072,861	5,489,386
Non-current liabilities		598,271	998,173	905,224	2,242,114	1,654,289
Total liabilities	Before distribution	3,761,438	5,947,366	7,378,524	9,080,299	6,923,561
	After distribution	4,072,657	6,312,710	8,106,359	10,314,975	7,143,675
Equity attributable to shareholders of the parent company		4,102,501	4,460,340	5,157,551	6,996,275	6,187,404
Share capital		1,353,127	1,353,127	1,353,127	1,371,929	1,402,003
Capital reserve	Before distribution	781,236	781,236	781,236	973,927	1,306,584
	After distribution					1,155,256
Retained earnings	Before distribution	2,101,966	2,468,973	3,449,189	4,967,728	3,802,931
	After distribution	1,790,747	2,103,629	2,721,354	3,733,052	3,734,145
Other equities		(133,828)	(142,996)	(167,766)	(89,642)	(123,194)
Treasury stock		-	-	(258,235)	(227,667)	(200,920)
Non-controlling interests		404,489	408,534	494,932	740,821	334,399
Total equities	Before distribution	4,506,990	4,868,874	5,652,483	7,737,096	6,521,803
	After distribution	4,195,771	4,503,530	4,924,648	6,502,420	6,301,689

Note: Statistics of 2019 to 2023 have been reviewed and certified by accountants.

Condensed parent company only balance sheet statement - adopted the IFRS reporting standard

Unit: \$1,000

Account Year		Financial information over the past 5 years (note)				
		2019	2020	2021	2022	2023
Current assets		3,568,811	4,700,832	5,460,117	7,125,294	6,338,179
Property, plant and equipment		728,579	936,049	1,241,819	1,437,913	1,328,645
Intangible assets		8,475	2,492	6,162	12,714	13,165
Other assets		2,200,030	2,485,244	2,470,912	3,252,710	2,763,658
Total assets		6,505,895	8,124,617	9,179,010	11,828,631	10,443,647
Current liabilities	Before distribution	2,152,510	2,968,112	3,326,341	3,233,821	2,890,289
	After distribution	2,463,729	3,333,456	4,054,176	4,468,497	3,110,403
Non-current liabilities		250,884	696,165	695,118	1,598,535	1,365,954
Total liabilities	Before distribution	2,403,394	3,664,277	4,021,459	4,832,356	4,256,243
	After distribution	2,714,613	4,029,621	4,749,294	6,067,031	4,476,357
Equity attributable to shareholders of the parent company		4,102,501	4,460,340	5,157,551	6,996,275	6,187,404
Share capital		1,353,127	1,353,127	1,353,127	1,371,929	1,402,003
Capital reserve	Before distribution	781,236	781,236	781,236	973,927	1,306,584
	After distribution					1,155,256
Retained earnings	Before distribution	2,101,966	2,468,973	3,449,189	4,967,728	3,802,931
	After distribution	1,790,747	2,103,629	2,721,354	3,733,052	3,734,145
Other equities		(133,828)	(142,996)	(167,766)	(89,642)	(123,194)
Treasury stock		-	-	(258,235)	(227,667)	(200,920)
Non-controlling interests						
Total equities	Before distribution	4,102,501	4,460,340	5,157,551	6,996,275	6,187,404
	After distribution	3,791,282	4,094,996	4,429,716	5,761,599	5,967,290

Note: Statistics of 2019 to 2023 have been reviewed and certified by accountants.

(II) Condensed Composite Statements of Income

Condensed Consolidated Composite Statement of Income - Adopted IFRS reporting standard.

Unit: NT\$1,000

Year Account	Financial information over the past 5 years (note)				
	2019	2020	2021	2022	2023
Sales revenue	11,756,861	12,075,353	16,908,024	21,422,785	14,299,849
Gross Profits	1,983,326	2,167,565	3,216,612	4,354,834	2,309,697
Operating income(loss)	952,419	1,139,059	1,946,674	2,828,026	1,127,002
Non-operating income and expenses	(7,185)	(204,496)	(125,101)	416,576	(1,299,967)
Net income before tax	945,234	934,563	1,821,573	3,244,602	(172,965)
Current profit from continuing operations	672,513	713,963	1,451,840	2,500,237	(365,932)
Loss from discontinued operations	-	-	-	-	-
Profit (loss) of current period	672,513	713,963	1,451,840	2,500,237	(365,932)
Other comprehensive income (loss) -net of tax	(62,955)	(11,647)	(26,675)	83,718	(32,642)
Total comprehensive income (loss)	609,558	702,316	1,425,165	2,583,955	(398,574)
Net income attributable to shareholders of the mother company	615,662	680,705	1,347,465	2,240,780	68,969
Net income attributable to non-controlling interest	56,851	33,258	104,375	259,457	(434,901)
Total comprehensive income(loss) attributable to shareholders of the mother company	552,707	669,058	1,320,790	2,324,498	36,327
Total comprehensive income(loss) attributable to non-controlling interest	56,851	33,258	104,375	259,457	(434,901)
Earnings Per Share	4.55	5.03	10.01	16.92	0.50

Note: Statistics of 2019 to 2023 have been reviewed and certified by accountants.

Condensed Parent Company Only Composite Statement of Income - Adopted IFRS reporting standard.

Unit: NT\$1,000

Year Account	Financial information over the past 5 years (note)				
	2019	2020	2021	2022	2023
Sales revenue	9,944,446	10,488,746	14,300,562	17,824,766	11,487,875
Gross Profits	994,316	1,348,728	2,126,470	2,639,379	1,122,438
Operating income(loss)	331,381	678,376	1,332,192	1,673,573	515,137
Non-operating income and expenses	347,057	130,711	244,769	1,046,790	(314,375)
Net income before tax	678,438	809,087	1,576,961	2,720,363	200,762
Current profit from continuing operations	615,662	680,705	1,347,465	2,240,780	68,969
Loss from discontinued operations	-	-	-	-	-
Profit (loss) of current period	615,662	680,705	1,347,465	2,240,780	68,969
Other comprehensive income (loss) -net of tax	(62,955)	(11,647)	(26,675)	83,718	(32,642)
Total comprehensive income (loss)	552,707	669,058	1,320,790	2,324,498	36,327
Net income attributable to shareholders of the mother company	615,662	680,705	1,347,465	2,240,780	68,969
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income(loss) attributable to shareholders of the mother company	552,707	669,058	1,320,790	2,324,498	36,327
Total comprehensive income(loss) attributable to non-controlling interest	-	-	-	-	-
Earnings Per Share	4.55	5.03	10.01	16.92	0.50

Note: Statistics of 2019 to 2023 have been reviewed and certified by accountants.

(III) The name and audit opinion of the certified accountant in the last five years :

Year	Name of Accounting Firm	Name of Certified Accountants	Audit Opinion
2019	PwC Taiwan	Liao, A-Shen Wu, Chien-Chih	Unqualified opinion
2020	PwC Taiwan	Liao, A-Shen Wu, Chien-Chih	Unqualified opinion
2021	PwC Taiwan	Liao, A-Shen Wu, Chien-Chih	Unqualified opinion
2022	PwC Taiwan	Wang, Chun-Kai Wu, Chien-Chih	Unqualified opinion with Other Matters
2023	PwC Taiwan	Wang, Chun-Kai Wu, Chien-Chih	Unqualified opinion with Matter of emphasis and Other matters

II. Financial Analysis for the past 5 years

(I) Financial analysis

Analysis on Consolidated Financial Statistics- Adopted IFRS reporting standard.

Analysis items		Year	Financial analysis for the past 5 years				
			2019	2020	2021	2022	2023
Financial structure	Debt ratio (%)		45	55	57	54	51
	Ratio of long term fund to fixed assets, plants, and equipment (%)		232	225	212	263	247
Solvency	Current ratio (%)		179	142	136	172	167
	Quick ratio (%)		115	93	82	109	118
	Times interest earned		90.47	26.66	62.68	54.08	(0.68)
Operating ability	Receivables turnover rate (times)		4.35	4.15	4.63	4.66	3.53
	Average collection days		84	88	79	78	103
	Inventory turnover rate (times)		4.80	4.65	4.93	4.62	3.61
	Account payable turnover rate (times)		6.72	6.32	6.91	7.89	6.49
	Average days sales in inventory		76	79	74	79	101
	Fixed assets, plant, and equipment turnover rate (times)		5.89	5.03	5.93	6.22	4.02
	Total asset turnover rate (times)		1.48	1.27	1.42	1.44	0.95
Profitability	Return on assets (%)		8.58	7.78	12.37	17.07	(1.88)
	Return on equity (%)		15.42	15.23	27.60	37.35	(5.13)
	Ratio of NIBT to paid-in-capital (%)		69.86	69.07	134.62	236.50	(12.34)
	Net profit margin (%)		5.72	5.91	8.59	11.67	(2.56)
	Earnings per share (dollar)		4.55	5.03	10.01	16.92	0.50
Cash Flow	Cash flow ratio (%)		32.70	27.50	11.60	34.60	59.7
	Cash flow adequacy ratio (%)		91	94	66	65	88
	Cash reinvestment ratio(%)		10.63	14.81	4.84	13.92	18.98
Leverage	Degree of operating leverage		3.35	3.02	2.41	2.18	3.51
	Degree of financial leverage		1.01	1.03	1.02	1.02	1.10

Analysis on the changes in the ratios over the past two years (if the change of increase or decrease does not reach 20%, the analysis can be exempted):

- (1) Change in the Times interest earned: mainly due to reduced profitability affected by subsidiary's disaster.
- (2) Change in Receivable turnover rate: mainly due to the influences of reduced revenue and higher account receivable at the beginning of the period.
- (3) Change in Average collection days: mainly due to the influences of reduced revenues and higher account receivable at the beginning of the period.
- (4) Change in Inventory turnover rate: mainly due to higher inventory level in the beginning of the period.
- (5) Change in Days sales in inventory: mainly due to higher inventory level in the beginning of the period.
- (6) Change in Fixed assets, plant and equipment turnover rate: mainly due to declined revenue affected by inventory de-stocking effect at the client-end.
- (7) Change in Total asset turnover rate: mainly due to declined revenue affected by inventory de-stocking effect at the client-end.
- (8) Change in Return on assets: mainly due to reduced profitability affected by subsidiary's disaster.
- (9) Change in Return on equity: mainly due to reduced profitability affected by subsidiary's disaster.
- (10) Change in Ratio of NIBT to Paid-in-Capital: mainly due to reduced profitability affected by subsidiary's disaster.
- (11) Change in Net profit margin: mainly due to reduced profitability affected by subsidiary's disaster.
- (12) Change in Earnings per share: mainly due to reduced profitability.
- (13) Change in Cash flow ratio: (1) higher accounts receivables at the beginning of the period caused better cash inflows from operating activity than same periods in other years;
(2) Provision for estimated compensation liabilities for disaster losses incurred by subsidiary.
- (14) Change in Cash flow adequacy ratio: mainly due to the cash inflows from 2022 accounts receivables.
- (15) Change in Cash re-investment ratio: mainly was influenced by the expansion of overseas factory.
- (16) Change in Degree of operating leverage: mainly was impacted by declined revenues and reduced profitability.

Note: the financial data of the years listed above have been reviewed and certified by accountants.

Analysis on Parent Company Only Financial Statistics- Adopted IFRS reporting standard.

Analysis items		Year	Financial analysis for the past 5 years				
			2019	2020	2021	2022	2023
Financial structure	Debt ratio (%)		37	45	44	41	41
	Ratio of long term fund to fixed assets, plants, and equipment (%)		598	551	471	598	569
Solvency	Current ratio(%)		166	158	164	220	219
	Quick ratio(%)		141	139	137	188	195
	Times interest earned		359.69	133.64	315.20	223.04	13.13
Operating ability	Receivables turnover rate (times)		4.01	3.98	4.40	4.34	3.03
	Average collection days		91	92	83	84	120
	Inventory turnover rate (times)		17.67	16.61	17.39	16.95	12.42
	Account payable turnover rate (times)		6.30	5.33	6.00	8.11	5.19
	Average days sales in inventory		21	22	21	22	29
	Fixed assets, plant, and equipment turnover rate (times)		15.54	12.60	13.13	13.30	8.30
	Total asset turnover rate (times)		1.56	1.43	1.65	1.70	1.03
Profitability	Return on assets (%)		9.69	9.37	15.62	21.43	0.74
	Return on equity (%)		15.49	15.90	28.02	36.87	1.05
	Ratio of NIBT to paid-in-capital (%)		50.14	59.79	116.54	198.29	14.32
	Net profit margin (%)		6.19	6.49	9.42	12.57	0.60
	Earnings per share (dollar)		4.55	5.03	10.01	16.92	0.50
Cash flow	Cash flow ratio (%)		8.9	37.1	8.3	29.6	77.9
	Cash flow adequacy ratio (%)		72	108	71	62	96
	Cash re-investment ratio(%)		(2.23)	15.51	(1.49)	2.60	12.86
Leverage	Degree of operating leverage		3.45	2.30	1.79	1.76	2.8
	Degree of financial leverage		1.01	1.10	1.00	1.01	1.03

Analysis on the changes in the ratios over the past two years (if the change of increase or decrease does not reach 20%, the analysis can be exempted):

- (1) Change in the Times interest earned: mainly due to reduced profitability affected by subsidiary's disaster.
- (2) Change in Receivable turnover rate: mainly due to the influences of reduced revenues and higher account receivable at the beginning of the period.
- (3) Change in Average collection days: mainly due to the influences of reduced revenue and higher account receivable at the beginning of the period.
- (4) Change in Inventory turnover rate: mainly due to higher inventory level in the beginning of the period.
- (5) Change in Account payable turnover rate: mainly due to the sign of economic downturn, suppliers changed to adopt stricter prepayment clauses.
- (6) Change in Days sales in inventory: mainly due to higher inventory level in the beginning of the period.
- (7) Change in Fixed assets, plant and equipment turnover rate: mainly due to declined revenue affected by inventory de-stocking effect at the client-end.
- (8) Change in Total asset turnover rate: mainly due to declined revenue affected by inventory de-stocking effect at the client-end.
- (9) Change in Return on assets: mainly due to reduced profitability affected by subsidiary's disaster.
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- (11) Change in Ratio of NIBT to Paid-in-Capital: mainly due to reduced profitability affected by subsidiary's disaster.
- (12) Change in Net profit margin: mainly due to reduced profitability affected by subsidiary's disaster.
- (13) Change in Earnings per share: mainly due to reduced profitability.
- (14) Change in Cash flow ratio: (1) Higher accounts receivables at the beginning of the period caused better cash inflows from operating activity than same periods in other years;
(2) Provision for estimated compensation liabilities for disaster losses incurred by subsidiary.
- (15) Change in Cash flow adequacy ratio: mainly due to the cash inflows from 2022 accounts receivables.
- (16) Change in Cash re-investment ratio: mainly was influenced by the expansion of overseas factory.
- (17) Change in Degree of operating leverage: mainly was impacted by declined revenues and reduced profitability.

Note: the financial data of the years listed above have been reviewed and certified by accountants.

Formula to calculate financial ratios

1. Financial structure

- (1) Debt ratio = $\text{Total liabilities} / \text{Total assets}$.
- (2) Ratio of Long term fund to fixed assets, plant, and equipment = $(\text{Total equities} + \text{Non-current liabilities}) / \text{Fixed assets, plant, and equipment - net amount}$.

2. Solvency

- (1) Current ratio = $\text{Current assets} / \text{Current liabilities}$.
- (2) Quick ratio = $(\text{Current assets} - \text{Inventories} - \text{Prepaid expenses}) / \text{Current liabilities}$.
- (3) Times Interest Earned = $\text{Net income before income tax and interest expenses} / \text{Total interest expense of current period}$.

3. Operating ability

- (1) Receivables (including account receivable and note receivables from operating activities) turnover rate = $\text{Net sales} / \text{Average balance of receivables (including account receivables and note receivables from operating activities)}$.
- (2) Average collection days = $365 / \text{Account receivable turnover}$.
- (3) Inventory turnover rate = $\text{Cost of goods sold} / \text{Average inventories}$.
- (4) Account payable turnover rate (including account payable and note payable from operating activities) = $\text{Cost of goods sold} / \text{Average balance of payable (including account payable and note payable from operating activities)}$.
- (5) Average days sales in inventory = $365 / \text{Inventory turnover rate}$.
- (6) Fixed assets, plant, and equipment turnover rate (times) = $\text{Net sales} / \text{Average balance of fixed assets, plant, and equipment - net amount}$.
- (7) Total asset turnover rate = $\text{Net sales} / \text{Average total assets}$.

4. Profitability

- (1) Return on assets = $[\text{Net income after tax} + \text{Interest expense} \times (1 - \text{tax rate})] / \text{Average total asset}$.
- (2) Return on equity = $\text{Net income after tax} / \text{Average shareholders' equity}$.
- (3) Net profit margin = $\text{Net income after tax} / \text{Net sales}$.
- (4) Earnings per share = $(\text{Profit/loss attributable to shareholders' of the parent company} - \text{Preferred dividends}) / \text{Weighted average shares outstanding}$.

5. Cash Flow

- (1) Cash flow ratio = $\text{Cash flow from operations} / \text{Current liabilities}$.
- (2) Net cash flow adequacy ratio = $\text{Cash flow from operations of the most current 5 years} / (\text{Capital expenditures} + \text{Increase in inventory} + \text{cash dividends}) \text{ of the most current 5 years}$.
- (3) Cash re-investment ratio = $(\text{Net cash flow from operation activities} - \text{Cash dividends}) / (\text{Gross amount of fixed assets, plant, and equipment} + \text{Long-term inventories} + \text{Other non-current assets} + \text{Working capital})$.

6. Leverage:

- (1) Degree of operating leverage = $(\text{Net sales revenue} - \text{Variable operating cost and expenses}) / \text{Operating margin}$.
- (2) Degree of financial leverage = $\text{Operating margin} / (\text{Operating margin} - \text{Interest expenses})$.

Advanced International Multitech Co., Ltd.

Review Report of Audit Committee

Attn: Advanced International Multitech Co., Ltd. 2024 General Shareholders' Meeting

The board of directors submitted the Company's 2023 annual Operation Report, parent company only financial statements, consolidated financial statements, and earnings distribution proposal, among which the financial statements were audited and completed with an audit report by the PwC Taiwan, appointed by the Company's board of directors.

In accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee have examined the Company's Operation Report, parent company only financial statements, consolidated financial statements, and earnings distribution proposal, and found them in order.

February 29, 2024

Advanced International Multitech Co., Ltd.

Convener of the Audit Committee: Hung, Li-Jung



- IV. Financial reports of the most current year: please refer to page 159 to page 240 (Attachment 1)
- V. The CPA certified mother company only financial reports of the most current year: please refer to page 241 to page 311(Attachment 2)
- VI. In the most current fiscal year and up until the printing date of this annual report, if the Company and its affiliated companies have financial difficulties, and what's the influences on the Company's financial situation: None.

VII The Review and Analysis of the Company's Financial Situation, Financial Performance, and the related Risks

I. Financial situation

Two-year comparisons on financial situation

Unit: NT\$1,000

Item \ Year	2022	2023	Difference	
			Dollar amount	%
Current assets	11,767,530	8,794,789	(2,972,741)	(25.26)
Fixed asset, plant and equipment	3,789,767	3,316,244	(473,523)	(12.49)
Intangible assets	17,828	15,369	(2,459)	(13.79)
Other assets	1,242,270	1,318,962	76,692	6.17
Total assets	16,817,395	13,445,364	(3,372,031)	(20.05)
Current liabilities	6,838,185	5,269,272	(1,568,913)	(22.94)
Non-current liabilities	2,242,114	1,654,289	(587,825)	(26.22)
Total liabilities	9,080,299	6,923,561	(2,156,738)	(23.75)
Share capital	1,371,929	1,402,003	30,074	2.19
Capital reserve	973,927	1,306,584	332,657	34.16
Retained earnings	4,967,728	3,802,931	(1,164,797)	(23.45)
Other equities	(89,642)	(123,194)	(33,552)	37.43
Treasury stock	(227,667)	(200,920)	26,747	(11.75)
Non-controlling interests	740,821	334,399	(406,422)	(54.86)
Total shareholders' equity	7,737,096	6,521,803	(1,215,293)	(15.71)

(1) Analysis on the % changes of 20% or above and the amount of change reached NT\$10millions over the past 2 years:

1. Decrease in Current asset: mainly to reduced account receivable and inventories compared with last year, and both were due to the decline of sales revenue.
2. Decrease in Total assets: mainly was affected by depreciations & amortizations and the decrease of accounts receivable and inventories compared with last year; and both were due to the decline of sales revenue.
3. Decrease in Current liabilities: mainly due to the decline in production volume, resulting in a decrease in accounts payable, other payables, income tax liabilities, etc. compared with the same period last year, and the estimated liability provisions due to major disasters.
4. Decrease in Non-current liabilities: mainly due to the impact of the reduction of corporate bonds payable resulting from the conversion of corporate bonds into share capital.
5. Decrease in Total liabilities: please refer to the analysis of current liabilities and non-current liabilities.
6. Increase in capital reserve: mainly due to the increase in capital reserves resulting from the conversion of corporate bonds into equity capital.
7. Decrease in Retained earnings: mainly due to the distribution of cash dividends and declined profitability of the year.
8. Decrease in Other equities: mainly due to exchange difference in the translation of financial statements of foreign operating institutions due to changes in exchange rates.
9. Decrease in Non-controlling equities: mainly due to declined profitability resulting from subsidiary's major disaster.

(II) Future plans to meet significant impacts: Nnone.

II. Financial performance

Two-Year Comparison on the Financial Performance

Unit: NT\$1,000

Item \ Year	2022	2023	Amount of Increase (Decrease)	Change ratio
Sales revenue - Net	21,422,785	14,299,849	(7,122,936)	(33.25)
Operating cost	(17,067,951)	(11,990,152)	5,077,799	(29.75)
Gross margin	4,354,834	2,309,697	(2,045,137)	(46.96)
Operating expenses	(1,664,172)	(1,379,407)	284,765	(17.11)
Other income and expenses	137,364	196,712	59,348	43.20
Operating profit	2,828,026	1,127,002	(1,701,024)	(60.15)
Non-operation income & expenditures	416,576	(1,299,967)	(1,716,543)	(412.06)
Net income before tax	3,244,602	(172,965)	(3,417,567)	(105.33)
Tax (Expense) Income	(744,365)	(192,967)	551,398	(74.08)
Total comprehensive income	2,500,237	(365,932)	(2,866,169)	(114.64)

1. Analysis on the % changes of 20% or above over the past 2 years:

- (1) Decrease in Sales revenue: mainly due to client's destocking, resulting in poor order reception and revenue decline.
- (2) Decrease in Operating cost, Gross margin, and Operating profit: mainly due to the decline in output value, resulting in poor dilution of fixed costs and affecting profits.
- (3) Increase in Other income and expenditures: mainly due to customer compensation for disposition of obsolete inventories.
- (4) Decrease in non-operation income & expenditures: mainly due to the reduction in exchange gain and recognition of disaster and compensation loss.
- (5) Decrease in Net income before tax: mainly due to revenue decline and the recognition of disaster and compensation loss.
- (6) Decrease in Tax expense: mainly due to poor profitability.
- (7) Decrease in Total comprehensive income: mainly due to poor profitability.

2. Estimated sales volume in the future year, the basis of the estimation, possible influence to future financial operation, and the countermeasures: please refer to the section of Operation Overview of this annual report and the Letters to Shareholders.

III. Cash flow

(1) Analysis on the changes of cash flows in the most current fiscal year, the plan of improvement on insufficient liquidity, and the analysis on the following year's cash liquidity.

1. Analysis on the changes of cash flows in the most current fiscal year (2023):

Unit: NT\$1,000

Balance of cash in the beginning of the period(1)	Net cash flow from operating activities during the year(2)	Net cash flows of the year(3)	Remaining (Insufficient) cash amount (1)+(2)-(3)	Remedial measures for projected cash shortfalls	
				Investment plan	Financing plan
\$2,291,800	\$3,147,114	\$2,662,124	\$2,776,790	-	-

Analysis on the change of cash flows in 2023:

- (1) Cash inflow of \$3,147,114 thousand from operating activities: Mainly came from Net income after tax, depreciation expenses, and amortization expenses.
- (2) Cash outflow of \$1,343,864 thousand from investing activities: mainly due to the addition of the newly constructed factory and procurement of equipment.
- (3) Cash outflow of \$1,313,516 thousand from financing activities: mainly due to the distribution of cash dividend, and reduction in financing.
- (4) Cash outflow of \$4,744 thousand from the changes of exchange rate: caused by the fluctuation of NTD and RMB exchange rate.

2. Plan of improvement on insufficient liquidity: Not applicable.

3. Analysis on the following year's cash liquidity.

Unit: NT\$1,000

Cash balance in the beginning of the period(1)	Estimated net cash flow from operating activities of the year(2)	Estimated cash outflow of the year(3)	Estimated remaining cash amount (1)+(2)-(3)	Remedial measures for projected cash shortfalls	
				Investment plan	Financing plan
\$2,776,790	\$1,471,703	\$2,269,515	\$1,978,978	-	-

Analysis on the change of cash flow in 2024:

- (1) Operating activity: it is expected to have good operation situation this year, the expected net cash inflow arising from operating activities.
- (2) Investing activity: expected factory construction and machinery and equipment procurement of the year.
- (3) Financing activity: expected to pay off debts and distribute dividends of the year.
- (4) Remedial measure for insufficient cash and the analysis of liquidity: Not applicable.

IV. Significant capital expenditure of the most current fiscal year and the impact to financial operation:

(I) The use status of significant capital expenditure and the source of capital

Unit: NT\$1,000

Projected plan	Actual or expected source of fund	Total fund needed	Actual or expected fund use status		
			2021	2022	2023
Fixed asset, plant and equipment	Self-owned fund and bank financing	2,412,823	925,680	756,580	730,563

(II) Expected possible effects: It is expected to increase production capacity, improve product quality, and reduce production costs.

V. Main reason for the profit or loss of its invested company in the current year, and the improvement plan and investment plan in the future year:

(1) Reinvestment policy:

The main purpose is to cooperate with the development of the industry and construct the upstream and downstream supply chain relationship to grasp the source of purchase, strengthen customer after-sales service and maintain long-term cooperative relationship with customers to facilitate future business development.

(2) Main reasons for profit or loss, and the improvement plan:

The main reason for the decline in 2023 still came from the industrial safety incident encountered by the subsidiary (Launch Tech), including the suspension of work after September 23, coupled with the recognition of one-time losses from this incident, all impacted Launch Technologies and resulted in the losses in 2023.

Looking back at the fundamentals of the industry, when the growth of the golf population after the epidemic continues, the overall golf market demand is still growing steadily, and the high market inventory level since 2023 has gradually eliminated by the end of the same year. Therefore, after the overall product supply and demand recovers and stabilizes, the follow-up business outlook should be in moderate growth.

(III) Investment in the future year:

- On February 20, 2024, the Company's board of directors approved the Company's subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD, to sign an OEM contract to cooperate with the client's long-term supply chain layout. The Company's subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD., will continue to invest in factories and equipment in Vietnam to build and expand golf ball production lines. This is the first step to integrate the group's operating resources.
- In order to further improve the integration of the group's resources and create the best interests of shareholders, employees and customers at the same time, the Company's board of directors approved the signing of a share swap contract with Launch Technologies Co., Ltd. (hereinafter referred to as Launch Tech) on April 15, 2024. After the share swap process is completed, Launch Tech will become a 100%-owned subsidiary of the Company and terminate its listing on the TPEx in accordance with relevant regulations. The tentative base date for the share swap is September 30, 2024.

VI. Risk matter should analyze and evaluate the following issues in the most current fiscal year and up to the printing date of this annual report:

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

1.The impact of interest rate and exchange rate changes on the Company's profit and loss and future countermeasures

Unit: NT\$1,000 ; %

Item	Impact on the Company's profit and loss		Future countermeasures
	Account	2023	
Interest rate	Interest expense	(103,188)	Evaluate bank borrowing rates on a regular basis and keep in touch with banks to obtain more favorable borrowing rates.
Exchange rate	Exchange gain (loss)	28,110	(1) Has established foreign exchange operation strategies and strict control procedures to monitor the change of currency rates. (2) Risk-averse derivative financial product operations, such as pre-sale of foreign exchange, are used to avoid exchange rate risks depending on the changes in the foreign exchange market and the demand for foreign funds.

2.The impact of inflation on the company's profit and loss and future countermeasures

Under the government's policy of stabilizing the order of financial market and maintaining stable consumer prices, the Company's operation and profit and loss of the latest year and up to the date of publication of this annual report have not been affected by inflation. In the future, information on inflation and government price policies will be collected at all times for appropriate response measures.

(II) Policies for engaging in high-risk, high-leverage investments, lending funds to others, making endorsement guarantees, and carrying out derivatives transactions, the main reasons for profit or loss, and future countermeasures

1. The Company does not engage in high risk, high leverage investments.

2. Status of lending funds to others: In March 2024 declared at MPOS information as below

Unit: NT\$1,000

Company that lend loans	Borrower	Account of Transaction	Related Party (Y/N)	High amount of the current period (Note1)	Balance at the end of the period (Note2)	Actual spending amount (Note3)	Range of interest rate	Nature of the loan (Note4)	Business transaction amount	Reasons for the need for short-term financing	Provision for bad debt	Collateral		Loan amount and limit for individual object	Total loan limit
												Name	Value		
Advanced	ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD	Other receivable-related party	Yes	320,000	320,000	0	-	2	0	As working capital	0	-	0	618,740	2,474,961

Note: In accordance with the Company's "Operating Procedures for Lending Funds to Others", the total amount of the Company's funds loaning to others shall not exceed 40% of the Company's net worth stated in the latest financial statement. As for the loan limit for individual objects, it shall not exceed 10% of the Company's net worth stated in the latest financial statement.

Note 1: Is the amount authorized by the board of directors on February 29, 2023.

Note 2: Is the declared balance at the end of the period with the loan amount.

Note 3: Until the printing date of this annual report (April 30, 2024) has used USD10,000 thousand in April, 23, 2024 and the interest rate is 5.259%.

Note 4: The nature of the loan is explained as below: Please enter "1" if there are business contacts, and enter "2", if there is need of short-term financing.

3. In recent years (2023) and as of the publication date of the annual report (April 30, 2024), the Company has not endorsed or guaranteed for others.

4. The Company engages in derivatives transactions in accordance with the regulations of the competent authority and the "Regulations governing the acquisition and disposal of assets" stipulated by the Company. The current derivative financial product transactions are mainly to sign forward foreign exchange trading contracts with financial institutions in response to exchange rate changes, so as to avoid the risk of exchange rate changes. The currency held must be consistent with the Company's actual foreign currency demand for import and export transactions and shall be balanced with the Company's overall internal currency position (referring to foreign currency receipts and payments) is the principle of derivative transactions in order to reduce the Company's overall foreign exchange risk and save cost in foreign exchange operations.

(III) Future R&D plan and the projected investment as R&D expenses

Unit: NT\$1,000

Future R&D Plan	Current progress	Expected R&D expenses invested	Completion and Mass Production	The main factors influencing the success of future R&D
Lightweight and high-rigid top and bottom covers	Ongoing	4,000	2024Q2	Material development, structure design, cost control
Development of high-strength stainless steel and titanium alloy casting materials	Ongoing	3,000	2024Q4	Material development, continuous development, and resources input
Establishment of forging technology and the development of related products	Ongoing	5,000	2024Q4	Equipment, production efficiency, cost
Establishment of Plastic Injection Molding Technology	Ongoing	3,000	2024Q4	Equipment, material development, cost
The recycle of carbon fiber impregnated bulk molding compound	Continuous development testing and verifying	9,000	2024Q2	Equipment, material
Technology Development and Product Application of Biomass Epoxy Resin	Continuous development testing and verifying	3,150	2024Q4	Material design, application capability
Technology development and product application of carbon fiber surface modification	Continuous development testing and verifying	4,000	2024Q4	Material design, application capability
Green environmental protection thermoplastic continuous carbon fiber composite material technology development (TP UD Tech.) and product application	Continuous development testing and verifying	28,000	2024Q2	Material technology, key component design, thermoplastic carbon fiber composites
Plan of thermosetting Towpreg development	Continuous development, testing and verifying	10,000	2024Q2	Material technology development, integration and design of core component, carbon fiber composites' manufacturing technology, automated smart manufacturing
RHCM technology development	Ongoing	6,000	2024Q4	Equipment investment, cost control, production efficiency
TFP technology development	Ongoing	2,000	2024Q4	Equipment investment, cost control, production efficiency
Hybrid molding technology development	Ongoing	1,000	2024Q4	Equipment investment, cost control, production efficiency
High pressure multi-phase resin transfer molding for wheel rim	Ongoing	25,000	2024Q3	Equipment, production efficiency, cost
Structural design and molding technology of integrated carbon fiber rim	Ongoing	20,000	2025Q1	New design, equipment investment, cost control, production efficiency
Tailor-made fiber lamination by additive manufacturing method	Ongoing	6,000	2026Q1	New design, equipment investment, cost control, production efficiency

Future R&D Plan	Current progress	Expected R&D expenses invested	Completion and Mass Production	The main factors influencing the success of future R&D
AI intelligent automatic polishing equipment	Ongoing	40,000	2025Q1	New design, equipment investment, cost control, production efficiency
Development of high-reflection process for Surlyn thin chromatic ball shells	The injection process is completed and the rubber core material is being developed.	2,500	2024Q1	Molds, production efficiency, market demand, application planning
Formula development to improve the durability of golf ball's rubber cores	Formula of rubber core has been developed, and is now tested for mass production	200	2024Q1	Market demand and application planning
Development of local suppliers for golf ball's high resistance TPU materials	Materials of TPU cover formula has been developed, and is now testing for mass production	500	2024Q1	Cost and market demand
Development of mass production machine for large-area golf ball appearance printing patterns	Machine is under testing & verification	9,000	2024Q2	Equipment, production efficiency, cost
Development of low friction coefficient coating for injection mold cores	Ongoing	1,000	2024Q3	Material development, continuous work with R&D units and resources inject
High performance polyurethane PU coating	Coating formula's material development is completed, and now is testing for mass production	300	2024Q4	Equipment, production efficiency, cost, market demand, and application planning
Integrated mass production development of hot runner mold and hot runner temperature control system	Ongoing developing, testing and verifying	3,000	2024Q4	Equipment, production efficiency, cost
Multi-cavity Surlyn mold base balance simulation assisted design and development	Planning and developing the simulation application software	500	2025Q1	Mold, production efficiency, cost
Development of environmentally friendly core materials	Application planning and development of re-glue materials	600	2025Q2	Material development, production efficiency, cost
Development of materials to increase mold core life by 20%, and its application into mass production	Through industry-academia cooperation, new materials are introduced and used to extend the service life of the mold core by strengthening the coating.	800	2025Q3	Mold material development, production efficiency, cost

(IV) The impact of major policy and legal changes at home and abroad on the Company's financial operation and the countermeasures:

The Company always pays attention to important policy and legal changes at home and abroad, evaluates its impact on the Company, and takes appropriate countermeasures. As of the publication date of the annual report, the Company and its subsidiaries have not been affected by major domestic and foreign policy and legal changes that affect financial operation.

(V) The impact of technological changes (including information security risks) and industrial changes on the company's financial operation and the countermeasures:

The Company always pays attention to the changes in technology related to the industry in which it is located and evaluates its impact on the Company's operations. In addition, the Company also formulates information security policies (please refer to Information Security Management on page 131 to page 132 of this annual report).

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

The subsidiary Launch Technologies suffered a major industrial safety incident on September 22, 2023, which resulted in casualties of employees, firefighters and other external personnel, as well as damage to some factories and equipment. Subsequently, Advanced Technologies was also punished with suspension of work by the competent authority. In response to this incident, Advanced International and its subsidiary, Launch Technologies, both adhered to the concepts of integrity, law-abiding and social responsibility, and handled the matter in a responsible manner, including holding three press conferences to explain the incident, expected handling method, and the actual progress of the implementation on September 24, September 26, and October 15, 2023 respectively, and to organizing a team of lawyers to reconcile all those who suffered losses from the disaster and neighboring factories, and establishing a trust fund dedicated to compensation for this incident. Regarding the livelihood protection of all employees, Launch Technologies guarantees salary payment until December 31st, regardless of whether they are leaving or not, even if the operations of factories are still suspended. Regarding the rights and interests of investors, Launch Technologies actively carries out insurance claims settlement work with insurance companies, hoping to minimize the financial losses caused to the company through the reimbursement of the insurance.

(VII) Expected benefits, possible risks and countermeasures of mergers and acquisitions: Not applicable.

On April 15, 2024, the Company's board of directors signed a share swap contract with Launch Technologies Co., Ltd. (hereinafter referred to as Launch Tech) to acquire 100% of Launch Tech's equity. Upon the completion of the share swap process, Launch Tech will become a 100% owned subsidiary of the Company.

Launch Tech needs to invest huge resources in resumption of work and reconstruction and faces major difficulties and challenges. In order to meet market and customer expectations in a timely manner and take into account the rights and interests of shareholders and employees, it urgently needs the resources of the group. Therefore, based on the concept of maximizing corporate value, it is expected that through this share swap project, the group's resources will be integrated from the aspects of product sales, production capacity utilization, customer service and human resources. The use of resources will be more efficient and more competitive, both operational advantages will be increased, and the

overall group performance will be promoted. We believe it can create the most benefits to shareholders, employees and customers.

(VIII) Expected benefits, possible risks and countermeasures of plant expansion:

1. Factory expansion of the Company's subsidiary, ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD.:

- (1) On November 06, 2020, the resolution regarding the procurement of two pieces of land for business use and the building of new factory were approved by the board of directors: one of the lands that measured 16,250.6 M² was started construction in June, 2021. However, the construction was suspended temporary during the epidemic period and postponed until November at the same year to resume the work. At present, the factory has started mass production in the 3rd quarter 2023.
- (2) On February 20, 2024, the resolution regarding to construct Factory III at the existing factory site was approved by the board of directors; the construction is expected to be completed in the 2nd quarter of 2024.

The above capacity expansion plans are strategic planning to adjust production base in order to meet with demands from different customers, and meanwhile, are carried out to disperse risks, reduce geopolitical influences, as well as to satisfy future order demands, which are able to help revenue growth and increase profits. There are no major risks.

2. The factory expansion of the Company are all carried out in accordance with the Company's "Regulations governing the acquisition and disposal of assets", and were cautiously reviewed and evaluated by dedicated units with the considerations of investment benefits and possible risks.

(IX) Risks and Countermeasures of concentrated Purchase or Sales:

1. Purchase: The Company's main raw materials are titanium, stainless steel ingots, carbon fiber, rubber, ionized resin, etc., with sufficient supply sources, many manufacturers to choose from, and productions both in Taiwan and abroad. In addition, we maintain good cooperative relations with various suppliers to ensure stable source of supply.
2. Sales: The Company's main products are golf clubs, composite material products, golf balls, etc. We are a professional OEM manufacturer in the market with flexible advantages in technology, quality and price. In addition, we have a large number of customers from different areas; important customers locate in US, Japan, EU, etc... °

(X) Impact of a large amount of share transfer or replacement by the Company's director, supervisor, or shareholders that holding more than 10% of the Company's share on the Company, the risk, and the countermeasures:

In 2023 and as of the date of publication of the annual report, the directors of the Company or major shareholders holding more than 10% of the shares did not have a large amount of equity transfer.

(XI) The impact, risks and countermeasures of the change of management rights on the Company: Not applicable.

(XII) Major litigious, non-litigious or administrative disputes, regardless of being concluded by means of a final and un-appealable judgment or is still under the litigation process, that involves the Company and/or the Company's director, supervisor, the CEO, any person with actual responsibility for the Company, any major shareholder holding a stake of greater than 10 percent, and a subordinate company, and is possibly materially affect shareholders' equity or the prices of the Company's securities:

1. Risk matter:

Launch Technologies Co., Ltd. (hereinafter referred to as Launch Tech), a subsidiary of the Company, suffered a fire incident on September 22, 2023 (hereinafter referred to as the "922 Fire Incident") that caused many casualties and involved violations of the Occupational Safety and Health Act, criminal responsibilities of causing death due to negligent and causing body harm due to negligence. Taiwan Pingtung Prosecutors Office indicted Launch Tech, and 7 people from Launch Tech, including the Chairman Liu, An-Hao (also the current director of the board in the Company), as criminal defendant. The seven people were prosecuted on January 26, 2024, and currently the case is transferred to the Criminal Court of the Taiwan Pingtung District Court.

2. Responding manner:

Regarding the "922 Fire Incident", the Company's subsidiary Launch Tech and director Liu An-hui are currently trying their best to reconcile with the relevant employees and firefighters who were killed or injured in the civil responsibilities; in the criminal responsibilities, although they have been prosecuted by prosecutors and listed as criminal defendants, they will fully cooperate with the investigation and trial process of the Pingtung District Court to clarify the cause of the fire and the attribution of relevant responsibilities. In summary, criminal proceedings against the subsidiary and director will not have a significant impact on the Company's shareholders' equity or stock prices.

(XIII) Other significant risk and the countermeasures: None.

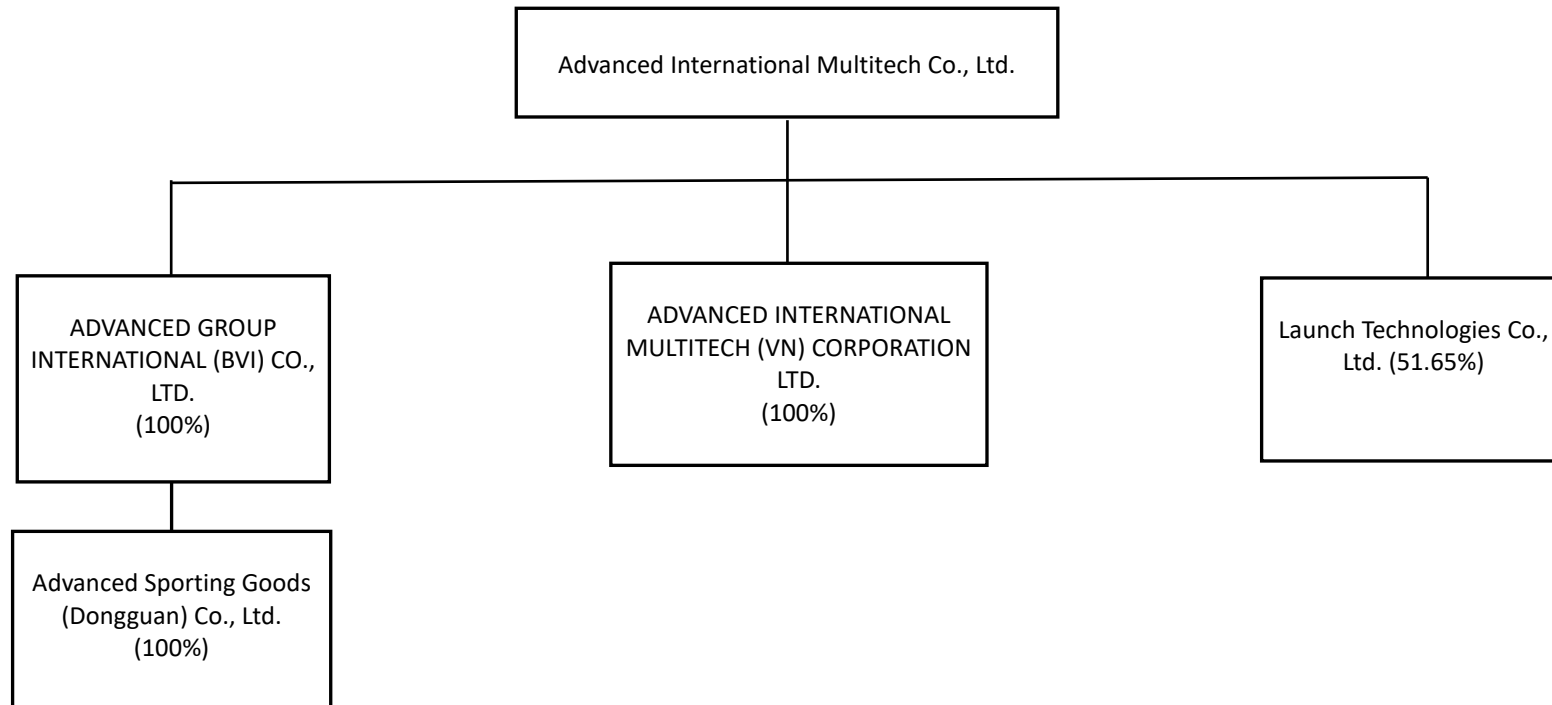
VII. Other important issues: None.

VIII Special Notes

I. Relation information of Affiliated Companies:

(I) Organization Overview of Affiliated Companies

1. Organization chart of affiliated companies



1. Company that is concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act: No such situation.
2. Companies directly controlled by the Company in terms of personnel, finance, or business operations in accordance with Article 369-2, Paragraph 2 of the Company Act: No such situation.

(II) Information on affiliated companies

Enterprise Name	Date of Establishment	Address	Paid-in-Capital (Note1)	Main business or production item
ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	1998.08.27	1st, Floor, Lake Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	NT\$149,434 thousand	Make investment in other region.
ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD.	2005.01.01	KCN Nhon Trach 3, H.NhonTrac, Dong Nai, Vietnam (Taiwan Business Division)	NT\$447,331 thousand	Engage in the production and sales of various golf heads, clubs, and club sets.
Launch Technologies Co., Ltd. (Note 2)	2006.7.28	No. 28, Jingjian Rd., Chienchin Village, Pingtung City, Pingtung County, Taiwan R.O.C.	NT\$552,200 thousand	Engage in the manufacturing of sporting goods and other plastic products, and international trade, etc.
Advanced Sporting Goods (Dongguan) Co., Ltd. (Note 2)	1998.11.16	Longyan Industrial Dist., Humen, Dongguan, Mainland China	NT\$149,446 thousand	Engage in the production and import/export of carbon fiber prepreg materials and sporting goods.

Note 1: If the affiliated enterprise is a foreign company, the capital is listed in NT dollars based on historical exchange rates.

Note 2: The company has a factory in the local area, and the name, date of establishment, address and main production items of the factory are the same as the name, date of establishment, address and main business production items of the company.

(III) Having the same shareholders in the controlling and affiliated company defined in the Company Act: none.

(IV) Industries involved by the overall affiliated companies

- 1.The business of the Company and its affiliated companies mainly includes sports equipment manufacturing and import and export trade, as well as the production, sales and import and export of carbon fiber prepreg materials, man-made fibers, glass products and sporting goods.
- 2.The Company is mainly engaged in the manufacturing, processing and sales of carbon fiber prepreg materials, carbon fiber golf clubs, club heads, bicycle front forks and frames.

As of December 31, 2023, the transaction with related companies is explained as follows:

The Company is a labor-intensive industry. In view of the fact that domestic labor costs are increasing year by year, in order to reduce production costs, after the Company receives the order, in accordance with the planning of production capacity and production process, some of the raw materials are sold by the company to Advanced Sporting Goods (Dongguan) Co., Ltd. or raw materials or semi-finished products are purchased on behalf of the Company and sold to Advanced Sporting Goods (Dongguan) Co., Ltd. for the company to produce carbon fiber prepreg materials and related sports products, and the finished products are sold to the Company to save production costs and improve the competitiveness of the Company's products.

(V) Information on directors, supervisors and general managers of affiliated companies

Unit: NT\$1,000 / shares / %

Name of Enterprise	Job Title	Name or Representative	Shareholding (Note2)(Note3)	
	(Note 1)		Shares/Contribution	Shareholding/Funding ratio
ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	Director	Advanced International Multitech Co., Ltd. (Representative: Cheng, Hsi-Chien)	4,584,815shares	100%
ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD.	Chairman	Advanced International Multitech Co., Ltd. (Representative: Cheng, Hsi-Chien)	14,000,000shares	100%
	Director	Advanced International Multitech Co., Ltd. (Representative: Cheng, Hsi-Kun)		
	Director	Advanced International Multitech Co., Ltd. (Representative: Chou, I-Nan)		
	Director	Advanced International Multitech Co., Ltd. (Representative: Liu, An-Hao)		
	General Manager	Chen, Feng-Yao		
Launch Technologies Co., Ltd.	Chairman	Advanced International Multitech Co., Ltd. (Representative: Cheng, Hsi-Chien)	28,518,424shares	51.65%
	Representative of Corporate Director	Advanced International Multitech Co., Ltd. (Representative: Liu, An-Hao)	28,518,424shares	51.65%
	Representative of Corporate Director	Advanced International Multitech Co., Ltd. (Representative: Lu, Ying-Cheng)	28,518,424shares	51.65%
	Representative of Corporate Director	Advanced International Multitech Co., Ltd. (Representative: Cheng, Shao-Ting)	28,518,424shares	51.65%
	Representative of Corporate Director	Fu Zhi Investment Development Co., Ltd. (Representative: Lin, Jui-Chang)	3,734,752shares	6.76%
	Representative of Corporate Director	Frankson Rubber Corporation (Representative: Wang, Cheng-I)	963,115shares	1.74%
	Independent Director	Hsieh, Kuo-Huang	—	—
	Independent Director	Lin, I-Lang	90,000	0.16%
	Independent Director	Wei, Chia-Min	—	—
	CEO	Chou, I-Nan	-	-
Advanced Sporting Goods (Dongguan) Co., Ltd.	Chairman	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD. (Representative: Cheng, Hsi-Chien)	\$149,446 thousand	100%
	Director	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD. (Representative: Chou, I-Nan)		
	Director	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD. (Representative: Wang, Chih-Wen)		
	General Manager	Cheng, Feng-Yao	-	-

Note 1: If the affiliated company is a foreign enterprise, the position of the same rank is presented.

Note 2: If the invested company is a limited company, number of shares and the shareholding percentage is filled; for all others, the contribution amount and ratio of contribution is filled.

Note 3: If the affiliated company is a foreign enterprise, the contribution is presented in NT dollars based on historical exchange rate.

(VI) Operation overview of Affiliated Companies

Financial situation and operation resulting of all affiliated companies:

Unit: NT\$1,000

Name of Enterprise	Capital amount (Note 1)	Total asset (Note 2)	Total liabilities (Note2)	Net worth	Sales revenue (Note 2)	Operation Profit (Note2)	Profit/Loss (After tax)(Note2)	EPS (loss)(dollar)(after tax) (Note 2)
ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	149,434	1,115,408	-	1,115,408	-	-	130,201	Note 3
ADVANCED INTERNATIONAL MULTITECH (VIETNAM) CORPORATION LTD.	447,331	2,607,162	1,938,367	668,795	3,394,024	41,484	(17,136)	Note 3
Launch Technologies Co., Ltd.	552,200	2,002,924	1,329,283	673,641	2,811,974	381,765	(930,148)	(17.40)
Advanced Sporting Goods (Dongguan) Co., Ltd.	149,446	3,075,901	1,960,512	1,115,389	5,903,988	183,763	130,201	Note 3

Note 1: If the affiliated enterprise is a foreign company, its capital is presented in NT dollars based on historical exchange rates.

Note 2: If the affiliated company is a foreign company, its total assets and total liabilities are presented in NT dollars at the exchange rate on the reporting date; its operating income, operating profit, and current profit and loss are presented in NT dollars at the annual average exchange rate for the current year.

Note 3: Not applicable, the company does not issue shares.

Declaration

Affiliated companies of the Company that should be included in the preparation of the 2023 (from January 1, 2023 to December 31, 2023) consolidated financial statements of affiliated companies in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same with the affiliated companies that should be included in the preparation of the consolidated financial statement of the parent and subsidiary companies in accordance with IFRS No.10. And the relevant information that should be disclosed in the consolidated financial statements of the affiliated enterprises has been disclosed in the consolidated financial statements of the parent and subsidiary companies as disclosed above; consequently the consolidated financial statements of the affiliated enterprises will not be prepared separately.

Company Name: Advanced International Multitech Co., Ltd.

Person in Charge: Cheng, Hsi-Chien



Date: February 29, 2024

(VIII) Affiliation report: The Company is not an affiliated company, so there is no need to compile affiliation report.

II. The handling of privately placed securities in the most recent year and as of the publication date of the annual report: None.

III. In the most recent year and as of the publication date of the annual report, the holding or disposal of the Company's stocks by subsidiaries: None.

IV. Other necessary supplementary explanations: None.

IX In the most recent year and up to the date of publication of the annual report, whether there is any event that has a significant impact on shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

- (I) The company has convened press conference on material information in September 24, 2023, to explain the subsidiaries (Launch Tech) 922 Fire Incident, all of information has revealed at MOPS, please reference this book page 53 and page 153.
- (II) The company has convened press conference on material information in April 15, 2024, to explain the company will increase the capital for issuance of new shares to exchange with subsidiaries shares (Launch Tech), all of information has revealed at MOPS, please reference this book page 103 and page 152.

[Attachment 1] 2023 and 2022 Consolidated Financial Report of Advanced International Multitech Co., Ltd. and its Subsidiaries and Certifying Accountant's Audit Report

Advanced International Multitech Co., Ltd.

Letter of Representation for Consolidated Financial Statements

For the year 2023 (from January 1 to December 31, 2023), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Therefore, consolidated financial statements of affiliated enterprises will not be prepared.

Represented by

Company Name: Advanced International Multitech Co., Ltd.

Responsible Person: Hsi-Chien Cheng

February 29, 2024

Independent Auditor's Report

To Advanced International Multitech Co., Ltd.

Auditor's Opinions

Advanced International Multitech Co., Ltd. and Subsidiaries' ("the Group" hereinafter) consolidated balance sheets ended December 31, 2023 and 2022, consolidated statements of comprehensive income, the consolidated statements of changes in equity, consolidated statements of cash flows from January 1 to December 31, 2023 and 2022, and the notes to the consolidated financial statements (including the summary of significant accounting policies) have been reviewed by the auditor.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Advanced International Multitech Co., Ltd. as of December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022 are presented in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRICs Interpretations, and SIC Interpretations endorsed and effected by the Financial Supervisory Commission.

Basis for Audit Opinion

We are entrusted to execute the audit works in accordance with the "Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We have stayed independent from Advanced Group as required by the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Code. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Emphasis of a Matter

As stated in Note X to the consolidated financial statements, subsidiary Launch Technologies Co., Ltd. (hereinafter referred to as "Launch Tech") incurred a major fire incident on Sept. 22, 2023, which damaged all or most of the company's factory buildings, equipment, inventories, and accounting documents, caused property loss to several factories nearby, residential houses, and other units, and brought about severe casualties to both internal and external personnel. Launch Tech has already recognized a disaster loss of NT\$1,329,360 thousand dollars. Launch Tech is currently in the process of applying for relevant insurance claims, and the insurance claim income has not yet been estimated and recorded. The accountants have not revised the audit opinion accordingly.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements of Advanced Group. Such matters have been dealt with in the course of auditing and compiling the consolidated financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually. Audit Matters for the consolidated financial statements of Advanced Group for 2023 are stated as follows:

Assessment of Compensation for Losses from Major Disaster

Descriptions

Please refer to Note IV(XXVI) to the financial statements for accounting policies regarding provisions; please refer to Note V to the financial statements for uncertainties of accounting estimates and assumptions regarding the compensation for losses in relation to the major disaster. For a description of major disaster losses, please refer to Note X to the financial statements.

Since the assessment of the compensation of losses with regard to the property damage and casualties in Launch Tech major disaster involves management's judgment on the scope and amount of compensation and is highly uncertain, the accountants identified the completeness and accuracy of the assessment of the loss compensation for the aforementioned major disaster as one of the most important matters for this year's audit.

Audit Procedures

The procedures we have performed on the afore-mentioned key audit matter are summarized as follows:

1. In order to assess the completeness of the scope of the loss compensation, we obtained the management's loss compensation loss assessment lists and compared such with related medical records, casualty lists, compensation documents for various financial losses, as well as the letter of confirmation from the appointed lawyers.
2. To understand the basis for loss compensation assessments and estimates and evaluate the reasonableness. For cases that have reached settlement agreements, we checked relevant settlement documents and payment records on a random basis; for cases that have not reached a settlement agreement, we checked the supporting documents in relation to the basis of assessments on a random basis, and reviewed similar settled cases and lawyers' replies to evaluate the accuracy of the relevant loss compensation estimates.

Assessment of Impairment of Accounts Receivable

Descriptions

Please refer to Note IV(X) and (XI) to the consolidated financial statements for accounting policies regarding accounts receivables and impairment assessment; please refer to Note V(II) to the consolidated financial statements for uncertainties of accounting estimates and assumptions regarding accounts receivables; and please refer to Note VI(IV) to the consolidated financial statements for net accounts receivables.

In measuring the expected credit losses, Advanced Group must use its judgment to identify the factors that affect the future recoverability of the accounts receivable, and consider the time value of money, the information that is reasonable and available to prove the forecast of future economic conditions, and the supporting documents obtained by the management. Therefore, we identified the evaluation of impairment for accounts receivables as a key audit matter for Advanced Group.

Audit Procedures

The procedures we have performed on the afore-mentioned key audit matter are summarized as follows:

1. Based on our understanding of Advanced Group's operation and its sales counterparty, we have determined the reasonableness of the policy and procedures regarding provision of loss allowance for accounts receivables, including the objective evidence that determine the loss rate, e.g. characters of customers, assessment of past payment collection experience, and future economic conditions. We have also compared whether the policy for provision of loss allowance for accounts receivables is consistent throughout the reporting period.
2. We have assessed the reasonableness of the supporting documents based on the expected loss rates for different days past due as provided by the management.
3. We have also verified the correctness of the aging of accounts receivables in order to ensure the agreement of the financial information with its policy.
4. We have also tested the recovery of accounts receivables after the audit period so as to evaluate the possibility of recovery.

Inventory Valuation

Descriptions

Refer to Note IV(XIII) to the consolidated financial statements for accounting policies regarding inventory valuation; Note V(II) for uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note VI(V) for details of inventory accounting subjects.

The main business of Advanced Group is to undertake the production of consumer products for the world's major brands. The inventory of such products, owing to rapid changes in technology and a high degree of customization, possesses higher risk of Inventory valuation loss or obsolescence. Advanced Group measures the value of inventory through the employment of an item by item approach which recognizes the value at the lower of cost and net realizable value. Advance Group also evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Since the assessment process may involve the management's judgment based on the relevant supporting documents obtained, which is an area to be determined in an audit, we have identified the inventory valuation as the key audit matter for Advanced Group.

Audit Procedures

The procedures we have performed on the afore-mentioned key audit matter are summarized as follows:

1. We have compared whether the policy for provision of allowance of inventory valuation

loss is consistent throughout the reporting period and assessed the reasonableness of its provision policy.

2. We have examined the inventory management process, reviewed the annual inventory plan and participated in annual inventory counts in order to assess the effectiveness of management's judgment and control of obsolete inventory.
3. We have sampled and tested the net realizable value of individual inventory item to assess the reasonableness of the allowance to reduce inventory to market.

Impairment assessment of real estate, plant and equipment and right-of-use assets

Description

Please refer to Note IV(XVIII) to the financial statements for accounting policies regarding the impairment loss of non-financial assets; please refer to Note V to the financial statements for uncertainties of accounting estimates and assumptions regarding the assessment of impairment loss of real estate, plant and equipment, as well as the right-of use assets.

The Plant II of Launch Tech was affected by the disaster, and its real estate, plants and equipment and right-of-use assets showed signs of impairment. While assessing such assets' recoverable amounts, various factors, including the discount rates, expected growth rates, and future financial forecasts, were made by the management and are prone to subjective judgment and uncertainty, which may result in a significant impact on the assessment results of the recoverable amount. Therefore, the accountants identified the impairment assessment of the real estate, plant, equipment, and right-of-use assets of Launch Tech's Plant II as one of the most important matters in this year's audit.

Audit Procedures

The main response procedures performed by the accountants for the above key audit event are to obtain management's documentation of asset impairment assessment and to evaluate the key assumptions used by management to estimate future cash flows, including historical results and expected work resumption progress to evaluate the reasonableness of the estimated changes of the sales, gross profit, and expenses; and we reviewed the reasonableness of parameters of the discount rate used, including the risk-free rate of return on equity capital costs, the risk coefficient of the industry, and the rate of return on similar assets in the market.

Other Matters – reference to other accountants' audits

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The total investment amount of those aforementioned companies accounted for under equity method amounted to NT\$19,348 thousand and NT\$15,568 thousand, representing 0.14% and 0.09% of total consolidated assets as of 31 December 2023 and 2022 respectively. The total operating revenues(losses) of those aforementioned companies accounted for under equity method amounted to NT\$1,218 thousand and NT\$(32) thousand, representing (0.31)% and 0% of total consolidated assets for the period from January 1 to December 31, 2023 and 2022 respectively.

Other Matters - parent company only financial statements

Advanced International Multitech Co., Ltd. has also compiled parent company only financial statements for 2023 and 2022, and issued an unqualified audit opinion with emphasis of a matter and an unqualified audit opinion with other matter reports respectively from our CPA for reference.

Responsibility of the management and the governing body for the consolidated financial statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the consolidated financial statements, the responsibility of management includes assessing Advanced Group's ability to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate Advanced Group or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

The governing bodies of Advanced Group (including Audit Committee) have the responsibility to oversee the financial reporting process.

The Accountants' Responsibility in Auditing the Consolidated Financial Statements

The purpose of our audit is to provide reasonable assurance that the consolidated financial statements as a whole contains no material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. "Reasonable assurance" refers to a high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Generally Accepted Auditing Standards in the Republic of China does not guarantee that a material misstatement(s) in the consolidated financial statements will be detected. There may still be material misstatements due to fraud or errors, which are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users of the consolidated financial statements.

We have exercised professional judgment and maintained professional skepticism while abiding by the Generally Accepted Auditing Standards in the Republic of China in our audit.

The following tasks have also been performed:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal

- controls of Advanced Group.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
 4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Advanced Group to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the consolidated financial statements in our audit report of the relevant disclosures therein, or to amend our audit opinion in the event that any inappropriate disclosure was found. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Advanced Group to cease to continue as a going concern.
 5. Evaluate the overall expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly present relevant transactions and items.
 6. Acquired sufficient and appropriate audit evidence regarding the financial information of entities within Advanced Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of auditing the Group, and for formation of an audit opinion.

Communications between us and the company's governing body take account of the scope and timing of the planned audit and significant audit findings, including any significant deficiencies in the internal controls during the audit process.

We have also provided the governing body with our statement of independence in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and communicated with the governing body all relationships and other matters that may be deemed to have an influence on our independence (including safeguard measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the 2023 consolidated financial statements of Advanced Group. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

PwC Taiwan

Chun-Kai Wang

CPA:

Chien-Chih Wu

Financial Supervisory Commission, R.O.C. (Taiwan)

Approval No.: Jin Guan Zheng Shen Zi No. 1110349013

Jin Guan Zheng Shen Zi No. 1030027246

February 29, 2024

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT\$1,000

Assets		Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 2,776,790	21	\$ 2,291,800	14
1110	Financial assets at fair value through profit or loss- current	VI(II)	80	-	10,037	-
1136	Financial assets at amortized cost-current	VI (III) and VIII	344,881	2	23,788	-
1150	Notes receivable-net	VI(IV)	5,994	-	5,983	-
1170	Account receivable-net	V and VI(IV)	3,040,477	23	5,043,280	30
1200	Other receivables		12,336	-	48,440	-
1220	Income tax assets-current period		851	-	-	-
130X	Inventories	V and VI(V)	2,443,246	18	4,106,782	25
1410	Prepayments	VI(VII)	142,841	1	216,928	1
1470	Other current assets		27,293	-	20,492	-
11XX	Total current assets		8,794,789	65	11,767,530	70
Non-current assets						
1510	Financial assets at fair value through profit or loss-non-current	VI(II)	27,876	-	19,448	-
1517	Financial assets at fair value through other comprehensive income-non-current	VI(VI)	3,666	-	55	-
1535	Financial assets at amortized cost-non-current	VI(III) and VIII	6,947	-	5,630	-
1550	Investment accounted for using the equity method	VI(VIII) and VII	28,254	-	34,344	-
1600	Property, plant, and equipment	VI(IX), VII and VIII	3,316,244	25	3,789,767	23
1755	Right-of-use assets	VI(X)	766,646	6	846,828	5
1780	Intangible assets	VI(XI)	15,369	-	17,828	-
1840	Deferred income tax assets	VI(XXXI)	89,010	1	89,642	1
1915	Prepayments for business facilities		289,608	2	67,754	-
1990	Other non-current assets-others	VIII	106,955	1	178,569	1
15XX	Total non-current assets		4,650,575	35	5,049,865	30
1XXX	Total assets		\$ 13,445,364	100	\$ 16,817,395	100

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Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT\$1,000

Liabilities and equities		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI(XII) and VIII	\$ 1,595,474	12	\$ 1,515,967	9
2120	Financial liabilities at fair value through profit or loss-current	VI(II)	-	-	417	-
2150	Notes payable		675	-	1,622	-
2170	Accounts payable	VII	1,462,001	11	2,230,307	13
2200	Other payable	VI(XIII) and VII	1,434,985	11	2,246,177	13
2230	Income tax liabilities		247,582	2	650,310	4
2250	Provisions-current	VI (XVIII)	273,680	2	-	-
2280	Lease liabilities-current		41,475	-	61,870	1
2320	Long term liabilities due in 1 year or 1 business cycle	VI (XVI) and VIII	149,265	1	29,512	-
2399	Other current liabilities-others	VI(XIV)(XXIII)(XXVI)	64,135	-	102,003	1
21XX	Total current liabilities		<u>5,269,272</u>	<u>39</u>	<u>6,838,185</u>	<u>41</u>
Non-current liabilities						
2530	Bonds payable	VI(XV)	779,694	6	1,286,647	8
2540	Long-term loans	VI(XVI) and VIII	33,676	-	78,221	1
2570	Deferred income tax liabilities	VI(XXXI)	267,100	2	243,594	1
2580	Lease liabilities-non-current		532,592	4	567,788	3
2630	Long-term deferred income	VI(XVI)	114	-	456	-
2640	Net defined benefit liabilities-non-current	VI(XVII)	40,552	-	64,719	-
2670	Other non-current liabilities-other		561	-	689	-
25XX	Total non-current liabilities		<u>1,654,289</u>	<u>12</u>	<u>2,242,114</u>	<u>13</u>
2XXX	Total liabilities		<u>6,923,561</u>	<u>51</u>	<u>9,080,299</u>	<u>54</u>
Equities						
Equity attributable to shareholders of the parent company						
	Share capital	VI(XX)				
3110	Capital of common shares		1,402,003	10	1,371,929	8
	Capital surplus	VI(XXI)				
3200	Capital surplus		1,306,584	9	973,927	6
	Retained earnings	VI(XXII)				
3310	Legal reserve		1,288,551	10	1,063,914	6
3320	Special reserve		89,643	1	167,767	1
3350	Undistributed earnings		2,424,737	18	3,736,047	22
	Other equities					
3400	Other equities		(123,194)	(1)	(89,642)	-
3500	Treasury stock	VI(XIX)(XX)	(200,920)	(1)	(227,667)	(1)
31XX	Total equity attributable to shareholders of the parent company		<u>6,187,404</u>	<u>46</u>	<u>6,996,275</u>	<u>42</u>
36XX	Non-controlling interests	IV(III)	<u>334,399</u>	<u>3</u>	<u>740,821</u>	<u>4</u>
3XXX	Total equities		<u>6,521,803</u>	<u>49</u>	<u>7,737,096</u>	<u>46</u>
	Significant contingent liabilities and unrecognized contractual commitments	IX				
	Significant disaster loss	X				
	Significant subsequent event	XI				
3X2X	Total liabilities and equities		\$ 13,445,364	100	\$ 16,817,395	100

The accompanying notes to the Consolidated financial statements are an integral part of the consolidated financial. Please refer to them as well.

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

(Except for Earnings Per Share Presented in NT\$1)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Sales revenue	VI(XXIII)&VII	\$ 14,299,849	100	\$ 21,422,785	100
5000 Cost of goods sold	VI(V)(XI) (XXIX)(XXX) & VII	(11,990,152)	(84)	(17,067,951)	(80)
5900 Gross Profits		<u>2,309,697</u>	<u>16</u>	<u>4,354,834</u>	<u>20</u>
Operating expenses	VI(XI), (XXIX) (XXX) and VII				
6100 Sales and marketing expens		(190,992)	(2)	(291,829)	(1)
6200 Administrative expenses		(604,412)	(4)	(613,757)	(3)
6300 Research and development expenses		(586,117)	(4)	(756,715)	(4)
6450 Expected credit impairment gain (loss)	XII(II)	<u>2,114</u>	<u>-</u>	(1,871)	-
6000 Total operating expenses		(1,379,407)	(10)	(1,664,172)	(8)
6500 Other income and expenses -net	VI(XXIV)	<u>196,712</u>	<u>2</u>	<u>137,364</u>	<u>1</u>
6900 Operating income		<u>1,127,002</u>	<u>8</u>	<u>2,828,026</u>	<u>13</u>
Non-operating income and expenses					
7100 Interest income	VI(XXV)	90,700	1	16,271	-
7010 Other income	VI(XXVI)	50,254	-	36,119	-
7020 Other gain and losses	VI(II)(XXVII)	(1,330,946)	(9)	431,258	2
7050 Finance costs	VI(X)(XXVIII)	(101,282)	(1)	(59,741)	-
7060 Share of the profit (loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	(8,693)	-	(7,331)	-
7000 Total non-operating income and expenses		(1,299,967)	(9)	<u>416,576</u>	<u>2</u>
7900 Net income (loss) before tax		(172,965)	(1)	3,244,602	15
7950 Income tax expenses	VI(XXXI)	(192,967)	(2)	(744,365)	(3)
8200 Net income (loss)		<u>(\$ 365,932)</u>	<u>(3)</u>	<u>\$ 2,500,237</u>	<u>12</u>

(Continue to next page)

Advanced International Multitech Co., Ltd. And Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

(Except for Earnings Per Share Presented in NT\$1)

			2023		2022	
Item			Amount	%	Amount	%
Other comprehensive income						
Items that will not be re-classified to profit or loss						
8311	Defined benefit plan remeasurements	VI(XVII)	\$ 1,137	-	\$ 6,993	
8316	Unrealized valuation gain/loss of equity investments measure at fair value through other comprehensive income	VI(VI)	(2,389)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	VI(XXXI)	(227)	-	(1,399)	-
8310	Total of items that will not be re-classified to profit or loss		(1,479)	-	5,594	-
Items that may be re-classified subsequently to profit or loss						
8361	Exchange differences on translation of foreign financial statements		(31,163)	-	78,124	-
8300	Other comprehensive income-net		(\$ 32,642)	-	\$ 83,718	-
8500	Total comprehensive income		(\$ 398,574)	(3)	\$ 2,583,955	12
Net income(loss) attributable to:						
8610	Shareholders of the parent		\$ 68,969	-	\$ 2,240,780	11
8620	Non-controlling interests		(434,901)	(3)	259,457	1
	Total		(\$ 365,932)	(3)	\$ 2,500,237	12
Comprehensive income(loss) attributable to:						
8710	Shareholders of the parent		\$ 36,327	-	\$ 2,324,498	11
8720	Non-controlling interests		(434,901)	(3)	259,457	1
	Total		(\$ 398,574)	(3)	\$ 2,583,955	12
Earnings per Share						
		VI(XXXII)				
9750	Basic		\$ 0.50		\$ 16.92	
9850	Diluted		\$ 0.50		\$ 16.20	

The accompanying notes to the Consolidated financial statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit : NT1,000

Equity attributable to shareholders of the parent company														
Unit : THB,000														

The accompanying notes to the Consolidated financial statements are an integral part of the consolidated financial statements. Please refer to them as well.

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit : NT1,000

	Note	2023	2022
<u>Cash flows from operating activities</u>			
Net income before tax		(\$ 172,965)	\$ 3,244,602
Adjustments			
Income and expense items			
Depreciation expenses	VI(IX)(X)(XXIX)	723,313	638,409
Amortization expenses	VI(XXIX)	89,579	66,602
Expected credit impairment loss (gain)	XII(II)	(2,114)	1,871
Net loss(gain) from financial assets and liabilities at fair value through profit or loss	VI(II)(XXVII)	10,951	6,512
Interest expense	VI(XXVIII)	101,195	59,584
Interest income	VI(XXV)	(90,700)	(16,271)
Share of the profit(loss) of associates and joint ventures accounted for using the equity method	VI(VIII)	8,693	7,331
Loss on non-financial assets impairments	VI(VIII)(XXVII)	4,069	-
Share-based compensation costs	VI(XIX)	7,784	-
Loss on disposal and retirement of property, plant, and equipment	VI(XXVII)	5,299	243
Reclassification of property, plant, and equipment to expense		-	1,377
Reclassification of other non-current assets to expense		83	-
Gains on lease modification	VI(X)(XXVII)	(424)	(1,596)
Disaster loss	VI(XXVII)	1,329,290	-
Loss compensation	VI(XVIII)	5,900	-
Changes in operating assets and liabilities			
Net changes in operating assets			
Financial assets at fair value through profit or loss-current		-	(6,311)
Notes receivables		(11)	3,584
Account receivables		1,957,021	(845,224)
Other receivables		36,092	(31,249)
Inventories		1,366,507	(832,054)
Prepayments		71,579	106,557
Other current assets		(6,838)	9,369
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss-current		(6,119)	(6,117)
Notes payables		(947)	(2,199)
Account payables		(735,904)	75,719
Other payables		(720,838)	299,137
Provisions for liabilities		(199,960)	-
Other current liabilities-others		(38,279)	(23,824)
Long-term deferred income		-	297
Net defined benefit liabilities-non-current		(23,030)	(1,933)
Cash inflows from operating activities		3,719,226	2,754,416
Income tax paid		(572,112)	(391,081)
Net cash inflow from operating activities		3,147,114	2,363,335

(Continue to next page)

Advanced International Multitech Co., Ltd. And Subsidiaries

Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit : NT1,000

	Note	2023	2022
<u>Cash flows from investing activities</u>			
Financial assets at fair value through profit or loss-non-current		(\$ 5,154)	(\$ 21,586)
Financial assets at fair value through other comprehensive income-non-current		(6,000)	-
Financial assets at amortized cost-decrease(increase) in current		(321,093)	259,535
Financial assets at amortized cost-increase in non-current		(1,317)	(1,770)
Acquisition of investments accounted for using the equity method		(3,865)	(37,890)
Acquisition of property, plant, and equipment	VI(XXXIII)	(796,101)	(711,372)
Increase in prepayments for business facilities		(287,764)	(370,711)
Proceeds from disposal of property, plant, and equipment		3,094	2,543
Acquisition of intangible assets	VI(XI)	(7,889)	(12,620)
Decrease in refundable deposits		1,139	22,352
Other non-current assets-increase in others		(9,614)	(111,387)
Interests received		90,700	16,271
Net cash outflows from investing activities		(1,343,864)	(966,635)
<u>Cash flows from financial activities</u>			
Increase in short-term loans	VI(XXXIV)	4,666,686	15,635,914
Decrease in short-term loans	VI(XXXIV)	(4,570,677)	(16,107,130)
Increase in long-term loans	VI(XXXIV)	141,070	93,200
Decrease in long-term loans	VI(XXXIV)	(65,734)	(221,680)
Repayment of the principal amount of rentals	VI(XXXIV)	(53,301)	(61,436)
Increase (decrease) in deposits received		(110)	44
Interests paid		(82,690)	(56,861)
Issuance of corporate bond		-	1,530,661
Cash dividend distributed	VI(XXII)	(1,234,676)	(727,835)
Cash dividend distributed by subsidiaries		(140,831)	(56,179)
Transfer of treasury stock to employees	VI(XIX)(XX)	26,747	30,568
Net cash inflows (outflows) from financing activities		(1,313,516)	59,266
Effect of exchange rate changes on cash and cash equivalents		(4,744)	2,811
Increase in cash and cash equivalents - current period		484,990	1,458,777
Cash and cash equivalents, beginning of the period		2,291,800	833,023
Cash and cash equivalents, end of the period		\$ 2,776,790	\$ 2,291,800

The accompanying notes to the Consolidated financial statements are an integral part of the consolidated financial statement. Please refer to them as well.

Chairman : His-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd. And Subsidiaries
Notes to the Consolidated Financial Statements
For the Year of 2023 and 2022

Unit : NT\$1,000

I. Company History

- (I) Advanced International Multitech Co., Ltd. (“the Company” hereinafter), originally known as Advanced Composite Design Co., Ltd., obtained its establishment approval on July 20, 1987 and started operation in January 1988. The Company merged with its subsidiaries, Da-an Precision Casting Co., Ltd. and Advanced International Co., Ltd. on July 1, 1998. The Company and its subsidiaries (“the Group” hereinafter) are mainly engaged in the manufacturing, processing, trading, import and export of carbon fiber prepackaged materials, and carbon fiber products (e.g., baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle, and bicycle accessories), as well as composite materials, namely carbon fiber fabrics, for the aviation industry.
- (II) The Company’s stocks have been traded on the Taipei Exchange (“TPEX” hereinafter) since December 2002.

II. Approval Date and Procedure of Financial Statements

The consolidated financial statements were released on February 29, 2024, after being approved by the Board of Directors.

III. Application of New and Amended Standards and the Interpretations

- (I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission (“FSC” hereinafter)

The following table summarized the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2023:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform Pillar Two Model Rules”	May 23, 2023

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group’s financial position and financial performance.

(II) Effects of not yet applying the newly announced and revised IFRSs endorsed by the FSC

The following table summarized the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Disclosure of Information about Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangement"	January 1, 2024

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSA

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between Its Associate/Joint Venture"	Yet to be determined by the IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 relating to "Transition Requirement for Issuers Applying IFRS 17 and IFRS 9 for the First Time – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

Significant accounting policies adopted to compile this consolidated financial statement are stated as below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Interpretations, and the Interpretations endorsed by the Financial Supervisory Commission (collectively "IFRSs" hereinafter).

(II) Basis of Preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:

- (1) Financial assets and liabilities measured at fair value through profit or loss (including derivative instruments).
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liability that is derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required in preparing a set of financial statements in compliance with IFRSs, and management judgments are also required in the process of applying the Group's accounting policies. For items that are highly judgmental, complex, or related to significant assumptions and estimates of the consolidated financial statements, please refer to Note V.

(III) Basis of Consolidation

1. Principles for the Preparation of Consolidated Financial Statements

- (1) Group includes all subsidiaries as entities in the consolidated financial statements. Subsidiaries refer to entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control, and are excluded from the consolidated financial statements from the date when such control ceases.
- (2) Transactions, balances and unrealized gains or losses between companies within the Group are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Group.
- (3) The profit or loss and each component of other comprehensive income is attributed to the owners of the parent company and to the non-controlling interest. Total comprehensive income is also attributed to the owners of the parent company and non-controlling interest even if this results in the non-controlling interests having a deficit balance.
- (4) A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. 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.

2. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership %		Note
			December 31, 2023	December 31, 2022	
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	100	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Engaged in the production and sales of various golf club shafts and heads, golf sets	100	100	
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd.	Engaged in the production of sports products, other plastic products, and international trade	51.65	55.93	
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production, import and export of carbon fiber prepreg materials and sports products	100	100	

3. Subsidiaries that are not included in the consolidated financial statements: None.

4. Different accounting and adjustments adopted by subsidiaries in the accounting period: None.

5. Significant restrictions: None.

6. Subsidiaries with material non-controlling interests to the Group:

As of December 31, 2023 and 2022, the Group's non-controlling interests totaled \$334,399 and \$740,821, respectively. The following table showed information on the Group's material non-controlling interests and its subsidiaries:

Subsidiary	Principal place of business	Non-Controlling Interests			
		December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., Ltd.	Taiwan	\$ 334,399	48.35	\$ 740,821	44.07

Summary of the financial information of subsidiaries is as below:

Balance Sheets

	Launch Technologies Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,132,126	\$ 1,953,266
Non-current assets	870,798	1,278,058
Current liabilities	(1,048,436)	(991,077)
Non-current liabilities	(280,847)	(613,335)
Total net assets	\$ 673,641	\$ 1,626,912

Statements of Comprehensive Income

	Launch Technologies Co., Ltd.	
	2023	2022
Revenue	\$ 2,811,974	\$ 3,598,019
Profit (Loss) before tax	(916,498)	724,411
Income tax expense	(13,650)	(135,680)
Net income (Loss)	(930,148)	588,731
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	(\$ 930,148)	\$ 588,731

Statements of Cash Flows

	Launch Technologies Co., Ltd.	
	2023	2022
Net cash provided by operating activities	\$ 223,434	\$ 749,026
Net cash used in investing activities	(697,284)	(220,970)
Net cash provided by financing activities	182,479	65,394
Increase (decrease) in cash and cash equivalents for the current period	(291,371)	593,450
Cash and cash equivalents, beginning of the period	725,159	131,709
Cash and cash equivalents, end of the period	\$ 433,788	\$ 725,159

(IV) Foreign Currency Translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e., functional currency). The Consolidated Financial Statements are presented and reported in the Group's functional currency, New Taiwan Dollars (NT\$).

1. Foreign Currency Transaction and Balance

- (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
- (3) Balances of non-monetary assets and liabilities denominated in foreign currency, if they are measured at fair value through profit or loss, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising from there are recognized as profit or loss; if such are measured at fair value through other comprehensive income, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising from there are recognized in other comprehensive income or loss; and if such are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
- (4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.

2. Translation from Foreign Operations

The operating results and financial position of all entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:

- (1) Assets and liabilities presented on each balance sheet are translated using the closing exchange rate prevailing at the balance sheet date;
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
- (3) All the resulting exchange differences are recognized in other comprehensive income; and
- (4) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group still retains partial interests in the former foreign subsidiary but has lost its controlling power over the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(V) Classification of Current and Non-Current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets held primarily for trading purposes.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Is held primarily for trading purposes.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

Otherwise, they are classified as non-current liabilities.

(VI) Cash Equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to low risk of changes in value, and readily convertible to known amount of cash. Time deposits satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VII) Financial Assets Measured at Fair Value Through Profit or Loss

1. Financial assets that are neither measured at amortized cost nor measured at fair value through other comprehensive income.
2. For financial assets measured at fair value through profit or loss in transactions that meet regular purchase or sale rules, the Group adopts settlement date accounting to recognize such financial assets.
3. Financial assets at fair value through profit or loss are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Group recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(VIII) Financial Assets Measured at Fair Value Through Other Comprehensive Income

1. Refers to the irrevocable election made at initial recognition that allows the Group to present fair value changes of equity investment not held for trading in other comprehensive income; or debt investment that meets all the criteria simultaneously:
 - (1) Financial assets held within a business model of which the objective of holding is to collect the contractual cash flows and to sell.
 - (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. For financial assets measured at fair value through other comprehensive income in transactions that meet regular purchase or sale rules, the Group adopts settlement date accounting to recognize such financial assets.
3. Financial assets measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs, and subsequently such are measured at fair value with fair value changes in equity instruments recognized in other comprehensive income. Upon de-recognition, the cumulative gains or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss, but to be transferred to retained earnings. The Group recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Group and the amount of such benefits can be reliably measured.

(IX) Financial Assets Measured at Amortized Costs

1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (1) The objective of the Company's business model is achieved by collecting contractual cash flows of the financial assets;
 - (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.

2. For financial assets measured at amortized cost in transactions that meet regular purchase or sale rules, the Group adopts settlement date accounting to recognize such financial assets.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. In subsequent periods, interest income and impairment loss is recognized using the effective interest method based on amortization procedures during the circulation period. Upon de-recognition, the gain or loss is recognized in profit or loss.

(X) Accounts Receivable and Notes Receivable

1. Accounts receivables and notes receivables are receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. However, short-term accounts/notes receivables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XI) Impairment of Financial Assets

The Group measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(XII) De-recognition of Financial Assets

The Group de-recognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XIII) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted moving average method. The costs of work in progress and finished goods include the cost of raw materials, direct labor, other direct costs, and a proportion of manufacturing overheads (based on normal operating capacity), excluding borrowing cost. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(XIV) Investments Accounted for using Equity Method

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other

comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3. Any changes in equity of associates are recognized as "capital surplus" by the Group in proportion to its shareholding ratio, provided that such changes are not attributable to profit or loss, or to other comprehensive income, or affect the Group's shareholding percentage.
4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Group.
5. When the Group disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Group loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Property, Plant and Equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss when incurred.
3. Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Housing and structures	1 year to 56 years
Machinery and equipment	1 year to 30 years
Utility equipment	1 year to 41 years
Transportation equipment	6 years to 10 years
Office equipment	1 year to 10 years
Other equipment	1 year to 30 years

(XVI) Lease Transaction in a Capacity of a Lease - Right-of-Use Assets/Lease Liabilities

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Group's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.

2. A lease liability is recognized at the commencement date of the lease in the amount equal to the present value of the remaining lease payments (i.e. the remaining lease payments discounted at the Group's incremental borrowing rate.)

Lease payments include:

- (1) Fixed payments, less any lease incentives receivable;
- (2) Variable lease payments that based on the current value of an index or a rate;
- (3) Lease payments expected to be payable by the Group under the residual value guarantee; and
- (4) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is allocated over the lease term. When a change in the lease term or lease payments occurs due to reasons other than lease modifications, lease liabilities are reassessed and the re-measurements are adjusted to the right-of-use assets.

3. At the commencement date, the right-of-use asset should be measured at cost.

Cost comprises:

- (1) The amount of the initial measurement of the lease liability;
- (2) Any lease payments made at or before the commencement date;
- (3) Any initial direct costs incurred; and
- (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A right-of-use asset is subsequently measured using the cost model and depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurements of the lease liability.

(XVII) Intangible Assets

Computer software is recognized at acquisition cost, and depreciated by the straight-line method, with an estimated useful life of 3 to 5 years.

(XVIII) Impairment of Non-Financial Assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the greater of its 'fair value minus costs to sell' and its 'value in use'. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XIX) Borrowings

Borrowings are short-term and long-term loans borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowing expenses are recognized in profit or loss based on the difference amounts between the proceeds (net of any transaction costs) and the redemption value that are amortized over the lives of borrowings using the effective interest method.

(XX) Accounts Payable and Notes Payable

1. These refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payable incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payable without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XXI) Financial Liabilities Measure at Fair Value through Profit or Loss

1. Financial liabilities at fair value through profit or loss refer to financial liabilities designated upon initial recognition to be measured at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated to be measured at fair value through profit or loss on initial recognition:
 - (1) Hybrid (combined) contracts; or
 - (2) Can be eliminated or has a significant reduction in measurement or being recognition inconsistency; or
 - (3) Such are managed and their performance are evaluated on a fair value basis in accordance with a documented risk management policy.
2. Those are initially recognized at fair value, and the related transaction costs are recognized in profit or loss, and subsequently such are measured at fair value with related gains or losses recognized in profit or loss.

(XXII) Convertible Bonds Payable

The convertible bond issued by the Group was embedded with conversion right (meaning the bondholders can exercise the right to convert the bond into common shares of the Group and the conversion was preset to convert a fixed amount for a fixed number of shares) and call option. At the time of initial issuance, the issue price is classified into

financial assets or equity according to the issuance terms and conditions, and the accounting treatment is as follows:

- 1.Embedded Call Option: At the time of initial recognition, the net amount of the fair value is recorded as "financial assets measured at fair value through profit and loss"; then on the balance sheet date, it is evaluated at the current fair value, and the amount difference is recognized as "gains or losses of financial assets measured at fair value through profit or loss".
- 2.Host Contract of the Corporate Bond: It is measured at fair value at the time of initial recognition, and a premium or discount of corporate bonds payable is recognized when there is a difference between the fair value and the redemption value. The effective interest method is subsequently used to recognize gain or loss within the bond circulation period according to the amortization procedure and is deemed as adjustment to "financial costs".
- 3.Embedded Conversion Right (meet the definition of equity): At the time of initial recognition, the residual value after deducting the above mentioned "financial assets measured at fair value through profit and loss" and "corporate bond payable" from the issuance amount is recorded as "capital reserve-stock option" and will not re-evaluate thereafter.
- 4.Any directly linked transaction costs of the issuance are allocated in proportion to the elements of each liability and equity based on the above-mentioned element's initial book value.
- 5.When bondholders convert, the elements of liability on the book (including "corporate bond payable" and "financial assets measured at fair value through profit and loss") are treated in accordance with the subsequent measurement of the associated classification, and the book value of the aforementioned liability elements is added with the book value of "capital reserve-stock option" to be the issuance cost of the common stock conversion.

(XXIII) De-Recognition of Financial Liabilities

The Group de-recognizes liabilities, when the Group fulfills, cancels or expires the obligations specified in the contract.

(XXIV) The Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities may be offset only when an entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously, and the net amount is presented in the balance sheet.

(XXV) Non-Hedging Derivatives

Non-hedging derivatives are initially measured at the fair value of the date when contracts are executed and presented as financial assets or liabilities measured at fair value through profit or loss. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss.

(XXVI) Provision for Liabilities

Provision for liabilities (including contingent liabilities arising from disasters, etc.) are

recognized when there is a current legal or constructive obligation due to a past event, it is likely that an outflow of economically beneficial resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provision for liabilities are measured based on the best estimate of the present value of the expenditure required to settle the obligation on the balance sheet date. Future operating losses shall not be recognized as provision for liabilities.

(XXVII) Employee benefit

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when services are rendered.

2. Pensions

(1) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension cost when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is by reference either to the market yields on high quality corporate bonds of which the currency and duration are consistent with the currency and duration of the defined benefit plan, or to the market yields on government bonds (on the balance sheet date) in countries where there is no deep market for high quality corporate bonds.

B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and is presented in retained earnings.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits due more than 12 months after balance sheet date are discounted to their present value.

4. Employees' compensation, and directors' remuneration

Compensation to employees and remuneration to directors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. If the accrued amounts are different from the actual distributed amounts resolved by the shareholders subsequently, the differences should be accounted for as changes in accounting estimates.

(XXVIII) Employee Share-Based Payment

The equity-settled, share-based payment agreement is based on the fair value of the equity instrument given on the grant date to measure the employee services obtained, which are recognized as remuneration costs during the vesting period, and the equity is adjusted accordingly. The fair value of such equity instruments should reflect the impact of market price under vested conditions and non-vested conditions. The recognized remuneration cost is adjusted according to the amount of rewards that are expected to meet the service conditions and non-market vested conditions, until the final recognized amount is recognized based on the vested amount on the date of grant.

(XXIX) Income tax

1. Income tax expense includes current income tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which tax is recognized in other comprehensive income or directly in equity.
2. The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
3. Deferred income tax adopts the balance sheet approach and is recognized as the temporary difference between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheet at the reporting date. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary differences will not reverse in the foreseeable future, in the circumstance, a deferred income tax will not be recognized. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized to the extent that the temporary difference is likely to be used to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. Current income tax assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset only when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same

taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXX) Share Capital

1. Common shares are classified as equity.
2. When the Group buys back the issued shares, the consideration paid and the directly attributable incremental costs are recognized as a deduction from shareholders' equity (net of tax). On subsequent reissues of the repurchased shares, the difference between the consideration received, net of any directly attributable incremental costs and the effect of income taxes, and the carrying amount is recognized as an adjustment to shareholders' Equity.

(XXXI) Dividends Distribution

Dividends to be distributed in cash to shareholders of the Company are recognized as liabilities in the financial statements when the dividend plan is resolved in Board of Directors' Meeting; dividends to be distributed in stocks to shareholders of the Company, after the dividend plan being resolved in the shareholders' Meeting, are recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXXII) Revenue Recognition

1. The Group manufactures and sells consumer related products and recognizes sales revenue when the control of products is passed to customers, i.e. when products are delivered to customers and the Group doesn't have further performance obligations that might affect the acceptance of goods by customers. Goods are deemed delivered when the risk of delivery, obsolescence and loss is transferred to customers and customers has accepted the goods in accordance with the contractual terms, or when any objective evidence suggests that all criteria for acceptance have been satisfied.
2. Sales revenue is recognized at the contract price, net of business tax, and sales returns, discounts and allowances. The payment terms of most sales transaction are usually due within 60~90 days after the shipping date. Since the time interval between when the committed goods or services are transferred to customers and when customers pay is shorter than one year, the Group does not adjust the transaction price to reflect the time value of money.
3. The Group provides allowance for defective products sold and estimates discounts on a historical basis. A refund liability is recognized upon sales of products.
4. Accounts receivable is recognized when goods are delivered to customers because at which time the Group's right to the consideration for contracts from customers is unconditional, except for the passage of time.

(XXXIII) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. If a government grant is to compensate the Group's expense, then when the related expenses occur, the grant is recognized as profit or loss on a systematic basis.

(XXXIV) Operating Segments

Information on the operating segments is reported in a manner that is consistent with other information reported in the internal management reports for the chief operating decision makers. The chief operating decision makers are responsible for allocating resources to the operating segments and assessing their performance.

V. The primary sources of uncertainties in major accounting judgement, estimates and assumptions

When preparing the consolidated financial statement, management of the Group had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any major accounting estimates and assumptions made and the actual results, the historical experiences, the impact of COVID-19 and other factors will be considered for continuous assessment and adjustments. Such estimates and assumptions may result in risks of material adjustment(s) to the carrying amount of assets and liabilities in the next year. Descriptions of the uncertainties in major accounting judgments, estimates, and assumptions are as follows:

(I) Major judgments in adopting the accounting policies

None.

(II) Important accounting estimates and assumptions

1. Estimates and assumptions of loss compensation related to major disaster

The fire incident occurred at the factory site of the subsidiary, Launch Technologies Co., Ltd., caused property loss to several nearby factories, residential houses, and other units, as well as casualties to both internal and external personnel. A possible indemnification amount for property damage is estimated based on the content, scope and extent of damage obtained from on-site inspection or investigation, the estimated possible amount of indemnification based on the manufacturer's valuation or claim, and the estimated replacement cost. Indemnification amount for casualties is estimated based on legal provisions, historical experience, past external cases and claims of administration authorities, etc... However, the amount has yet to be negotiated by both parties, and the uncertainty is high. The final amount may be significantly different from the estimated amount.

From January 1 to December 31, 2023, subsidiary Launch Technologies Co., Ltd. has recognized disaster losses totaling \$1,329,360.

2. Expected credit loss of account receivable

A loss allowance for uncollectible Accounts Receive is provided based on their lifetime expected credit losses. In measuring the expected credit losses, the Group must use its judgment to identify the factors that affect the future recoverability of the Accounts Receivable (e.g., customers' operation condition and historical transaction records that may affect customers' ability to pay), and consider the time value of money, and the information that is reasonable and available to prove the forecast of future economic conditions. The said judgments and factors may significantly affect the measurement of the expected credit losses.

As of December 31, 2023, the carrying amount of the Group's Accounts Receivable was \$3,040,477.

3. The evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological changes, the Group evaluates and writes down the cost of inventories to its net realizable value based on normal inventory depletion, obsolete inventories or inventories without market selling value on the balance sheet date. Since the inventory valuation is estimated based on demands for products in a specific future period, it may be subject to significant changes.

As of December 31, 2023, the carrying amount of the Group's inventory was \$2,443,246.

4. The assessment of the impairment of property, plant, and equipment, and the right-of-use assets

In the process of asset impairment assessment, subsidiary Launch Technologies Co., Ltd. needs to rely on subjective judgment and based on asset usage patterns and industry characteristics to determine the independent cash flow of a specific asset group, the use life of the assets, and the income and expenses that may be incurred in the future. Any changes in estimates due to changes in economic conditions or operating strategies may cause significant losses in the future.

As of December 31, 2023, subsidiary Launch Technologies Co., Ltd. did not recognize impairment losses for its property, plant, and equipment, and right-of-use assets.

VI. Description of major accounting subjects

(I) Cash and cash equivalents.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 1,823	\$ 1,142
Checking deposits and demand deposits	1,518,468	1,522,150
Cash equivalents – time deposits	1,041,564	588,508
Cash equivalents – repo bonds	<u>214,935</u>	<u>180,000</u>
	<u>\$ 2,776,790</u>	<u>\$ 2,291,800</u>

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions to disperse credit risk. Therefore, the expected risk of default is pretty low.
2. For the Group's demand deposits, which the use is restricted due to the provision of pledges or overseas funds returned to Taiwan and deposited in special bank accounts, such have been transferred to be listed under the "financial assets measured at amortized cost-current" and "financial assets measured at amortized cost - non-current". Please see Note VI (III) in detail.

(II) Financial assets and liabilities at fair value through profit/loss

Item	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bond redemption right	\$ 80	\$ 2,641
Convertible bond contracts	7,396	7,396
Valuation adjustments	(7,396)	-
	<u>\$ 80</u>	<u>\$ 10,037</u>
Non-Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Privately offered fund	\$ 26,740	\$ 21,586
Valuation adjustments	1,136	(2,138)
	<u>\$ 27,876</u>	<u>\$ 19,448</u>

Item	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities held for trading		
Non-hedging financial derivatives	\$ -	\$ 417

1. Financial assets and liabilities measured at fair value through profit or loss recognized in profit or loss are detailed as below:

	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 1,329	\$ 946
Privately offered funds	3,274	(2,138)
Convertible bond redemption right	(1,127)	1,214
Convertible bond contracts	(7,396)	-
Financial liabilities held for trading		
Non-hedging financial derivatives	(7,031)	(6,534)
	<u>(\$ 10,951)</u>	<u>(\$ 6,512)</u>

2. Below states the Group's engagement in transactions and contracts of financial derivatives that do not apply hedge accounting:

As of December 31, 2023: None

	December 31, 2022	
	Contract Amount (nominal principal)	Contract period
Derivative financial assets		
Current items: None.		
Derivative financial liabilities		
Current items:		
Forward foreign exchange contracts	<u>USD 5,000 thousand</u>	Dec. 8, 2022 ~ Jan. 18, 2023

The forward foreign exchange contract signed by the Group were to sell US dollars in advance; the purpose is to hedge the risk arising from the purchase and sales of goods. However, such transactions did not apply hedge accounting.

3. For information on the credit risk of financial assets at fair value through profit or loss, please refer to Note XII (II).

(III) Financial assets at amortized costs

Item	December 31, 2023	December 31, 2022
Current items:		
Demand deposits - special account for repatriated offshore fund	\$ -	\$ 21,286
Pledged bank deposits (Note)	344,881	2,502
	<u>\$ 344,881</u>	<u>\$ 23,788</u>
Non-current items:		
Pledged bank deposits	<u>\$ 6,947</u>	<u>\$ 5,630</u>

Note: The balance of the special money trust account established by subsidiary Launch Technologies Co., Ltd. for compensation for major fire accident as of December 31, 2023 was \$339,324. Please refer to Note X for related information.

1. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost was its carrying amount.
2. Please refer to Note VIII for details of the Group's use of financial assets measured at amortized cost as pledge guarantees.
3. Demand deposit – special account for repatriated offshore fund is the amount deposited in the bank's special account by the Group in accordance with the regulations on the management, utilization and taxation of offshore repatriated fund, and the use of funds is limited to the amount approved for the plan.
4. Please refer to Note XII(II) for information on the credit risk of financial assets measured at amortized costs. Financial institutions that work with the Group have good credit quality, and the possibility of default is expected to be very low.

(IV) Notes receivable and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 5,994</u>	<u>\$ 5,983</u>
Accounts Receivable	<u>\$ 3,042,411</u>	<u>\$ 5,047,328</u>
Less: Loss allowance	<u>(1,934)</u>	<u>(4,048)</u>
	<u>\$ 3,040,477</u>	<u>\$ 5,043,280</u>

1. Aging analysis of accounts receivable and notes receivable is stated as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts Receivable	Notes receivable	Accounts Receivable
Not overdue	\$ 5,994	\$ 2,917,401	\$ 5,983	\$ 4,945,224
Overdue:				
Within 30 days	-	105,308	-	89,260
31 to 90 days	-	17,985	-	6,979
91 to 180 days	-	1,029	-	5,385
Over 181 days	-	688	-	480
	<u>\$ 5,994</u>	<u>\$ 3,042,411</u>	<u>\$ 5,983</u>	<u>\$ 5,047,328</u>

The above aging analysis is based on the number of days past due.

2. As of December 31, 2023 and 2022, and January 1, 2022, the Group's contracted receivable (including notes receivable) amounted to \$3,048,405, \$5,053,311, and

\$4,144,329 respectively.

3. No accounts receivable or notes receivable were pledged as collateral by the Group.
4. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivables and accounts receivable were the carrying amount.
5. Please refer to Note XII(II) for information regarding the credit risks on notes receivable and accounts receivable.

(V) Inventories

	December 31, 2023		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,013,459	(\$ 32,095)	\$ 981,364
Work in progress	535,519	(327)	535,192
Finished goods	901,015	(16,235)	884,780
Inventory in transit	41,910	-	41,910
	<u>\$ 2,491,903</u>	<u>(\$ 48,657)</u>	<u>\$ 2,443,246</u>

	December 31, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 1,544,679	(\$ 31,308)	\$ 1,513,371
Work in progress	736,328	(1,157)	735,171
Finished goods	1,787,425	(16,815)	1,770,610
Inventory in transit	87,630	-	87,630
	<u>\$ 4,156,062</u>	<u>(\$ 49,280)</u>	<u>\$ 4,106,782</u>

The Group's inventory cost recognized as an expense for the current period:

	2023	2022
Cost of inventories sold	\$ 11,991,570	\$ 17,090,190
Recovery gain (loss) from price decline	(623)	(12,260)
Disposition loss	10,696	13,319
Others	(11,491)	(23,298)
	<u>\$ 11,990,152</u>	<u>\$ 17,067,951</u>

1. In the year of 2023 and 2022, due to well consumption of inventories, price increase of materials, and disposition of partial inventories, there were increase in the net realizable value of inventories, which relatively reduced the cost of goods sold within the periods.
2. Please see Note VI (XXVII) and Note X for explanations on the inventory loss recognized by the subsidiary, Launch Technologies Co., Ltd., due to the fire incident.

(VI) Financial assets at fair value through other comprehensive income

Item	December 31, 2023	December 31, 2022
Non-current items:		
Unlisted stocks	\$ 6,055	\$ 55
Valuation adjustments	(2,389)	-
	<u>\$ 3,666</u>	<u>\$ 55</u>

1. The Group elected to classify its strategic equity investments as financial assets at fair value through other comprehensive income. The fair value of such investments as of December 31, 2023 and 2022 were \$4,620 and \$1,009, respectively.
2. The change in the fair value that the Group's financial assets at fair value through other comprehensive income recognized in other comprehensive income/loss during in2023 and 2022, were (\$2,389) and \$0, respectively.
3. No financial asset measured at fair value through other comprehensive income was pledged by the Group as collateral.

(VII) Prepayments

	December 31, 2023	December 31, 2022
Input tax	\$ 36,173	\$ 44,670
Tax overpaid retained for offsetting the future tax payable	43,895	59,621
Prepaid expense	42,983	62,030
Prepayment for purchases	19,790	50,607
	<u>\$ 142,841</u>	<u>\$ 216,928</u>

(VIII) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Maya Metal Technology Co., Ltd.	\$ 5,921	\$ 15,228
Technology on Prototyping Ultimate Co., Ltd.	19,348	15,568
Baoji Zatech Material Co., Ltd.	2,985	3,548
Munich Composites GmbH	-	-
	<u>\$ 28,254</u>	<u>\$ 34,344</u>

1. As of December 31, 2023 and 2022, the Group did not have any significant associates.
2. The carrying amount and operating results of the Group's individually insignificant associates are summarized as follows:

As of December 31, 2023 and 2022, the carrying amounts of the Group's individually insignificant associates totaled \$28,254 and \$34,344, respectively.

	2023	2022
Net income (loss)	(\$ 8,693)	(\$ 7,331)
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>(\$ 8,693)</u>	<u>(\$ 7,331)</u>

3. Munich Composites GmbH applied for capital increase in June 2023, and the Group did not subscribe the shares in accordance with the shareholding ratio. Hence, the Group's shareholding ratio in the company increased from 27.27% to 30.53%, and is the single largest shareholder of the company. As the Group only holds one out of its four seats of directors, the Group has no practical ability to direct the relevant activities, and thus it is determined that the Group has no control power but only

significant influence over the company.

4. The Group evaluated Munich Composites GmbH's recoverable amount for continuous operation according to IFRS 36 using 4.35% discount rate and determined the recoverable amount is less than the company's carrying amount. Hence, in 2023 the Group recognized an impairment loss of \$4,069 listed under the account of "other profit and loss".
5. The Technology on Prototyping Ultimate Co., Ltd. applied for capital increase in February 2023. The Group did not subscribe the shares in accordance with the shareholding ratio, hence the Group's shareholding ratio in the company was decreased from 25.66% to 21.64% and yet still is the single largest shareholder of the company. As there are other shareholders (non-related party) in aggregate holding more than the Group's shareholding and the Group did not have any board seat in the company, the Group has no practical ability to direct the relevant activities, and thus it is determined that the Group has no control power but only significant influence over the company.
6. The Group's investment in Technology on Prototyping Ultimate Co., Ltd. was based on the financial report assessment carried out by the accountant entrusted by the company. In 2023 and 2022, the investment gain and loss of the invested companies accounted for using the equity method, including subsidiaries, associates, and joint ventures, were \$1,218 and (\$32), respectively. As of December 31, 2023 and 2022, the balance of the investments accounted for using equity method were \$19,348 and \$15,568, respectively.

(Blank below)

(IX) Property, plants, and equipment

	Land	Housing and Structure	Machinery equipment	Utility equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
January 1, 2023									
Cost	\$162,544	\$ 2,335,412	\$ 2,591,607	\$ 385,365	\$ 3,624	\$ 86,983	\$ 582,788	\$ 370,810	\$6,519,133
Accumulated Depreciation and impairment	-	(782,036)	(1,305,074)	(241,513)	(1,803)	(59,803)	(339,137)	-	(2,729,366)
	<u>\$162,544</u>	<u>\$ 1,553,376</u>	<u>\$ 1,286,533</u>	<u>\$ 143,852</u>	<u>\$ 1,821</u>	<u>\$ 27,180</u>	<u>\$ 243,651</u>	<u>\$ 370,810</u>	<u>\$3,789,767</u>
2023									
January 1	\$162,544	\$ 1,553,376	\$ 1,286,533	\$ 143,852	\$ 1,821	\$ 27,180	\$ 243,651	\$ 370,810	\$3,789,767
Addition	-	254,143	191,379	10,948	238	16,371	88,784	168,700	730,563
Reclassification	-	273,851	47,090	2,063	-	1,422	17,690	(281,006)	61,110
Disposal -cost	-	(40,526)	(129,343)	(70,036)	(185)	(7,064)	(57,130)	-	(304,284)
Disposal-accumulated depreciation	-	39,850	122,300	70,036	185	7,064	56,456	-	295,891
Fire damage and loss	-	(227,115)	(272,797)	(1,420)	(942)	(3,892)	(70,179)	(22,161)	(598,506)
Depreciation expenses	-	(147,477)	(346,613)	(33,887)	(496)	(12,343)	(104,541)	-	(645,357)
Net exchange differences	-	(5,025)	(4,280)	(569)	(2)	(360)	(1,834)	(870)	(12,940)
December 31	<u>\$162,544</u>	<u>\$ 1,701,077</u>	<u>\$ 894,269</u>	<u>\$ 120,987</u>	<u>\$ 619</u>	<u>\$ 28,378</u>	<u>\$ 172,897</u>	<u>\$ 235,473</u>	<u>\$3,316,244</u>
December 31, 2023									
Cost	\$162,544	\$ 2,510,571	\$ 2,280,973	\$ 321,300	\$ 2,301	\$ 90,213	\$ 505,487	\$ 237,164	\$6,110,583
Accumulated Depreciation and Impairment	-	(809,494)	(1,386,704)	(200,343)	(1,682)	(61,835)	(332,590)	(1,691)	(2,794,339)
	<u>\$162,544</u>	<u>\$ 1,701,077</u>	<u>\$ 894,269</u>	<u>\$ 120,987</u>	<u>\$ 619</u>	<u>\$ 28,378</u>	<u>\$ 172,897</u>	<u>\$ 235,473</u>	<u>\$3,316,244</u>

	Land	Housing and Structure	Machinery equipment	Utility equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
January 1, 2022									
Cost	\$162,544	\$ 1,670,272	\$ 2,058,239	\$ 329,585	\$ 3,478	\$ 74,838	\$ 475,612	\$ 597,432	\$5,372,000
Accumulated Depreciation and impairment	-	(679,455)	(1,046,899)	(212,030)	(1,431)	(50,993)	(282,130)	-	(2,272,938)
	<u>\$162,544</u>	<u>\$ 990,817</u>	<u>\$ 1,011,340</u>	<u>\$ 117,555</u>	<u>\$ 2,047</u>	<u>\$ 23,845</u>	<u>\$ 193,482</u>	<u>\$ 597,432</u>	<u>\$3,099,062</u>
2022									
January 1	\$162,544	\$ 990,817	\$ 1,011,340	\$ 117,555	\$ 2,047	\$ 23,845	\$ 193,482	\$ 597,432	\$3,099,062
Addition	-	289,136	393,493	44,212	350	14,446	97,876	(82,933)	756,580
Reclassification	-	355,714	179,144	10,431	-	130	41,597	(157,280)	429,736
Disposal –cost	-	(27,455)	(89,073)	(5,024)	(225)	(4,475)	(41,938)	-	(168,190)
Disposal-accumulated depreciation	-	27,424	86,346	4,996	225	4,475	41,938	-	165,404
Depreciation expenses	-	(112,083)	(314,050)	(29,893)	(581)	(11,597)	(91,893)	-	(560,097)
Net exchange differences	-	29,823	19,333	1,575	5	356	2,589	13,591	67,272
December 31	<u>\$162,544</u>	<u>\$ 1,553,376</u>	<u>\$ 1,286,533</u>	<u>\$ 143,852</u>	<u>\$ 1,821</u>	<u>\$ 27,180</u>	<u>\$ 243,651</u>	<u>\$ 370,810</u>	<u>\$3,789,767</u>
December 31, 2022									
Cost	\$162,544	\$ 2,335,412	\$ 2,591,607	\$ 385,365	\$ 3,624	\$ 86,983	\$ 582,788	\$ 370,810	\$6,519,133
Accumulated Depreciation and Impairment	-	(782,036)	(1,305,074)	(241,513)	(1,803)	(59,803)	(339,137)	-	(2,727,366)
	<u>\$162,544</u>	<u>\$ 1,553,376</u>	<u>\$ 1,286,533</u>	<u>\$ 143,852</u>	<u>\$ 1,821</u>	<u>\$ 27,180</u>	<u>\$ 243,651</u>	<u>\$ 370,810</u>	<u>\$3,789,767</u>

1. Capitalized amount and interest range of borrowing costs attributable to property, plant, and equipment:

	2023	2022
Capitalization amounts	\$ 1,993	\$ 1,546
Range of capitalized interest rate	1.125%~1.25%	0.569%~1.645%

2. Significant components of the Group's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 36~ 56 years and 3~21 years.
3. Please see Note VI(XXVII) and Note X for fire incident related loss recognized in the account of Property, plant, and equipment by subsidiary, Launch Technology Co., Ltd.
4. Please refer to Note VIII for detailed information regarding property, plant, and equipment pledged as collateral.

(X) Lease transaction - Lessee

1. The Group's leased assets comprise lands and buildings, of which the lease term is usually between 2 years to 50 years. Lease contracts are individually negotiated and include various terms and conditions that impose no other restrictions except that the leased assets shall not be collateralized against any borrowings, nor shall they be subleased, co-leased, lent out for others' use, nor the right of lease be transferred to others.
2. Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 705,759	\$ 731,802
Housing and structures	59,965	113,070
Machinery equipment	357	1,072
Transportation equipment	565	884
	<u>\$ 766,646</u>	<u>\$ 846,828</u>

	2023	2022
	Depreciation expenses	Depreciation expenses
Land	\$ 25,839	\$ 26,862
Housing and structures	51,102	51,068
Machinery equipment	715	357
Transportation equipment	300	25
	<u>\$ 77,956</u>	<u>\$ 78,312</u>

3. The additions to the Group's right-of-use assets in 2023 and 2022 amounted to \$11,943 and \$163,835, respectively.
4. The following table shows the profit or loss items in connection with lease contracts:

	2023	2022
Items that affect current profit or loss		
Interest expense on lease liability	\$ 10,083	\$ 8,368
Expense on short-term lease contract and leases of low-value assets	20,467	34,307
Gains on lease modification	424	1,596

5. The Group's total cash used in lease were \$84,651 and \$104,111 in 2023 and 2022 respectively.

6. The option to extend a lease and the option to terminate a lease.

- (1) Contracts of which the underlying assets are types of land, buildings and structures contain a lease extension option exercisable by the Group.
- (2) The group determines the lease term by taking into consideration all relevant facts and circumstances that may create an economic incentive for the Group to exercise the extension option. When there occur major issues in relation to assessing whether to execute the right of extension or whether not to execute to terminate right, the term of lease shall be re-assessed.

(XI) Intangible assets

	Computer Software	
	2023	2022
January 1		
Cost	\$ 35,710	\$ 24,198
Accumulated Amortization	(17,882)	(11,659)
	<u>\$ 17,828</u>	<u>\$ 12,539</u>
January 1	\$ 17,828	\$ 12,539
Addition - from separately acquired	7,889	12,620
Re-classification	-	150
Derecognition - reduction in cost	(4,870)	(1,258)
Derecognition - reduction in accumulated amortization	4,870	1,258
Fire related loss and damages	(780)	-
Amortization expenses	(9,593)	(8,008)
Effect of exchange rate changes	25	527
December 31	<u>\$ 15,369</u>	<u>\$ 17,828</u>
December 31		
Cost	\$ 35,924	\$ 35,710
Accumulated amortization	(20,555)	(17,882)
	<u>\$ 15,369</u>	<u>\$ 17,828</u>

Amortization of intangible assets is detailed as below:

	2023	2022
Operating costs	\$ 3,671	\$ 3,033
Administrative expenses	1,424	1,883
Research and development expenses	4,498	3,092
	<u>\$ 9,593</u>	<u>\$ 8,008</u>

Please see Note VI(XXVII) and Note X for fire incident related loss recognized in the account of Intangible assets by subsidiary, Launch Technology Co., Ltd.

(XII) Short-term loans

Type of loans	December 31, 2023	December 31, 2022
Bank credit loan	\$ 1,572,798	\$ 1,485,401
Loans against letter of credit	22,676	30,566
	<u>\$ 1,595,474</u>	<u>\$ 1,515,967</u>
Interest rate range	<u>0%~6.03%</u>	<u>0%~5.10%</u>

1. Please refer to Note VIII “Pledged Assets” for collateral against the said short-term loans.
2. Please refer to Note VI (XXVIII) for information regarding the Group’s interest expense of bank loans recognized in profit or loss.

(XIII) Other payable

MM	December 31, 2023	December 31, 2022
Payroll and bonus payable	\$ 595,637	\$ 1,087,737
Processing fee payable	396,715	420,609
Employee and directors remuneration payable	18,971	185,183
Equipment expenses payable	42,618	108,156
Others	381,044	444,492
	<u>\$ 1,434,985</u>	<u>\$ 2,246,177</u>

(XIV) Other current liabilities

	December 31, 2023	December 31, 2022
Receipts under custody	\$ 41,418	\$ 64,856
Contract liabilities – current	13,400	33,977
Others	9,317	3,170
	<u>\$ 64,135</u>	<u>\$ 102,003</u>

(XV) Corporate bond payable

	December 31, 2023	December 31, 2022
Corporate bond payable	\$ 800,900	\$ 1,347,700
Less: Discount on corporate bond payable	(21,206)	(61,053)
	<u>779,694</u>	<u>1,286,647</u>
Less: Corporate bond expires within 1 year or 1 business operation cycle	-	-
	<u>\$ 779,694</u>	<u>\$ 1,286,647</u>

1. The Company issued the 3rd domestic unsecured convertible bond.
 - (1) Terms and Conditions:

- A. Upon competent authority's approval, the Company issued the third domestic unsecured convertible corporate bond, which was issued at 102% of the face value of \$1,000,000. The total amount raised was \$1,026,225 with 0% coupon rate. The circulation period is 3 years, starting from July 20, 2022 to July 20, 2025. When the convertible corporate bonds mature, bondholders will be repaid in cash in one lump sum according to the face value of the bonds. The convertible corporate bonds were listed and traded on July 20, 2022 at the OTC Taipei Exchange of the Republic of China.
 - B. Except for the period specified in the prospectus or the temporary suspension period required by regulations, starting from the following day (October 21, 2022) of three full months after the bond issuance date till the date of mature, the bondholders can exercise the right to convert into the Company's common stocks, which have the same rights and obligations with the generally issued common stock.
 - C. The conversion price of this convertible corporate bond is determined according to the pricing model stipulated in the conversion method. The conversion price at the time of issuance was NT\$81 per share, which may be adjusted following the pricing model stipulated in the conversion method if there is circumstance of anti-dilution; subsequently, on the base date stated on the conversion method, the Company will re-adjust the conversion price based on the pricing model stipulated in the conversion method. If the adjusted price is higher than the initially set conversion price, then the conversion price will not be adjusted. As of December 31, 2023, the conversion price has been adjusted to NT\$74.6 per share.
 - D. Within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to forty days before the expiration of the issuance period (June 10, 2025), if the closing price of the Company's common stock exceeds 30% of the initially set conversion price for consecutive 30 transaction days, the Company is able to notify bondholders and buyback all the bonds in cash with the face value stated on the bond within 30 business days. Or within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to forty days before the expiration of the issuance period (June 10, 2025), if the amount of the remaining outstanding bonds is lower than 10% of the total issuance amount, the Company may buy back all the remaining outstanding bonds in cash with the face value stated on the bonds at any time.
 - E. According to the conversion method, all the converted corporate bonds that the Company has collected (including repurchased from the OTC), repaid or converted will be canceled, and all the rights and obligations attached to the bonds will also be extinguished, and will no longer be issued.
- (2) As of December 31, 2023, the convertible corporate bonds with a face value of \$243,600 were converted into 3,007 thousand ordinary shares, accounting for an

ordinary share capital of \$30,074 and a capital reserve-convertible bond conversion premium of \$220,543. As of December 31, 2023, the convertible corporate bonds with a face value of \$395,900 had been converted into 4,887 thousand ordinary shares, accounting for an ordinary share capital of \$48,876 and a capital reserve-convertible corporate bond conversion premium of \$358,062.

- (3) As of December 31, 2023, the Company has not yet bought back the convertible corporate bonds from the TPEX.
 - (4) When issuing convertible corporate bonds, the Company separated equity type conversion rights from all the liabilities components and recorded \$65,084 in the account of “Capital Reserve-Stock Option” according to IAS 32 “Financial Instrument - Presentation”. As of December 31, 2023, after conversion and reversal, the balance of the above-mentioned "capital reserve - stock options" was \$39,317. Besides, according to IFRS 9 “Financial Instruments”, the embedded call right is treated separately when the liability product’s financial character and risk is not closely linked; hence, the net value is recorded as “financial assets or liabilities measured at fair value through profit and loss”. After the separation, the effective interest rate of the liability on the main contract is 1.4745%.
2. The Company’s subsidiary, Launch Technologies Co., Ltd., issued the first unsecured domestic convertible bond.
- (1) Terms and Conditions:
 - A. Upon competent authority’s approval, the Company’s subsidiary, Launch Technologies Co., Ltd., issued the first domestic unsecured convertible corporate bond, which was issued at 102.98% of the face value of \$500,000. The total amount raised was \$514,901 with 0% coupon rate. The circulation period is 3 years, starting from October 7, 2022 to October 7, 2025. When the convertible corporate bonds mature, bondholders will be repaid in cash in one lump sum according to the face value of the bonds within 5 business days starting from the following day of mature. The convertible corporate bonds were listed and traded on October 7, 2022 at the OTC Taipei Exchange of the Republic of China.
 - B. Except for the period specified in the prospectus or the temporary suspension period required by regulations, starting from the following day (January 8, 2023) of three full months after the bond issuance date till the date of mature, the bondholders can exercise the right and request the Company’s subsidiary, Launch Technologies Co., Ltd., to convert the bonds into the Company’s subsidiary, Launch Technologies Co., Ltd.’s, common stocks, which have the same rights and obligations with the generally issued common stock at any time.
 - C. The conversion price of this convertible corporate bond is determined according to the pricing model stipulated in the conversion method. The conversion price at the time of issuance was NT\$75 per share, which may be adjusted following the pricing model stipulated in the conversion method if

there is circumstance of anti-dilution; subsequently, on the base date stated on the conversion method, the Company's subsidiary, Launch Technologies Co., Ltd., will re-adjust the conversion price based on the pricing model stipulated in the conversion method. If the adjusted price is higher than the initially set conversion price, then the conversion price will not be adjusted. As of December 31, 2023, the conversion price has been adjusted to NT\$70.5.

- D. Within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (January 8, 2023) to forty days before the expiration of the issuance period (August 28, 2025), if the closing share price of the Company's subsidiary, Launch Technologies Co., Ltd., exceeds 30% of the initially set conversion price for consecutive 30 transaction days, the Company's subsidiary, Launch Technologies Co., Ltd., is able to notify bondholders and buyback all the bonds in cash with the face value stated on the bond within 30 business days. Or within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (January 8, 2023) to forty days before the expiration of the issuance period (August 28, 2025), if the amount of the remaining outstanding bonds is lower than 10% of the total issuance amount, the Company's subsidiary, Launch Technologies Co., Ltd., may buy back all the remaining outstanding bonds in cash with the face value stated on the bonds at any time
 - E. According to the conversion method, all the converted corporate bonds that the Company's subsidiary, Launch Technologies Co., Ltd., has collected (including repurchased from the TPEX), repaid or converted will be canceled, and all the rights and obligations attached to the bonds will also be extinguished, and will no longer be issued.
- (2) As of December 31, 2023, the convertible corporate bonds with a face value of \$303,200 were converted into 4,230 thousand ordinary shares, and was recorded as ordinary share capital of \$42,300 and a capital reserve-convertible bond conversion premium of \$270,473.
 - (3) As of December 31, 2023, the Company's subsidiary, Launch Technologies Co., Ltd., has not yet bought back the convertible corporate bonds from the TPEX.
 - (4) When issuing convertible corporate bonds, the Company's subsidiary, Launch Technologies Co., Ltd., separated equity type conversion rights from all the liabilities components and recorded \$42,611 in the account of "Non-Controlling Equities" according to IAS 32 "Financial Instrument - Presentation", and the balance of the account, after conversion and reversal, was \$16,772. Besides, according to IFRS 9 "Financial Instruments", the embedded call right is treated separately when the liability product's financial character and risk is not closely linked; hence, the net value is recorded as "financial assets or liabilities measured at fair value through profit or loss". After the separation, the effective interest rate of the liability on the main contract is 2.2563%.

(XVI) Long-term loans

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2023
Long-term bank loans				
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in installments on a monthly basis (Note).	1.25%	Demand deposit	\$ 62,162
Secured loan	Duration from June 2022 to March 2026 and interest paid on a monthly basis. In addition, from April 2023 onwards, the remaining amounts are paid back in installments on a monthly basis (Note).	1.25%	Machinery and other equipment	120,779
				<u>182,941</u>
Less: long-term loan due in one year				(<u>149,265</u>)
				<u>\$ 33,676</u>

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank loans				
Secured loan	Duration from March 2021 to March 2026 and interest paid on a monthly basis. In addition, from May 2021 onwards, the remaining amounts are paid back in installments on a monthly basis. (Note)	1.125%	Demand deposit	\$ 40,331
Secured loan	Duration from June 2022 to March 2026 and interest paid on a monthly basis. In addition, from April 2023 onwards, the remaining amounts are paid back in installments on a monthly basis. (Note)	1.125%	Housing and structure, machinery and other equipment	67,402
				<u>107,733</u>
Less: long-term loan due in one year				(<u>29,512</u>)
				<u>\$ 78,221</u>

Note: In the year of 2021, the Group obtained special loans from the Executive Yuan for the Accelerated Investment Project of Taiwan Enterprises. The loan period is 5 years, and the loan amount is \$261,970. Upon receipt of the loan, we recognized a deferred government subsidy benefit of \$2,447. As of December 31, 2023 and 2022, the balances of the deferred government subsidy benefits were \$1,058 and \$930, respectively (separately listed under "Other Current Liabilities - Others" were \$944 and \$474, respectively and under "long-term deferred income" were \$114 and \$456, respectively), and in 2023 and 2022, we recognized a government subsidy income of \$985 and \$347 respectively based on the interest amortization over the loan period

1. Please refer to Note VIII "Pledged Assets" for collateral of the above-listed long-term loans.
2. Please refer to Note XII (II) 3. (3) for the explanation on the advanced repayment of the above-mentioned loan.
3. For the Group's bank loans recognized interest expenses in profit or loss, please refer to Note VI (XXVIII) for detailed information.
4. Partial collateral of bank loans of the subsidiary, Launch Technologies Co., Ltd., were damaged in the fire incident. On December 31, 2023, due to breach of the terms of the loan contract, the bank had the right to require early repayment of an amount of \$120,779. The unpaid amount has been re-classified as current liabilities. Nevertheless, until the date of approval of this financial report by the board of directors, the bank has not required early repayment of the loans.

(XVII) Pensions

1. (1) In compliance with the requirements set forth in the “Labor Standards Act”, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Law), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two base points are given for each full year of service over the first 15 (including) years, and one base point is given for an additional year of service thereafter, provided that the total base points shall not exceed forty-five (45) point. The Company contributes, on a monthly basis, 2% of the total salary (wages) as the pension fund, which is deposited into a designated account with the Bank of Taiwan under the name of the Supervisory Committee of Workers’ Retirement Fund. Prior to the end of each annual period, the Company would assess the balance of the aforementioned designated pension fund account, and if the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement in the next year, the Company will make a lump sum contribution to make up the shortfall before the end of March in the following year.

(2) The recognized amounts on the balance sheet are listed as below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of the net defined obligation	\$ 102,305	\$ 104,993
Fair value of the planned assets	(<u>61,753</u>)	(<u>40,274</u>)
Net defined benefit liabilities	<u>\$ 40,552</u>	<u>\$ 64,719</u>

(3) Changes in net defined liabilities are as follows:

	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
<u>2023</u>			
Balance on January 1	\$ 104,993	(\$ 40,274)	\$ 64,719
Service cost in the current period	135	-	135
Interest expenses (income)	1,260	(483)	77
	<u>106,388</u>	<u>(40,757)</u>	<u>65,631</u>
Re-measurement:			
Return of planned asset (exclude interest income or expense)			
Experience adjustment	(938)	(199)	(1,137)
Provision of pension fund	-	(23,942)	(23,942)
Pension paid	(3,145)	3,145	-
Balance on December 31	<u>\$ 102,305</u>	<u>(\$ 61,753)</u>	<u>\$ 40,552</u>

	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
<u>2022</u>			
Balance on January 1	\$ 111,955	(\$ 38,607)	\$ 73,348
Service cost in the current period	143	-	143
Interest expenses (income)	784	(270)	514
	<u>112,882</u>	<u>(38,877)</u>	<u>74,005</u>
Re-measurement:			
Return of planned asset (exclude interest income or expense)			
Effect of changes in financial assumptions	(4,846)	-	(4,846)
Experience adjustment	319	(2,466)	(2,147)
	<u>(4,527)</u>	<u>(2,466)</u>	<u>(6,993)</u>
Provision of pension fund	-	(2,293)	(2,293)
Pension paid	(3,362)	3,362	-
Balance on December 31	<u>\$ 104,993</u>	<u>(\$ 40,274)</u>	<u>\$ 64,719</u>

(4) The Company's defined benefit pension plan (the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regards to the utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation

and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total retirement fund as of December 31, 2023 and 2022, please refer to the Labor Retirement Fund Utilization Report published by the government each year.

(5) Actuarial assumptions on pensions are summarized as follows:

	2023	2022
Discount rate	<u>1.20%</u>	<u>1.20%</u>
Future salary increase rate	<u>2.50%</u>	<u>2.50%</u>

Future mortality rate is estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Analysis of the present value of defined benefit obligation affected by changes in primary actuarial assumptions is as follow:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023 Effect on the present value of defined benefit obligation	(\$ <u>1,992</u>)	\$ <u>2,503</u>	\$ <u>1,775</u>	(\$ <u>1,734</u>)
	Discount rate		Future salary rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022 Effect on the present value of defined benefit obligation	(\$ <u>2,309</u>)	\$ <u>2,384</u>	\$ <u>2,086</u>	(\$ <u>2,035</u>)

The sensitivity analysis presented above is an analysis of effects resulted from changes in a single assumption while other assumptions are held constant. In practice, quite a few changes in assumptions are correlated. The method employed for sensitivity analysis is the same as the method used to calculate the net pension liability presented on the balance sheet.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous periods.

(6) The Company expects to make contributions of \$2,132 to the pension plans within one year.

(7) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years.

2. (1) Starting from July 1, 2005, the Company and domestic subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance. Payment of the pension

fund will be paid in a monthly basis or in a lump sum with the amounts calculated based on the pension fund account balance and the accrued benefits accumulated over the years.

- (2) Advanced Sporting Goods (Dongguan) Co., Ltd. makes a pension contribution on a monthly basis in an amount equal to a certain percentage of the employees' monthly salaries and wages in accordance with the requirements as set forth in the pension system of the People's Republic of China. The appropriation percentage both was 13% in 2023 and 2022. The pension for each employee is managed by the government, hence the Group doesn't have further obligations except for making a monthly contribution.
- (3) As required by the Vietnamese government, Advanced International Multitech (VN) Corporation Ltd. makes a monthly contribution in an amount equal to one month of an employee's minimum wages to the retirement plan, which is managed by the various responsible departments of the Vietnamese government. Other than making a monthly contribution, the Company has no further obligations.
- (4) In 2023 and 2022, the pension costs recognized by the Group in accordance with the aforementioned contribution plans were \$132,612 and \$136,440.

(XVIII) Provision for liabilities

	<u>Indemnification Loss</u>
Balance as of January 1, 2023	\$ -
Provision for liabilities increased during the period	473,640
Provision for liabilities used during the period	(199,960)
Balance as of December 31, 2023	<u>\$ 273,680</u>

In the year of 2022: None.

1. The estimated amount of loss indemnification in relation to industrial accident in 2023 was \$5,900 (listed under "Other gains and losses - Others").
2. Please see Note VI (XXVII) and Note X for indemnification amount estimated and listed by subsidiary, Launch Technologies Co., Ltd., regarding the fire incident.

(XIX) Share-based payment

1. In 2023 and 2022, the Group's share-based payment agreement (show in 1,000 shares) is as follows:

Type of agreement	Grant Date	Amount Given	Contract Period	Vesting Condition
Treasury stock transfer to employees	January 13, 2023	350	23 days	Immediate
Treasury stock transfer to employees	January 20, 2022	400	26 days	Immediate

2. Details of the above share-based payment agreement are as follows (show in 1,000 share):

	2023		2022	
	Quantity subscribed	Weighted average exercise price (\$1)	Quantity subscribed	Weighted average exercise price (\$1)
Outstanding shares at beginning of the period on January 1	-	\$ -	-	\$ -
Total grant during the period	350	76.42	400	76.42
Exercised during the period	(350)	76.42	(400)	76.42
Outstanding shares at the end of the period on December 31	-	-	-	-

3. The stock price of the stock options on the date of execution in 2023 and 2022 were \$98.6 and \$73.7 respectively.
4. In 2023 and 2022, the recognized cost of share-based compensation were \$7,784 and \$0, respectively.

(XX) Capital stock

As of December 31, 2023, the Company had an authorized capital in the amount of \$1,800,000 with 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible bonds), and a paid-in capital in the amount of \$1,402,003 with each share priced at NT\$10. Share payments for the Company's issued stocks have been collected in full.

1. Number of the Company's outstanding common shares at the beginning of periods and the end of the periods were adjusted as below (in thousand shares):

	2023	2022
January 1	134,214	131,934
Corporate bond conversion (Note)	3,007	1,880
Treasury stock transfer to employees	350	400
December 31	137,571	134,214

Note: The company's convertible corporate bonds were converted into 3,007 thousand ordinary shares in 2023, and the related registration were completed.

2. Treasury Stock

(1) Reasons for recovery of shareholding and its quantity:

Name of investor company	Reasons for recovery	December 31, 2023	
		Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	2,629	\$ 200,920

Name of investor company	Reasons for recovery	December 31, 2022	
		Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	2,979	\$ 227,667

Note: On September 22, 2021, the Company's board of directors resolved to buy back treasury stocks; it was estimated to buy back 6,700 thousand shares in total and the execution period started from September 23, 2021 to November 22, 2021. In consideration of fund planning and effective utilization, the Company bought back shares in batches depending on the changes of the Company's stock price. Hence, the treasury buyback plan this time wasn't fully executed and the actual shares repurchased totaled 3,379 thousand shares. On January 13, 2023, and January 20, 2022, the board resolved to transfer 350 thousand and 400 thousand treasury stock respectively to employees of the Company and the Company's subsidiary with the set average buyback price of NT\$76.42. As of December 31, 2023, there were totaled 750 thousand shares being transferred to employees of the Company and the Company's subsidiary.

- (2) The Securities and Exchange Act stipulates that the proportion of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total amount of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (3) The treasury stocks held by the Company shall not be pledged in accordance with the regulations of the Securities and Exchange Act and shall not be entitled for shareholder rights before being transferred.
- (4) According to the regulations stated in the Securities and Exchange Act, the shares repurchased for the transfer of shares to employees shall be transferred within five years on the date of the repurchase. Those are not transferred within the time limit shall be deemed to have not issued by the Company and shall be written off and removed from the registration.

(XXI) Capital reserve

1. Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting the deficit. Furthermore, if the Company has no accumulated loss, the capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In addition, according to the regulations stated in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use the capital surplus to offset loss only when the number of earnings and reserves are insufficient to offset the loss.

2. On February 29, 2024, the board of directors resolved to distribute cash of NT\$1.1 per share, totaling \$151,328, with capital reserve.

(XXII) Retained earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, shall be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, shall be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there are any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings accumulated from the prior periods to serve as the distributable earnings, of which the amount of distribution and retention shall be indicated in the earnings distribution proposal which is made by the Board of Directors before submitting to the Shareholders' Meeting for approval. The cash dividends distributed shall not less than 10% of the total dividends distributed of the same year.

The Company, following the regulations in the Company Act, authorizes the dividends, bonuses, capital reserve or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and thereto a report shall be submitted to the shareholders' meeting. The provisions of the preceding paragraph regulating that must be resolved by the shareholders' meeting are not applicable.

2. The Company's dividend policy is stated as below: for continuous operation and profit enhancement, the Company adopts a residual dividend policy.
3. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
4. The Company may allocate earnings only after providing a special reserve for debit balance in other equity on the date of the balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
5. On February 23, 2023, the 2022 earnings distribution plan was resolved at the shareholders' meeting, which was planned to distribute NT\$8.97 for per holding share, and the total dividend planned to distribute was NT\$1,234,676. The proposal was reported in the Shareholders' Meeting on May 29, 2023. On May 31, 2022, the 2021 earnings distribution plan was resolved at the shareholders' meeting, which was planned to distribute NT\$5.5 for per holding share, and the total dividend planned to distribute was NT\$727,835.

The resolution of the aforementioned earning distribution proposal in the general shareholders' meeting maybe look up in the website of the Market Observation Post System.

6. On February 29, 2024, the 2023 earnings distribution plan was resolved by the board of directors, which was planned to distribute NT\$0.5 for per holding share, and the total

dividend planned to distribute was NT\$68,786.

(XXIII) Operating revenue

1. Analysis of customer contracts

All the Group's revenue comes from contracts with customers under which revenue is generated by transferring goods at a certain point of time. Revenue can be sub-divided by geographical areas as follows:

Customer by geographical areas	2023	2022
Americas	\$ 10,260,111	\$ 15,026,056
Asia	3,751,076	5,529,032
Others	288,662	867,697
	<u>\$ 14,299,849</u>	<u>\$ 21,422,785</u>

2. Contract liabilities

- (1) The contract liabilities in relation to contracts with customers recognized by the Group are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Consumer products	<u>\$ 13,400</u>	<u>\$ 33,977</u>	<u>\$ 18,887</u>

- (2) Income recognized during the period from contract liabilities in the beginning of the period:

	2023	2022
Consumer products	<u>\$ 33,410</u>	<u>\$ 18,874</u>

(XXIV) Other income and expenses - net

	2023	2022
Income from molds	\$ 60,985	\$ 53,462
Income from samples	29,873	31,577
Other income	105,854	52,325
	<u>\$ 196,712</u>	<u>\$ 137,364</u>

(XXV) Interest income

	2023	2022
Interest from bank deposits	<u>\$ 90,700</u>	<u>\$ 16,271</u>

(XXVI) Other income

	2023	2022
Government subsidy income	\$ 15,445	\$ 4,769
Others	34,809	31,350
	<u>\$ 50,254</u>	<u>\$ 36,119</u>

In August 2022, the Group received government subsidies with a total amount of \$24,000 from the A+ Industry Innovation Plan supported by the Ministry of Economic Affairs.

The detail is as below:

1. The 2022 subsidy of \$3,250 has been received and deposited in a special account in December 2022, and was recorded as “other current liabilities”, which was re-listed as profit or loss when related expense occurred during the execution of plan. In 2023, a

subsidy income from the government of \$455 was recognized, for an accumulated amount of \$2,990. the remaining amount of \$260 has been returned to related unit.

2. The 2023 subsidy of \$18,725 has been received and deposited in a special account in April 2023, August 2023, December 2023, and were recorded as “other current liabilities”, which will be transferred to profit or loss when related expenses occur during the execution of plan. Up until December 31, 2023, a subsidy income of \$12,997 has been recognized.

(XXVII) Other gains and losses

	2023	2022
Loss on disposal of property, plant and equipment	(\$ 5,299)	(\$ 243)
Gain on lease modification	424	1,596
Gain on foreign exchange, net	28,110	438,559
Net loss from financial assets and liabilities at fair value through profit or loss	(10,951)	(6,512)
Impairment loss (Note)	(4,069)	-
Disaster loss		
- Inventories	(260,403)	-
- Property plant, and equipment	(598,506)	-
- Other assets	(2,711)	-
- Loss Indemnification	(467,740)	-
Others	(9,801)	(2,142)
	<u>(\$ 1,330,946)</u>	<u>\$ 431,258</u>

Note: Please see Note VI(VIII) for explanations.

(XXVIII) Finance costs

	2023	2022
Interest expense	\$ 74,136	\$ 42,553
Interest on lease liabilities	10,883	8,368
Amortization of corporate bond discount	16,176	8,663
Other financing costs	87	157
	<u>\$ 101,282</u>	<u>\$ 59,741</u>

(XXIX) Additional information regarding the nature of expenses

	2023	2022
Employee benefits expense	\$ 3,025,223	\$ 4,095,044
Depreciation expenses	723,313	638,409
Amortization expenses	89,579	66,602

(XXX) Employee benefits expense

	2023	2022
Salary and wages	\$ 2,491,792	\$ 3,550,508
Employee stock option	7,784	-
Labor and health insurance premiums	239,610	222,418
Pension expense	133,524	137,097
Remuneration to directors	7,410	15,580
Other personnel cost	145,103	169,441
	<u>\$ 3,025,223</u>	<u>\$ 4,095,044</u>

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors. However, if the Company still has an accumulated deficit, the earnings should be used to make up the loss.
2. In 2023 and 2022, the Company recognized compensation to employees in the accrued amounts equal to \$12,134 and \$128,650, respectively; remuneration to directors in the accrued amounts equal to \$6,510 and \$10,400, respectively, and the above mentioned amounts were presented under payroll expense.

The amounts of compensation to employees and remuneration to directors and supervisors for 2022 that had been resolved by the Board of Directors are the same as the amounts stated on the 2022 financial statements. The above-mentioned employee compensation was distributed in cash. Compensation to employees in 2022 have not yet fully distributed. Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXXI) Income tax

1. Income tax expenses

(1) Components of income tax expenses:

	2023	2022
Current income tax:		
Income tax in the current period	\$ 173,800	\$ 688,348
Surtax on undistributed earnings	38,034	-
Underestimation (over-) of prior year's income taxes	(41,836)	2,336
Total current income tax	169,998	690,684
Deferred income tax:		
Originating and reversed temporary differences	22,969	53,681
Income tax expense	<u>\$ 192,967</u>	<u>\$ 774,365</u>

(2) Income tax amount associated with other comprehensive income:

	2023	2022
Re-measurement of defined benefit obligation	<u>\$ 227</u>	<u>\$ 1,399</u>

2. Relations between income tax expense and accounting profits.

	2023	2022
Income tax calculated by applying the statutory tax rate to net income before tax	(\$ 90,351)	\$ 812,381
Tax exempted income pursuant to the taxation law	-	(1,052)
Effects from items prohibited from being recognized by laws and regulations	93,334	(62,868)
Income tax loss not recognized as deferred tax assets	193,786	-
Under-(Over-)estimation of prior year's income taxes	(41,836)	2,336
Effect of investment tax credit	-	(6,432)
Surtax on undistributed earnings	38,034	-
Income tax expense	<u>\$ 192,967</u>	<u>\$ 744,365</u>

3. Deferred income tax assets or liabilities arising from temporary differences and tax losses are stated as follows.7

	2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange difference	December 31
Temporary differences:					
Deferred income tax assets:					
Inventory valuation & obsolescence loss	\$ 9,573	(\$ 363)	\$ -	(\$ 101)	\$ 9,109
Pensions	12,943	(4,606)	(227)	-	8,110
Difference between financial and book depreciation	17,482	10,608	-	(684)	27,406
Unrealized exchange losses	13,445	3,988	-	-	17,433
Others	36,199	(9,090)	-	(157)	26,952
	<u>89,642</u>	<u>537</u>	<u>(227)</u>	<u>942</u>	<u>89,010</u>
Deferred income tax liabilities:					
Differences in investment gains or losses recognized	(231,581)	(23,583)	-	-	(255,164)
Liability of land value increment tax	(11,598)	-	-	-	(11,598)
Others	(415)	77	-	-	(338)
	<u>(243,594)</u>	<u>(23,506)</u>	<u>-</u>	<u>-</u>	<u>(267,100)</u>
	<u>(\$ 153,952)</u>	<u>(\$ 22,969)</u>	<u>(\$ 227)</u>	<u>(\$ 942)</u>	<u>(\$ 178,090)</u>

2022					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Net exchange difference	December 31
Temporary differences:					
Deferred income tax assets:					
Inventory valuation & obsolescence loss	\$ 12,105	(\$ 2,672)	\$ -	\$ 140	\$ 9,573
Pensions	14,669	(327)	(1,399)	-	12,943
Difference between financial and book depreciation	15,435	1,702	-	345	17,482
Unrealized exchange losses	1,542	11,903	-	-	13,445
Others	21,603	14,447	-	149	36,199
	<u>65,354</u>	<u>25,053</u>	<u>(1,399)</u>	<u>634</u>	<u>89,642</u>
Deferred income tax liabilities:					
Differences in investment gains or losses recognized	(152,945)	(78,636)	-	-	(231,581)
Liability of land value increment tax	(11,598)	-	-	-	(11,598)
Others	(317)	(98)	-	-	(415)
	<u>(164,860)</u>	<u>(78,734)</u>	<u>-</u>	<u>-</u>	<u>(243,594)</u>
	<u>(\$ 99,506)</u>	<u>(\$ 53,681)</u>	<u>(\$ 1,399)</u>	<u>\$ 634</u>	<u>(\$ 153,952)</u>

5. The effective period of the Group's unused tax losses and the relevant amounts of unrecognized deferred income tax assets are as follows:

Subsidiary:

December 31, 2023				
Year of Occurrence	Reported/Verified amount	Unused amount	Unrecognized deferred income tax assets	Last deduction year
2023	\$ 968,931	\$ 968,931	\$ 968,931	2033

As of December 31, 2022: None.

4. The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2021.

(XXXII) Earnings (Loss) per share

2023			
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$1)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 68,969	137,163	\$ 0.50
<u>Diluted loss per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 68,969	137,163	
Effect of potentially dilutive common stocks			
Convertible corporate bonds (Note)	-	-	
Employee remuneration	-	359	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 68,969	137,522	\$ 0.50

	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	<u>\$ 2,240,780</u>	<u>132,419</u>	<u>\$ 16.92</u>
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders of the parent company	\$ 2,240,780	132,419	
Effect of potentially dilutive common stocks			
Convertible corporate bond	5,602	4,731	
Employee remuneration	<u>-</u>	<u>1,500</u>	
Profit attributable to ordinary shareholders of the parent company plus effect of potentially dilutive common stocks	\$ 2,246,382	138,650	\$ 16.20

Note: Convertible corporate bonds in 2023 have an anti-dilutive effect and were not included in the calculation of diluted earnings (loss) per share.

(XXXIII) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	2023	2022
Acquisition of property, plant and equipment	\$ 730,563	\$ 756,580
Add: Equipment payable, beginning of period (recognized in other payable)	108,156	62,948
Less: Equipment payable, end of period (recognized in other payable)	(42,618)	(108,156)
Amount paid in cash - current period	\$ 796,101	\$ 711,372

2. Investing and financing activities that do not affect cash flows:

	2023	2022
Equipment prepayments transferred to property, plant, and equipment	\$ 62,169	\$ 433,277
Reclassification of property, plant, and equipment to other non-current assets	\$ 1,059	\$ 2,014
Reclassification of property, plant, and equipment to expenses	\$ -	\$ 1,377
Reclassification of property, plant, and equipment to intangible assets	\$ -	\$ 150

(XXXIV) Change in liabilities from financing activities

	Short-term loans	Corporate bonds payable	Long-term loans (including 1-year due)	Lease liabilities	Total financing liabilities
January 1, 2023	\$ 1,515,967	\$ 1,286,647	\$ 107,733	\$ 629,658	\$ 3,540,005
Changes in financing cash flows	96,009	-	75,336	(53,301)	118,044
Effect of exchange rate changes	(16,502)	-	-	(1,077)	(17,579)
Other non-cash changes	-	(506,953)	(128)	(1,213)	(508,294)
Dec. 31, 2023	<u>\$ 1,595,474</u>	<u>\$ 779,694</u>	<u>\$ 182,941</u>	<u>\$ 574,067</u>	<u>\$ 3,132,176</u>

	Short-term loans	Corporate bonds payable	Long-term loans (including 1-year due)	Lease liabilities	Total financing liabilities
January 1, 2022	\$ 1,901,873	\$ -	\$ 236,874	\$ 559,328	\$ 2,698,075
Changes in financing cash flows	(471,216)	1,530,661	(128,480)	(61,436)	869,529
Effect of exchange rate changes	85,310	-	-	544	85,854
Other non-cash changes	-	(244,014)	(661)	131,222	(113,453)
Dec. 31, 2022	<u>\$ 1,515,967</u>	<u>\$ 1,286,647</u>	<u>\$ 107,733</u>	<u>\$ 629,658</u>	<u>\$ 3,540,005</u>

VII. Related-party transactions

(I) Name and relationship of related parties

Name of related party	Relationship with the Group
Munich Composites GmbH	Associates of the Group
Technology On Prototyping Ultimate Co., Ltd.	Associates of the Group
Maya Metal Technology Co., Ltd. (hereinafter “Maya Metal”)	Associates of the Group

(II) Important transactions with related parties

1. Operating Sales

	2023	2022
Sales of merchandises		
Munich Composites GmbH	\$ 230	\$ -

The transaction price and payment terms of the above merchandise sales do not have significant difference from transactions with non-related parties.

2. Purchases

	2023	2022
Merchandise purchased from:		
Munich Composites GmbH	\$ 56	\$ -
Maya Metal	28,787	22,688
	<u>\$ 28,843</u>	<u>\$ 22,688</u>

The Group's purchase price with the related parties is negotiated by both parties with reference to market conditions, and the payment terms are not significantly different from those of non-related parties.

3. Operating expenses – R&D expenses

	2023	2022
Munich Composites GmbH	<u>\$ 26,732</u>	<u>\$ 27,936</u>

The expenses are arising from the research and development project of the Group and related parties to jointly develop new products; the payment terms shall be handled according to the agreement between the two parties.

4. Transaction amount with related parties

	December 31, 2023	December 31, 2022
Accounts Payable:		
Maya Metal	\$ 17,852	\$ 6,895
Other Payable		
Munich Composites GmbH	1,502	-
	<u>\$ 19,354</u>	<u>\$ 6,895</u>

The amount payable to related parties mainly comes from the purchase of materials and the R&D expenses, and the payment terms are 45 days after acceptance in monthly settlement, and there is no interest payment on the payable amount.

5. Mold equipment

	2023	2022
Munich Composites GmbH	<u>\$ 15,063</u>	<u>\$ -</u>

6. The Group participated in the capital raise project of Munich Composites GmbH, the investment company accounted for using equity method, and invested a total cash amount of \$3,865 in 2023. There was no such investment in 2022.

(III) Information about remunerations paid to the major management.

	2023	2022
Salary and other employee benefits	<u>\$ 88,381</u>	<u>\$ 97,912</u>

VIII. Pledged assets

Assets pledged as collateral by the Group are enumerated as follows:

Name of assets	Carrying Value		Guarantee use
	December 31, 2023	December 31, 2022	
Demand deposit(Note 1)	\$ 339,324	\$ -	Price Trust
Demand deposit (Note1)	12,504	8,132	Long-term loans and credit facility guarantee
Land	125,648	125,648	Short-term loans
Buildings and structures	28,256	220,905	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	18,271	79,872	Long-term loans and credit facility guarantee
Other equipment	147	1,758	Long-term loans and credit facility guarantee
Pledged time deposits(Note 2)	8,364	7,930	Lease deposit and others
	<u>\$ 532,514</u>	<u>\$ 444,245</u>	

Note 1: Presented as “Financial assets at amortized costs”.

Note 2: Presented as “Other non-current assets - others”.

IX. Significant contingent liabilities and Unrecognized contractual commitments

(I) Contingency

Please see Note X.

(II) Commitments:

1. Balance of outstanding letter of credit:

	December 31, 2023	December 31, 2022
Raw materials imported	<u>\$ 17,965</u>	<u>\$ 75,755</u>

2. Capital expenditures committed but not yet to incur:

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 456,826</u>	<u>\$ 239,122</u>

3. Please refer to Note VI(X) for explanation on operating lease agreements.

4. The Group signed a partnership agreement with Taishin Health Investment Ltd. on August 31, 2021 to establish a limited partnership of Taishin Health. The purpose is to invest in domestic and foreign biotechnology and pharmaceutical industries with development potential. The Group promised to invest in \$55,000 according to the agreement. Up until December 31, 2023, the Group has invested \$26,740.

X. Significant losses from disasters

The Company's subsidiary, Launch Technologies Co., Ltd. (hereinafter referred to as "Launch Technologies"), involved in a major fire incident on September 22, 2023. Launch Technologies has completely suspended operations by order of the Ministry of Economic Affairs and is now cooperating with the investigation of relevant administrative and judicial government departments to clarify the cause and responsibility of the accident. The explanation is as follows:

(I) Due to the above-mentioned fire incident, Launch Technologies recognized a total of \$1,329,360 disaster losses. The details are listed as below:

Item	Amount	Explanation
Inventories	\$260,403	Mainly are the carrying value of the fully destroyed inventories stored in Plant I.
Property, plant, and equipment	\$598,506	Mainly are the carrying value of the fully destroyed property, plant and equipment in Plant I.
Other assets	\$2,711	
Loss compensation	\$467,740	1. Disaster compensation for nearby factories and other units, residential buildings and casualties, except those that have been settled, are the best estimates of the evidence available as of the reporting date. Nevertheless, the actual compensation amount is yet to be negotiated, so there may be contingent liabilities that cannot be reasonably estimated and not yet be recorded. 2. Launch Technologies has allocated a funding of \$250,000 each on Sept. 27 and Oct. 4, 2023, for a total funding amount of \$500,000, to the trust account of Launch Technologies to meet related indemnification.
Total	<u>\$1,329,360</u>	

(II) Launched Technologies has purchased property insurance with an insured amount of \$1,529,825. Currently, it is in the process to apply for relevant insurance claims. The income from insurance claim has not yet been estimated and recorded.

(III) As of December 31, 2023, Launch Technologies' unused bank loan amount totaled \$299,300, and the Company will also provide necessary support to Launch Technologies. In addition, Launch Technologies is also actively planning the resumption of operations in Plant II. Launch Technologies will devote all its efforts to the reconstruction work in order to resume normal operations as soon as possible.

In addition, Launch Technologies has signed an OEM contract with subsidiary Advanced International Multitech (VN) Corporation Ltd. to maintain the overall operational efficiency and shareholders' right.

(IV) Launch Technologies received an indictment from the Taiwan Pingtung District Prosecutors Office on February 5, 2024 for violation of Occupational Safety and Health Act. Launch Technologies was fined the maximum statutory penalty of NT\$300,000. Launch Technologies will fully cooperate with the court's investigation and wait for the trial.

XI. Significant subsequent events

(I) On February 29, 2024, the board of directors proposed and approved the 2023 earnings distribution plan. Please refer to Note VI(XXII) for explanations.

(II) On February 29, 2024, the board of directors resolved to distribute cash with capital reserve. Please refer to Note VI (XXI) for explanations.

(III) For related information regarding the indictment sent to subsidiary, Launch Technologies Co., Ltd., from Taiwan Pitung District Prosecutors Office on February 5, 2024, please refer to Note X(IV) for details.

XII. Others

(I) Capital management

The objective of the Group's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that rewards are provided to shareholders. To sustain or adjust the capital structure, the Group might adjust dividends paid to shareholders, refund capital to shareholders, or issue new shares or dispose of assets in order to lower its debt. The Group monitors its capital by looking at the debt-to-capital ratio, which is calculated by dividing the total debt by the total capital.

The Group's strategies employed for 2023 were the same as those for 2022, i.e., striving to strike a balance for the overall capital structure. The Group's debt-to-capital ratios as at December 31, 2023 and 2022 are stated below:

	December 31, 2023	December 31, 2022
Total debt	\$ 6,923,561	\$ 9,080,299
Total capital	\$ 13,445,364	\$ 16,817,395
Debt-to-Capital ratio	51	54

(II) Financial instrument

1. Types of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 27,956	\$ 29,485
Financial assets at fair value through other comprehensive income		
Election of the designated equity instrument investment	3,666	55
Financial assets measured at amortized cost		
Cash and cash equivalents	2,776,790	2,291,800
Financial assets measured at amortized cost	351,828	29,418
Notes receivable	5,994	5,983
Accounts receivable	3,040,477	5,043,280
Other receivable	12,336	48,440
Refundable deposits	27,793	29,825
	<u>\$ 6,246,840</u>	<u>\$ 7,478,286</u>
	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ -	\$ 417
Financial liabilities at amortized cost		
Short-term loans	1,595,474	1,515,967
Notes payable	675	1,622
Accounts payable	1,462,001	2,230,307
Other payable	1,434,985	2,246,177
Long-term loans (including 1-year due)	182,941	107,733
Corporate bond payable	779,694	1,286,647
Deposits received	561	689
	<u>\$ 5,456,331</u>	<u>\$ 7,389,559</u>
Lease liabilities (including non-current)	<u>\$ 574,067</u>	<u>\$ 629,658</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on unpredictable matters on the financial markets, seeking to lower the potential adverse effects on the Group's performance.
- (2) Risk management is carried out by the Group's finance department in compliance with relevant policies. Through close cooperation with the Group's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. With respect to the overall risk management, the Group has established principles in writing, as well as policies in writing concerning specified scope and matters, e.g. exchange risk, credit risk, utilization of derivatives and non-derivatives, and investment of residual working capital.

3. The nature and degree of significant financial risks

(1) Market risks

Foreign exchange rate risk

- A. The Group operates across borders and is therefore subject to exchange rate risks arising from multiple currencies, mainly the US dollars, RMB and Euros. Relevant exchange rate risks come from future business transactions, recognized assets and liabilities, and net liabilities to foreign operating institutions.
- B. The Group's management has established policies that require the Company to manage its exchange rate risk relative to its functional currency. Companies should hedge their overall exchange rate risks through the finance department. In order to manage exchange rate risks arising from future business transactions and recognized assets and liabilities, the Company uses forward foreign exchange contracts through the finance department. Exchange rate risk arises when recognized assets or liabilities for future business transactions are denominated in a foreign currency that is not the functional currency of the entity.
- C. The Group's business involves the use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currency is RMB), consequently, it is subject to effects arising from currency rate fluctuations. The table below shows information regarding assets and liabilities that are denominated in foreign currency and may significantly being affected by the changes in exchange rates.

December 31, 2023				
		Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	145,509	30.705	\$ 4,467,854
USD:RMB		57,162	7.1063	1,755,159
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		68,720	30.705	2,110,048
USD:RMB		15,380	7.1063	472,243

December 31, 2022				
		Foreign currency (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	199,761	30.71	\$ 6,134,660
USD:RMB		45,290	6.9026	1,390,856
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		63,065	30.71	1,936,726
USD:RMB		26,519	6.9026	814,398

- D. The monetary items of the Group are significantly affected by currency fluctuations; in 2023 and 2022, the Group recognized a total exchange gain of \$28,110 and \$438,559, respectively.
- E. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

2023				
Sensitivity analysis				
Range of change		Effects on profit or loss		Effects on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 44,679	\$	-
USD:RMB	1%	17,552		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	21,100		-
USD:RMB	1%	4,722		-
2022				
Sensitivity analysis				
Range of change		Effects on profit or loss		Effects on other comprehensive income
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 61,347	\$	-
USD:RMB	1%	13,909		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	19,367		-
USD:RMB	1%	8,144		-

Price risk

The Group is not exposed to price risk from products.

Interest rate risk on Cash flows and Fair value

- A. The Group's interest rate risk mainly comes from the issuance of short-term and long-term loans with floating interest rates that have resulted in the exposures to cash flow interest rate risks. In 2023 and 2022, the Group's issuance of loans with floating interest rates was mainly denominated in New Taiwan Dollars, Renminbi, and US Dollars.
- B. If the borrowing interest rate of NTD increases or decreases by 0.25%, holding all other variables constant, the net income after tax for the year of 2023 and 2022 will decrease or increase by \$3,416 and \$3,062, respectively, primarily due to changes in interest expense incurred by borrowings with floating interest rates.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by customers or counterparties of financial instruments on the contract obligations. The internal risk control system assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.

Cash and cash equivalents and financial derivatives

Required by the transaction policy adopted, the Group trades only with counterparties having good credit ratings, and so there hasn't been any default on cash and cash equivalents or financial derivatives.

Accounts receivable

- A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.
- B. The Group adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.
- C. The Group's accounts receivables are due from ordinary enterprises. The Group assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.
- D. After the recourse process, the Group writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Group will keep legal recourse to secure its creditor's rights.

- E. Expected credit losses ratio on the Company's accounts receivable as of December 31, 2023 and 2022 were as follows:

		Over due						
	Not <u>overdue</u>	<u>Within</u> <u>30 days</u>	<u>31 to 60</u> <u>days</u>	<u>61 to 90</u> <u>days</u>	<u>91 to</u> <u>120 days</u>	<u>121 to</u> <u>150 days</u>	<u>151 to</u> <u>180 days</u>	<u>Over</u> <u>180 days</u>
<u>December 31, 2023</u>	0.00%~ 0.02%	0.04%~ 0.18%	0.04%~ 1.44%	0.09%~ 3.86%	0.42%~ 7.71%	3.89%~ 23.64%	24.30%~ 44.34%	100%
December 31, 2022	0.00%~ 0.01%	0.04%~ 0.22%	0.04%~ 1.49%	0.08%~ 3.56%	0.38%~ 7.03%	3.72%~ 26.01%	22.31%~ 51.78%	100%

The Group's balance of accounts overdue for 31 days and more as of December 31, 2023 and 2022 accounted for approximately 0.65% and 0.25% of the total amount, respectively.

- F. Changes in loss allowance for notes receivable and accounts receivable using the simplified approach are stated as follow:

	2023	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 4,048
Reversal of impairment loss	-	(2,114)
December 31	\$ -	\$ 1,934

	2022	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 2,176
Reversal of impairment loss	-	1,872
December 31	\$ -	\$ 4,048

(3) Risk of liquidity

- A. Cash flows forecasting is carried out by the Group's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.
- B. The Group's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreements, and marketable securities, all of which are instruments either with appropriate maturity period or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of December 31, 2023 and 2022, the Group had a money market position in the amounts equal to \$2,774,967 and \$2,290,658, respectively.

C. The table below shows an analysis of the non-derivative financial liabilities held by the Group with defined repayment terms based on maturity dates and undiscounted payment at maturity:

	December 31, 2023		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,611,627	\$ -	\$ -
Notes payable	675	-	-
Accounts payable	1,462,001	-	-
Other payable	1,434,985	-	-
Lease liabilities (including non-current)	47,881	35,533	652,564
Long-term loans	151,659	28,062	6,961
Corporate bond payable	-	800,900	-
<u>Derivative financial liabilities:</u> None.			

	December 31, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 1,537,133	\$ -	\$ -
Notes payable	1,622	-	-
Accounts payable	2,230,307	-	-
Other payable	2,246,177	-	-
Lease liabilities (including non-current)	65,862	55,244	681,615
Long-term loans	30,604	35,887	47,431
Corporate bond payable	-	-	1,347,700
<u>Derivative financial liabilities</u>			
Forward foreign exchange contract	417	-	-

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) About fair value

1. Below states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Assets or liabilities' direct or indirect observable input value, however, this does not include the quoted price as stated in Level 1. The fair value of the Group's investment in derivatives is all Level 2 inputs.

Level 3: Un-observable inputs of assets or liability. The Group's investment in privately offered fund, hybrid instruments, convertible bond's redemption rights, and equity instruments in non-active markets are all Level 3 inputs.

2. Financial instrument measured not at fair value

The carrying amount of the group's financial instruments, including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivable, refundable deposit, short-term loan, notes payable, accounts

payable, other payable, lease liabilities, long-term loans (including those due within 1 year), and guarantee deposit received, are reasonable approximation of fair value.

		December 31, 2023		
	Carrying value	Level I	Level II	Level III
Financial liabilities				
Corporate bond payable	\$ 779,694	\$ -	\$ 782,063	\$ -

		December 31, 2022		
	Carrying value	Level I	Level II	Level III
Financial liabilities				
Corporate bond payable	\$ 1,286,647	\$ -	\$ 1,295,207	\$ -

The fair value of the above-mentioned corporate bonds is evaluated using the binominal tree-based convertible bond evaluation model.

3. For financial instruments measured at fair value, the Group carries out basic classification based on the nature of assets and liabilities, character risks and the defined level of fair value. Related information is summarized as below:

(1) Classified by nature of assets or liabilities:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 80	\$ 80
Privately offered funds	-	-	27,876	27,876
Convertible bond contracts	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	4,620	4,620
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,576</u>	<u>\$ 32,576</u>
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 2,641	\$ 2,641
Privately offered funds	-	-	19,448	19,448
Convertible bond contract	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	1,009	1,009
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,494</u>	<u>\$ 30,494</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 417	\$ -	\$ 417

- (2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

A. The fair value of equity instruments without active market transactions (such as

shares of non-listed companies) is estimated using the market method, which is based on the price and other relevant information generated by the market transactions of the same or comparable company equity instruments (such as the discount factor of lacking of liquidity, or input values like stock market's price-to-earnings ratio or price-to-book value ratio) to estimate the fair value. In addition, for equity instruments that lack sufficient or appropriate observable market information and comparable objects, the Group adopts the net asset value method to better evaluate the current profitability of the investment target.

- B. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.
- C. Please refer to Note XII(III)7 for explanation of the impact of non-market observable parameters on the evaluation of financial instruments.

4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy in 2023 and 2022.

5. The following table shows the Level 3 changes in 2023 and 2022.

	2023				
	<u>Privately offered fund</u>	<u>Hybrid Instrument</u>	<u>Derivative Instrument</u>	<u>Equity Securities</u>	<u>Total</u>
January 1	\$ 19,448	\$ 7,396	\$ 2,641	\$ 55	\$ 29,540
Purchase – current	5,154	-	-	6,000	11,154
Conversion – current	-	-	(1,434)	-	(1,434)
Loss recognized at profit or loss					
Recorded as non-operating profit and loss	3,274	(7,396)	(1,127)	-	(5,249)
Loss recognized at other comprehensive income	-	-	-	(2,389)	(2,389)
December 31	<u>\$ 27,876</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 3,666</u>	<u>\$ 31,622</u>

	2022				
	<u>Privately offered fund</u>	<u>Hybrid Instrument</u>	<u>Derivative Instrument</u>	<u>Equity Securities</u>	<u>Total</u>
January 1	\$ -	\$ -	\$ -	\$ 55	\$ 55
Purchase - current	21,586	7,396	-	-	28,982
Issuance - current	-	-	1,700	-	1,700
Conversion - current	-	-	(273)	-	(273)
Loss recognized at profit or loss					
Recorded as non-operating profit and loss	(2,138)	-	1,214	-	(924)
December 31	<u>\$ 19,448</u>	<u>\$ 7,396</u>	<u>\$ 2,641</u>	<u>\$ 55</u>	<u>\$ 29,540</u>

6. Valuation process regarding Level 3 fair value is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified through the use of independent data source in order that such valuation results are close to

market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g., calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

December 31, 2023		Fair value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Derivative instrument:						
Convertible bond embedded option	\$	80	Binomial tree model	Volatility	26,83%~46.10%	Higher the volatility higher the fair value
Non-derivative equity instruments:						
Shares of venture capital company		1,009	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund		27,876	Net asset value method	Not applicable	Not applicable	Not applicable
Shares of non-listed companies		3,611	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument						
Contract of convertible bond		-	Discounted cash flow method	Discount rate	Not applicable	Higher the discount rate, lower the fair value
December 31, 2022		Fair value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Derivative instrument:						
Convertible bond embedded option	\$	2,641	Binominal tree evaluation model	Volatility	33.91%~45.30%	Higher the volatility, higher the fair value
Non-derivative equity instruments:						
Shares of venture capital company	\$	1,009	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund investment		19,448	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument:						
Contract of convertible bonds		7,396	Discounted cash flow method	Discount rate	Not applicable	Higher the discount rate, low the fair value

8. The Group elects to adopt the valuation model and valuation parameters through cautious assessment. Nonetheless, using different valuation models or valuation parameters may lead to different valuation results. For financial assets categorized within Level 3 of the

fair value hierarchy, changes in valuation parameters will not have a significant influence on either profit or loss or other comprehensive income.

XIII. Additional disclosures

(I) Information about significant transaction

1. Loans to Others: Please refer to Table 1.
2. Endorsements and Guarantees: None.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures): Please refer to Table 2.
4. The Aggregate Trading Value on the Same Securities (Including Purchase and Sales) Reaching NT\$300 Million or Exceeding 20% of the Paid-in Capital or More: None.
5. Acquisition of Property Amounting to at Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
6. Disposal of Property Amounting to at Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
7. Purchases from and Sales to Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 3.
8. Receivables from Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 4.
9. Engagement in Derivatives Transactions: Please refer to Notes VI(II) and XII(III).
10. Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof: Please refer to Table 5.

(II) Information about reinvestment

Name, Location, and Information on Investee Companies (Excluding Investee Companies in China): Please refer to Table 6.

(III) Information about Mainland China Investment

1. Basic Information: Please refer to Table 7.
2. Significant Transactions between the Company and Investees in Mainland China Directly or Indirectly through Entities in a Third Area: Please refer to Table 8.

(IV) Information of major shareholders

Please refer to Table 9.

XIV. Segment Information

(I) General Information

The Group is primarily engaged in the manufacturing of consumer products for prestigious brands around the world. The chief operating decision-makers conduct performance evaluation and resources allocation based on the operating profit (loss) of the Division of Consumer Products. According to the requirements as set forth in IFRS 8, the Group is a single reportable segment.

(II) Measurement of Segment Information

The Group evaluates the performance of an operating segment by examining the profit

before tax of a continuing operation. Such measurement standard precludes the effects from non-recurring expenses of an operating segment. Management of interest income and expenses is not authorized to the operating segments but assigned to the Group's finance department that is responsible for the management of the status of cash.

(III) Information on Segment Profit or Loss, Assets, and Liabilities

The reportable segment information provided to the chief operating decision-makers is the financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs).

(IV) Reconciliation of Segment Profit or Loss

The measurement method used for revenue reported to the chief operating decision makers is the same as that used for revenue as stated on the statement of comprehensive income. The measurement method used for total amount of assets and liabilities reported to the chief operating decision makers is the same as that used for the total amount of assets and liabilities stated on the financial statements.

(V) Information by Products and Services

Revenue from external customers is mainly derived from the manufacturing of consumer products.

(VI) Geographic Information

Geographical information for years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Americas	\$ 10,260,111	\$ -	\$ 15,026,056	\$ -
Asia	3,751,076	4,467,029	5,529,032	4,870,921
Others	288,662	-	867,697	-
	<u>\$ 14,299,849</u>	<u>\$ 4,467,029</u>	<u>\$ 21,422,785</u>	<u>\$ 4,870,921</u>

Non-current assets comprise property, plant and equipment (PP&E), right-of-use asset, intangible assets, prepayments for business facilities, and other non-current assets, excluding refundable deposits.

(VII) Information on Major Customers

The Group's major customers for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
	Revenue	% in Net Sales	Revenue	% in Net Sales
Customer 10986	\$ 5,043,853	35	\$ 7,829,404	37
Customer 10008	4,027,181	28	5,185,939	24
	<u>\$ 9,071,034</u>	<u>63</u>	<u>\$ 13,015,344</u>	<u>61</u>

Advanced International Multitech Co., Ltd. and Subsidiaries
Fund Lending to Others
January 1 to December 31, 2023

Table 1

Unit: NT\$1,000
(Unless Otherwise Specified)

No.	Lender	Borrower	Account	Related Party	Highest amount of the Period	Balance at the end of the period	Actual spending amount	Range of interest rate	Loan type	Amount of Business Transaction	Reasons for the need for short-term financing	Allowance made for loss	Collateral		Loan limit for individual object(Note)	Total loan limit(Note)	Remarks
													Name	Value			
0	Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Other receivable - related party	Yes	\$ 307,050	\$ 307,050	\$ 307,050	5.259%	For short-term financing need	\$ -	As working capital	\$ -	-	\$ -	\$ 618,740	\$ 2,474,961	

Note 1 :

Note 2 : According to the Company's "Operating procedure for lending funds to others", the total amount fo the Company's funds lent to others should not exceed 40% of the Company's net worth as shown in the latest financial statment. And the total fund lend to invidual object shall not exceed 10% of the Company's net worth as shown in the latest financial statement.

Table 2

Advanced International Multitech Co., Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)
January 1 to December 31, 2023

Unit: NT\$1,000
(Unless Otherwise Specified)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	End of the Period				
				Number of shares	Carrying Amount	Shareholding Ratio	Fair Value	Remark
Advanced International Multitech Co., Ltd.	Taishin Health Limited	None	Financial assets at fair value through profit or loss - non-current	-	\$ 27,876	8.09%	\$ 27,876	Note
Advanced International Multitech Co., Ltd.	Tsai Ying Clean Energy Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	600,000	3,611	5.00%	3,611	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial asset at fair value through other comprehensive income - non-current	57,438	55	10.60%	1,009	

Note: The shareholding ratio is calculated based on the proportion of the fund invested.

Advanced International Multitech Co., Ltd. and Subsidiaries
Purchases from and Sales to Related Parties Amounting to at least \$100 Million or Exceeding 20% of the Paid-in-Capital
January 1 to December 31, 2023

Table 3

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of Company	Name of the Counterparty	Relationship	Transaction details				Situation and Reason of Why Trading Conditions are Difference from General Trading		Note and Account Receivable (Payable)		Remark
			Purchase/Sales	Amount	Ratio to Total Purchase/Sales	Loan Period	Unit Price	Loan Period	Balance	Ratio to total note or account receivable (payable)	
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchase	\$ 5,941,902	65%	Note 1	Note 1	Note 1	(\$ 1,724,561)	78%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchase	3,402,252	37%	Note 1	Note 1	Note 1	(326,138)	15%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(5,941,902)	100%	Note 3	Note 3	Note 3	1,724,561	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(3,402,252)	100%	Note 3	Note 3	Note 3	326,138	100%	

Note 1: The prices and terms of payment of the Company's purchases from Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced International Multitech (VN) Corporation Ltd. were agreed by both parties and were not comparable to the general transaction as there were no transactions of similar products.

Note 2: The purchase (sales) amount comprises the sales revenue (Sales of raw materials and processed goods) to its subsidiaries and sub-subsidiaries, offsetted by its operating costs (purchase of goods) arising from the related transaction. During the period from January 1 to December 31, the offsetted amount were \$985,307.

Note 3: The price and collection terms of the company's sales to Advanced International Multitech Co., Ltd. were agreed by both parties, which were not comparable to normal transactions as there were no similar counterparties or products.

Advanced International Multitech Co., Ltd. and Subsidiaries
Receivable from Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of the Paid-in-Capital
January 1 to December 31, 2023

Table 4

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of Company	Name of the Counterparty	Relationship	Balance of Receivable from Related Parties	Turnover Rate	Overdue Receivable from Related Parties		Amount of Receivable from Related Parties received in Subsequent Period	Allowance for Doubtful Accounts	Remark
					Amount	Action Taken			
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	\$ 1,724,561	3.39	\$ -	-	\$ 641,084	\$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	326,138	9.98	-	-	326,138	-	

Advanced International Multitech Co., Ltd. and Subsidiaries
Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof
January 1 to December 31, 2023

Table 5

Unit: NT\$1,000
(Unless Otherwise Specified)

No. (Note)	Name of Company	Name of the Transaction Counterparty	Relationship with Counterparty (Note 2)	Conditions of Transactions			Ratio to Consolidated Total Revenue or Total Assets (%)
				General Ledger Account	Amount	Transaction Terms	
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchase	\$ 5,941,902	Handled in accordance with the agreement between both parties	42%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Account Payable	1,724,561	Handled in accordance with the agreement between both parties	13%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchase	3,402,252	Handled in accordance with the agreement between both parties	24%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Account Payable	326,138	Handled in accordance with the agreement between both parties	2%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Other receivable	324,598	Handled in accordance with the agreement between both parties	2%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column as below:

- (1) Parent company is coded "0".
- (2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Three kinds of relationship with counterparties are as follows:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries
Name, Location, and Information on Investee Companies (Excluding Investee Companies in Mainland China)
January 1 to December 31, 2023

Table 6

Unit: NT\$1,000
(Unless Otherwise Specified)

Investor	Name of Investee Company	Location	Primary Business	Initial Investment Amount		Ownership, End of the Period			Net Income (Loss) of the Investee Company	Recognized Investment Gain (Loss) for the Period	Remark
				End of the Period	End of Last Year	Number of Shares	Ownership %	Carrying Amount			
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	\$ 149,434	\$ 149,434	4,584,815	100	1,114,937	130,201	\$ 132,925	Note 1
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Vietnam	Engaged in the production and sales of various golf club shafts and heads, and golf sets.	447,331	447,331	14,000,000	100	668,239	(17,136)	(15,007)	Note 1
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd.	Taiwan	Engaged in production of sports products, other plastic products and international trade.	266,495	266,495	28,518,424	51.65	339,240	(930,148)	(495,247)	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and Carbon Fiber Reinforced Polymer products.	53,077	49,212	69,003	30.53	-	-	-	Note 2
Advanced International Multitech Co., Ltd.	Technology on Prototyping Ultimate Co., Ltd.	Taiwan	System integration engineering design services for aerospace, vehicles, national defense, machinery, energy, electronics, medical, materials and process equipment.	15,600	15,600	1,200,000	21.64	19,348	6,217	1,218	
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Maya Metal Technologies Co., Ltd.	Vietnam	Engaged in the OEM production of golf head, shaft, and golf sets.	22,290	22,290	750,000	30	5,921	(31,476)	(9,442)	

Note 1: The difference in the profit or loss of the investee for the period and the investment profit or loss recognized by the Company is the unrealized gain or loss arising from inter-company transactions.

Note 2: According to "IAS 36", the recoverable amount of Munich Composites GmbH continuing operations is estimated to be 0. It was assessed to have none significant changes during the year.

Advanced International Multitech Co., Ltd. and Subsidiaries
Investments in Mainland China - Basic Information
January 1 to December 31, 2023

Table 7

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of the Investee Company in Mainland China	Primary Business	Paid-in-Capital	Method of Investment	Accumulated Investment Amount from Taiwan, Beginning of the Period	Remittance or Recovery of Investment Amount, Current Period		Accumulated Investment Amount from Taiwan, End of the Period	Profit/Loss of the Investee Company, Current Period	Direct of Indirect Ownership of the Company (%)	Investment Gain(Loss) Recognized of the Period	Carrying Amount of the Investment, End of the Period	Investment Income Repartriated, End of the Period	Remark
					Remittance	Recovery							
Advanced Group International (BVI) Co.,Ltd. : Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production and sales of carbon fiber prepreg materials and sports products	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	\$ 130,201	100	\$ 130,201	\$ 1,115,389	\$ 948,328	Note 1, Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in the production of materials.	17,796	3	-	-	-	-	(1,877)	25	(469)	2,985	-	Note 1, Note 3, Note 4, Note 5

Note 1: Investment methods are classified into the following four methods:

1. Remittance to Mainland China through a third region
2. Investment in Mainland China company through company invested and established in a third region
3. Investment in Mainland China company through reinvestment in an existing company in a third company
4. Through other methods

Note 2: Investment gain or loss recognized in accordance with the financial statements reviewed by the parent company in Taiwan.

Note 3: Investment gain or loss recognized in accordance with the investee company's self-compiled financial statements.

Note 4: The amount of paid-in-capital is converted based on the RMB4,000 thousand at exchange rate of 4.449.

Note 5: It is an investment directly made by the Company's 2nd tier subsidiary, Advanced Sporting Goods (Dongguan) Co., Ltd., and the Company did not make actual remittance for the investment.

Name of the Company	Accumulated investment amount remitted to China from			Investment amount approved by the MOEAIC			Upper limit on investment authorized by the MOEAIC	
	Taiwan, End of the Period							
Advanced International Multitech Co., Ltd. (Note 6, Note 7, Note 8)	\$ 149,434	\$		\$ 1,460,560	\$		3,913,081	

Note 6: Accumulated outward remittance from Taiwan to Mainland China at the end of the period of US\$4,577 thousand is translated at the spot exchange rates at the time of the remittance.

Note 7: Note 7: The approved investment amount of US\$4,577 thousand by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) is translated using the USD exchange rate of 30.71 at the balance sheet date.

Note 8: According to the quota stipulated in Correspondance Jing-Shen-Zi-Di-No.09704604680 issued by the Ministry of Economic Affairs on August 29, 2008.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investment in Mainland China - Significant Transactions between the Company and Investee Companies in Mainland China Directly or Indirectly through Entities in a Third Region

January 1 to December 31, 2023

Table 8

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of Investee Company in Mainland China	Purchase (Sales)		Property Transaction		Account Receivable (Payable)		Endorsement, Guarantee or Collateral Provided		Financing				
	Amount	%	Amount	%	Balance	%	Balance, End of the Period	Purpose	Highest Balance	Balance, End of the Period	Range of Interest Rates	Interest, Current period	Others
Advanced Sporting Goods (Dongguan) Co., Ltd.	(\$ 5,941,902)	(65%)	\$ -	-	(\$ 1,724,561)	(78%)	\$ -	-	\$ -	\$ -	-	\$ -	Note

Note: The purchase (sales) amount comprises the sales revenue (sales of raw materials and work-in-progress) offsetted by operating costs (purchase of goods) arising from related processing of the Company's sales to Advanced Sporting Goods (Dongguan) Co., Ltd. The offset amount during the period from January 1 to December 31, 2023 was \$688,050.

Advanced International Multitech Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2023

Table 9

Name of Major Shareholder	Shareholding	
	Number of Shares Held	Shareholding Ratio
Ming An Investment Co., Ltd.	12,134,838	8.65%

Note: (1) The major shareholders information in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall based on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.

Independent Auditor's Report

To Advanced International Multitech Co., Ltd.:

Auditors' Opinion

Advanced International Multitech Co., Ltd.'s parent company only balance sheets ended December 31, 2023 and 2022, parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows from January 1 to December 31, 2023 and 2022, and the notes to the parent company only financial statements (including the summary of significant accounting policies) have been reviewed by the auditor.

In our opinion, the aforementioned parent company only financial statements present fairly, in all material respects, the parent company only financial position of Advanced International Multitech Co., Ltd. as of December 31, 2023 and 2022, and its parent company only financial performance and parent company only cash flows from January 1 to December 31, 2023 and 2022 are presented in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinion

We planned and conducted our audits in accordance with the "Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We have stayed independent from the Company as required by the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Code. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Emphasis of a Matter

As stated in Note X to the consolidated financial statements, Launch Technologies Co., Ltd. (hereinafter referred to as "Launch Tech"), an investment accounted for using equity method, incurred a major fire incident on Sept. 22, 2023, which damaged all or most of the company's factory buildings, equipment, inventories, and accounting documents, caused property loss to several factories nearby, residential houses, and other units, and brought about severe casualties to both internal and external personnel. Launch Tech has already recognized a disaster loss of NT\$1,329,360 thousand dollars. Launch Tech is currently in the process of applying for relevant insurance claims, and the insurance claim income has not yet been estimated and recorded. The accountants have not revised the audit opinion accordingly.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements of Advanced International Multitech Co., Ltd. Such matters have been dealt with in the course of auditing and compiling the parent company only financial statements and in the preparation of our audit opinion. As such, we do not respond to each key matter individually.

Key Audit Matters for the parent company only financial statements of Advanced International Multitech Co., Ltd. for 2023 are stated as follows:

Assessment of Impairment of Accounts Receivable

Descriptions

Please refer to Note IV(IX) and (X) to the parent company only financial statements for accounting policies regarding accounts receivables and impairment assessment; please refer to Note V(II) to the parent company only financial statements for uncertainties of accounting estimates and assumptions regarding accounts receivables; and please refer to Note VI(IV) to the parent company only financial statements for net accounts receivables.

In measuring the expected credit losses, The Company must use its judgment to identify the factors that affect the future recoverability of the accounts receivable, and consider the time value of money, the information that is reasonable and available to prove the forecast of future economic conditions, and the supporting documents obtained by the management. Therefore, we identified the evaluation of impairment for accounts receivables as one of the key audit matters for the Company.

Audit Procedures

The procedures we have performed on the aforementioned key audit matter are summarized as follows:

1. Based on our understanding of the Company's operation and its sales counter-party, we have determined the reasonableness of the policy and procedures regarding provision of loss allowance for accounts receivables, including the objective evidence that determine the loss rate, e.g. characters of customers, assessment of past payment collection experience, and future economic conditions. We have also compared whether the policy for provision of loss allowance for accounts receivables is consistent throughout the reporting period.
2. We have assessed the reasonableness of the supporting documents based on the expected loss rates for different days past due as provided by the management.
3. We have also verified the correctness of the aging of accounts receivables in order to ensure the agreement of the financial information with its policy.
4. We have also tested the recovery of accounts receivables after the audit period so as to

evaluate the possibility of recovery.

Inventory Valuation

Description

Refer to Note IV(XII) to the parent company only financial statements for accounting policies regarding inventory valuation; Note V(II) for uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note VI(V) for details of inventory accounting subjects.

The main business of the Company is to undertake the production of consumer products for the world's major brands. The inventory of such products, owing to rapid changes in technology and a high degree of customization, possesses higher risk of inventory valuation loss or obsolescence. The Company measures the value of inventory through the employment of an item by item approach which recognizes the value at the lower of cost and net realizable value. The Company also evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Since the assessment process may involve the management's judgment based on the relevant supporting documents obtained, which is an area to be determined in an audit, we have identified the inventory valuation as one of the key audit matters for the Company.

Audit Procedures

The procedures we have performed on the aforementioned key audit matter are summarized as follows:

1. We have compared whether the policy for provision of allowance of inventory valuation loss is consistent throughout the reporting period and assessed the reasonableness of its provision policy.
2. We have examined the inventory management process, reviewed the annual inventory plan and participated in annual inventory counts in order to assess the effectiveness of management's judgment and control of obsolete inventory.
3. We have sampled and tested the net realizable value of individual inventory item to assess the reasonableness of the allowance to reduce inventory to market.

Recognized profit/loss from investments accounted for using equity method

Please refer to Note IV(XIII) to the parent company only financial statements for accounting policies regarding the investments accounted for using equity method; please refer to Note VI(VII) to the parent company only financial statements for details of the accounting subjects.

As of December 31, 2023, the investment balance of the Company's subsidiary, Launch Tech Co., Ltd., that is accounted for using equity method, was NT\$339,240 thousand. Since the total investment of the subsidiary, that is accounted for using equity method, was about 16% of the Advanced Company's total assets and had significant

impact on the parent company only individual financial statement, after assessing the impact of the subsidiary's key audit matters on the parent company only individual financial statements the accountants have included the issue as one of the key audit matters of the Advanced Company. The details are listed separately as below:

1. Assessment of the compensations for losses resulted from major disaster

Description

Since the assessment of the compensation of losses with regard to the property damage and casualties in Launch Tech major disaster involves management's judgment on the scope and amount of compensation and is highly uncertain, the accountants identified the completeness and accuracy of the assessment of the loss compensation for the aforementioned major disaster as one of the most important matters for this year's audit.

Audit Procedures

The procedures we have performed on the afore-mentioned key audit matter are summarized as follows:

- (1) In order to assess the completeness of the scope of the loss compensation, we obtained the management's loss compensation loss assessment lists and compared such with related medical records, casualty lists, compensation documents for various financial losses, as well as the letter of confirmation from the appointed lawyers.
- (2) To understand the basis for loss compensation assessments and estimates and evaluate the reasonableness. For cases that have reached settlement agreements, we checked relevant settlement documents and payment records on a random basis; for cases that have not reached a settlement agreement, we checked the supporting documents in relation to the basis of assessments on a random basis, and reviewed similar settled cases and lawyers' replies to evaluate the accuracy of the relevant loss compensation estimates.

2. Impairment assessment of real estate, plant, and equipment, and right-of-use assets

Description

The Plant II of Launch Tech was affected by the disaster, and its real estate, plants and equipment and right-of-use assets showed signs of impairment. While assessing such assets' recoverable amounts, various factors, including the discount rates, expected growth rates, and future financial forecasts, were made by the management and are prone to subjective judgment and uncertainty, which may result in a significant impact on the assessment results of the recoverable amount. Therefore, the accountants identified the impairment assessment of the real estate, plant, equipment, and right-of-use assets of Launch Tech' Plant II as one of the most important matters in this year's audit.

Audit Procedures

The main response procedures performed by the accountants for the above key audit event are to obtain management's documentation of asset impairment assessment and to evaluate the key assumptions used by management to estimate future cash flows, including historical results and expected work resumption progress to evaluate the reasonableness of the estimated changes of the sales, gross profit, and expenses; and we reviewed the reasonableness of parameters of the discount rate used, including the risk-free rate of return on equity capital costs, the risk coefficient of the industry, and the rate of return on similar assets in the market.

Other Matters – reference to other accountants' audits

We did not audit the financial statements of certain investee companies accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The total investment amount of those aforementioned companies accounted for under equity method amounted to NT\$19,348 thousand and NT\$15,568 thousand, representing 0.19% and 0.13% of total assets as of 31 December, 2023 and 2022, respectively. The total operating revenues(losses) of those aforementioned companies accounted for under equity method amounted to NT\$1,218 and NT\$(32) thousand, representing 3% and 0% of total comprehensive profit or loss for the period from January 1 to December 31, 2023 and 2022, respectively.

Responsibility of the management and the governing body for the parent company only financial statements

It is the management's responsibility to fairly present the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain internal controls which are necessary for the preparation of the parent company only financial statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the parent company only financial statements, the responsibility of management includes assessing the Company's ability to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate the Company or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

The governing bodies of the Company (including Audit Committee) have the responsibility to oversee the financial reporting process.

The Accountants' Responsibility in Auditing the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatements,

whether due to fraud or error, and to issue an auditors' report that includes our opinion. "Reasonable assurance" refers to a high level of assurance. Nevertheless, our audit, which was carried out in accordance with the Generally Accepted Auditing Standards in the Republic of China does not guarantee that a material misstatement(s) in the parent company only financial statements will be detected. There may still be material misstatements due to fraud or errors. and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

We have exercised professional judgment and maintained professional skepticism while abiding by the Generally Accepted Auditing Standards in the Republic of China in our audit. The following tasks have also been performed:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the parent company only financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of the Company.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of the Company to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the parent company only financial statements in our audit report of the relevant disclosures therein, or to amend our audit opinion in the event that any inappropriate disclosure was found. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause the Company to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only financial statements fairly present relevant transactions and items.
6. Acquired sufficient and appropriate audit evidence regarding the financial information of entities of the Company in order to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of auditing the Company, and for formation of an audit opinion.

Communications between us and the company's governing body take account of the scope and timing of the planned audit and significant audit findings, including any significant deficiencies in the internal controls during the audit process.

We have also provided the governing body with our statement of independence in

accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China, and communicated with the governing body all relationships and other matters that may be deemed to have an influence on our independence (including safeguard measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the 2023 parent company only financial statements of the Company. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the reasonably anticipated adverse impacts of such communication would be greater than the public interest it would promote.

PwC Taiwan

Chun-Kai Wang

CPA

Chien-Chih Wu

Financial Supervisory Commission, R.O.C. Taiwan

Approval No.: Jin Guan Zheng Shen Zi No. 1110349013

Jin Guan Zheng Shen Zi No. 1030027246

February 29, 2024

Advanced International Multitech Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: NT\$1,000

			December 31, 2023		December 31, 2022	
Assets		Notes	Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	VI(I)	\$ 2,242,507	22	\$ 1,461,327	12
1110	Financial assets at fair value through profit/loss-current	VI(II)	60	-	8,837	-
1136	Financial assets at amortized cost-current	VI(III)	-	-	21,286	-
1150	Notes receivable-net	VI(IV)	5,994	-	4,863	-
1170	Accounts receivable-net	V&VI(IV)	3,013,575	29	4,542,352	39
1200	Other receivable		10,384	-	37,588	-
1210	Other receivable-related parties	VII	324,598	3	-	-
130X	Inventories	V&VI(V)	673,320	7	944,922	8
1410	Prepayments		42,106	-	88,451	1
1470	Other current assets		25,635	-	15,668	-
11XX	Total current assets		6,338,179	61	7,125,294	60
Non-current assets						
1510	Financial assets at fair value through profit/loss-non-current	VI(II)	27,876	-	19,448	-
1517	Financial assets at fair value through other comprehensive income-non-current	VI(VI)	3,666	-	55	-
1550	Investment accounted for using equity method	VI(VII)	2,141,765	21	2,598,284	22
1600	Property, plant, and equipment	VI(VIII)&VIII	1,328,645	13	1,437,913	12
1755	Right-of-Use Assets	VI(IX)	447,696	4	477,419	4
1780	Intangible assets	VI(X)	13,165	-	12,714	-
1840	Deferred income tax assets	VI(XXVIII)	46,693	-	43,986	1
1900	Other non-current assets	VIII	95,962	1	113,518	1
15XX	Total non-current assets		4,105,468	39	4,703,337	40
1XXX	Total assets		\$ 10,443,647	100	\$ 11,828,631	100

(Cnotinue to next page)

Advanced International Multitech Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: NT\$1,000

			December 31, 2023		December 31, 2022	
Liabilities and Equities		Note	Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI(XI) & VIII	\$ 22,676	-	\$ 11,393	-
2120	Financial liabilities at fair value through profit/loss-current	VI(II)	-	-	417	-
2150	Notes payable		315	-	893	-
2170	Accounts payable		155,361	2	115,390	1
2180	Accounts payable-related parties	VII	2,050,808	20	1,673,075	14
2200	Other payable	VI(XII) & VII	418,420	4	893,601	7
2230	Income tax liabilities-current period		180,462	2	440,827	4
2280	Lease liabilities-current		12,560	-	18,359	-
2300	Other current liabilities	VI(XIII)(XX)(XXIII)	49,687	-	79,866	1
21XX	Total current liabilities		<u>2,890,289</u>	<u>28</u>	<u>3,233,821</u>	<u>27</u>
Non-current liabilities						
2530	Corporate bond payable	VI(XIV)	590,498	6	816,573	7
2570	Deferred income tax liabilities	VI(XXVIII)	266,762	3	243,179	2
2580	Lease liabilities-non-current		468,142	4	474,064	4
2640	Net defined benefit liabilities-non-current	VI(XV)	40,552	-	64,719	1
25XX	Total non-current liabilities		<u>1,365,954</u>	<u>13</u>	<u>1,598,535</u>	<u>14</u>
2XXX	Total liabilities		<u>4,256,243</u>	<u>41</u>	<u>4,832,356</u>	<u>41</u>
Equities						
	Share capital	VI(XVII)				
3110	Capital of common stock		1,402,003	14	1,371,929	12
	Capital reserve	VI(XVIII)				
3200	Capital reserve		1,306,584	12	973,927	8
	Retained earnings	VI(XIX)				
3310	Legal reserve		1,288,551	12	1,063,914	9
3320	Special reserve		89,643	1	167,767	1
3350	Undistributed earnings		2,424,737	23	3,736,047	32
	Other equities					
3400	Other equities		(123,194)	(1)	(89,642)	(1)
3500	Treasury stock	VI(XVI)(XVII)	(200,920)	(2)	(227,667)	(2)
3XXX	Total equities		<u>6,187,404</u>	<u>59</u>	<u>6,996,275</u>	<u>59</u>
	Significant contingent liabilities and unrecognized contractual commitments	IX				
	Significant subsequent event	XI				
3X2X	Total liabilities and equities		\$ 10,443,647	100	\$ 11,828,631	100

The accompanying notes to the Parent Company Only Financial Statement are an integral part of the parent company only financial statements. Please refer to them as wel.

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

(Except for Earnings Per Share Presented in NT\$1)

	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	Sales revenue	VI(XX)&VII	\$ 11,487,875	100	\$ 17,824,766	100
5000	Cost of goods sold	VI(V)(X)(XXVI) (XXVII)&VII	(10,365,437)	(90)	(15,185,387)	(85)
5900	Gross Profits		<u>1,122,438</u>	<u>10</u>	<u>2,639,379</u>	<u>15</u>
	Operating expenses	VI(X)(XXVI) (XXVII)&VII				
6100	Sales and marketing expenses		(123,278)	(1)	(206,294)	(1)
6200	Administrative expenses		(259,048)	(2)	(319,604)	(2)
6300	R&D expenses		(415,746)	(4)	(561,756)	(3)
6450	Expected credit impairment gain(loss)	XII(II)	<u>2,107</u>	<u>-</u>	<u>(1,397)</u>	<u>-</u>
6000	Total operating expenses		<u>(795,965)</u>	<u>(7)</u>	<u>(1,089,051)</u>	<u>(6)</u>
6500	Other income and expenses- net	VI(XXI)&VII	<u>188,664</u>	<u>1</u>	<u>123,245</u>	<u>-</u>
6900	Operating income		<u>515,137</u>	<u>4</u>	<u>1,673,573</u>	<u>9</u>
	Non-operating income and expenses					
7100	Interests income	VI(XXII)	83,640	-	12,448	-
7010	Other income	VI(XXIII)	19,536	-	5,948	-
7020	Other gains and losses	VI(II)(XXIV)	(24,883)	-	318,225	2
7050	Finance costs	VI(XXV)	(16,557)	-	(12,252)	-
7070	Share of the profit(loss) of subsidiaries, associates, and joint ventures accounted for using the equity method		<u>(376,111)</u>	<u>(3)</u>	<u>722,421</u>	<u>4</u>
7000	Total non-operating income and losses		<u>(314,375)</u>	<u>(3)</u>	<u>1,046,790</u>	<u>6</u>
7900	Net income before tax		<u>200,762</u>	<u>1</u>	<u>2,720,363</u>	<u>15</u>
7950	Income tax expenses	VI(XXVIII)	<u>(131,793)</u>	<u>(1)</u>	<u>(479,583)</u>	<u>(2)</u>
8200	Net income – current term		<u>\$ 68,969</u>	<u>-</u>	<u>\$ 2,240,780</u>	<u>13</u>
	Other comprehensive income					
	Other comprehensive income that will not be re-classify to profit/loss					
8311	Defined benefit plan remeasurements	VI(XV)	\$ 1,137	-	\$ 6,993	-
8316	Unrealized gain/loss of equity investments measured at fair value through other comprehensive income	VI(VI)	(2,389)	-	-	-
8349	Income tax related to items that are not reclassified	VI(XXVIII)	<u>(227)</u>	<u>-</u>	<u>(1,399)</u>	<u>-</u>
8310	Total of items that will not be re-classified to profit/loss		<u>(1,479)</u>	<u>-</u>	<u>5,594</u>	<u>-</u>
	Items that may be re-classified subsequently to profit/loss					
8361	Exchange differences on translation of foreign financial statements		<u>(31,163)</u>	<u>-</u>	<u>78,124</u>	<u>-</u>
8300	Other comprehensive income (net)		<u>(\$ 32,642)</u>	<u>-</u>	<u>\$ 83,718</u>	<u>-</u>
8500	Total comprehensive income		<u>\$ 36,327</u>	<u>-</u>	<u>\$ 2,324,498</u>	<u>13</u>
	Earnings per share	VI(XXIX)				
9750	Basic		<u>\$ 0.50</u>		<u>\$ 16.92</u>	
9850	Diluted		<u>\$ 0.50</u>		<u>\$ 16.20</u>	

The accompanying notes to the Parent Company Only Financial Statements are an integral part of the parent company only financial statements. Please refer to them as well.

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Unit:NT\$1,000

Unit:NT\$1,000

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

	Note	2023	Unit: NT\$1,000 2022
<u>Cash flow from operating activities</u>			
Net income before tax		\$ 200,762	\$ 2,720,363
Adjustments			
Income and Expenses items			
Depreciation expenses	VI(VIII)(IX)(XXVI)	251,630	235,616
Amortizations	VI(XXVI)	39,766	24,553
Expected credit impairment (profit) loss	XII(II)	(2,107)	1,397
Net loss from financial assets and liabilities measured at fair value through profit/loss	VI(II)(XXIV)	7,182	3,611
Interests expenses	VI(XXV)	16,557	12,252
Interests income	VI(XXII)	(83,640)	(12,448)
Share of the profit/loss of subsidiaries, associates, and joint ventures accounted for using equity method		376,111	(722,421)
Loss on non-financial assets impairments	VI(VII)(XXIV)	4,069	-
Gain on disposal of property, plant, and equipment	VI(XXIV)	(189)	(275)
Reclassification of property, plant, and equipment to expenses	VI(XXX)	-	1,377
Gain on lease modifications	VI(XXIV)	(360)	(1,596)
Share-based payment cost	VI(XVI)	6,672	-
Changes in operating assets/liabilities			
Net changes in operating assets			
Financial assets at fair value through profit/loss - current		-	(7,396)
Notes receivable		(1,131)	4,704
Accounts receivable		1,530,884	(899,724)
Other receivable		27,204	(29,863)
Inventories		271,602	(142,038)
Prepayments		46,345	4,742
Other current assets		(9,967)	6,711
Net changes in operating liabilities			
Financial liabilities at fair value through profit/loss - current		(2,638)	(1,670)
Notes payable		(578)	(2,560)
Accounts payable		39,971	(92,075)
Accounts payable – related parties		377,733	(70,727)
Other payable		(418,231)	168,222
Other current liabilities		(30,179)	(29,953)
Net defined benefit liabilities – non-current		(23,030)	(1,636)
Cash provided by operating activities		2,624,438	1,169,166
Income tax paid		(371,509)	(212,321)
Net cash provided by operating activities		<u>2,252,929</u>	<u>956,845</u>

(Continue to next page)

Advanced International Multitech Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000
2022

	Note	2023	2022
<u>Cash provided by investing activities</u>			
Acquisition of financial assets at fair value through profit/loss – non-current		(\$ 5,154)	(\$ 21,586)
Acquisition of financial assets at fair value through other comprehensive income – non-current		(6,000)	-
Financial assets at amortized costs – decreased in current		21,286	260,849
Acquisition of investments accounted for using equity method		(3,865)	(15,600)
Acquisition of cash dividend from investments accounted for using equity method		170,338	71,296
Acquisition of property, plant, and equipment	VI(XXX)	(146,721)	(12,521)
Increase in prepayments for business facilities		(32,068)	(332,390)
Proceeds from disposal of property, plant, and equipment		952	976
Acquisition of intangible assets	VI(X)	(7,754)	(11,985)
Decrease in refundable deposits		912	22,441
Other receivable – related parties increased		(324,598)	-
Increase in other non-current assets		(7,229)	(60,032)
Interests received		<u>83,640</u>	<u>12,448</u>
Net cash outflow from investing activities:		(<u>256,261</u>)	(<u>86,104</u>)
<u>Cash flow from financing activities</u>			
Increase in short-term loans	VI(XXXI)	196,442	8,399,795
Decrease in short-term loans	VI(XXXI)	(185,159)	(8,704,451)
Repayment of the principal amount of rentals	VI(XXXI)	(11,514)	(20,687)
Interests paid		(7,328)	(6,036)
Cash dividends distribution	VI(XIX)	(1,234,676)	(727,835)
Issuance of corporate bonds	VI(XXXI)	-	1,021,023
Transfer of treasury stock to employees	VI(XVI)	<u>26,747</u>	<u>30,568</u>
Net cash outflow from financing activities:		(<u>1,215,488</u>)	(<u>7,623</u>)
Increase in cash and cash equivalents for the current period		781,180	863,118
Cash and cash equivalents, beginning of the period		<u>1,461,327</u>	<u>598,209</u>
Cash and cash equivalents, end of the period		<u>\$ 2,242,507</u>	<u>\$ 1,461,327</u>

The accompanying notes to the Parent Company Only Financial Statements are an integral part of the parent company only financial statements. Please refer to them as well.

Chairman : Hsi-Chien Cheng

Manager : I-Nan Chou

Accounting Manager : Yi-Miao Kuo

Advanced International Multitech Co., Ltd.
Notes to the Parent Company Only Financial Statements
For the Years of 2023 and 2022

Unit: NT\$1,000
(Unless Otherwise Specified)

I. Company History

- (I) Advanced International Multitech Co., Ltd. (“the Company” hereinafter), originally known as Advanced Composite Design Co., Ltd., obtained its establishment approval on July 20, 1987 and started operation in January 1988. The Company merged with its subsidiaries, Da-an Precision Casting Co., Ltd. and Advanced International Co., Ltd. on July 1, 1998. The Company and its subsidiaries (“the Group” hereinafter) are mainly engaged in the manufacturing, processing, trading, import and export of carbon fiber prepackaged materials, and carbon fiber products (e.g., baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle, and bicycle accessories), as well as composite materials, namely carbon fiber fabrics, for the aviation industry.
- (II) The Company’s stocks have been traded on the Taipei Exchange (“TPEX” hereinafter) since December 2002.

II. Approval Date and Procedure of Financial Statements

The parent company only financial statements were released on February 29, 2024, after being approved by the Board of Directors.

III. Application of New and Amended Standards and the Interpretations

- (I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission (“FSC” hereinafter)

The following table summarized the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2023:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform Pillar Two Model Rules”	May 23, 2023

The Company assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Company’s financial position and financial performance.

(II) Effects of not yet applying the newly announced and revised IFRSs endorsed by the FSC

The following table summarized the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Disclosure of Information about Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangement"	January 1, 2024

The Company assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Company's financial position and financial performance.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSA

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets between Its Associate/Joint Venture"	Yet to be determined by the IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 relating to "Transition Requirement for Issuers Applying IFRS 17 and IFRS 9 for the First Time – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

Significant accounting policies adopted to compile this consolidated financial statement are stated as below. Unless otherwise specified, the policies shall be applicable to all reporting periods presented.

(I) Statement of Compliance

The parent company only financial statements are prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers,".

(II) Basis of Preparation

1. Except for the following significant items, these parent company only financial statements have been prepared under the historical cost convention:
 - (1) Financial assets and liabilities measured at fair value through profit or loss (including derivative instruments).
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liability that is derived from retirement plan assets less the present value of net defined benefit obligation.

2. Critical accounting estimates are required in preparing a set of financial statements in compliance with IFRSs, and management judgments are also required in the process of applying the Company's accounting policies. For items that are highly judgmental, complex, or related to significant assumptions and estimates of the consolidated financial statements, please refer to Note V.

(III) Foreign Currency Translation

All items on the financial statements of each entity of the Company are measured at the currency of the principal economic environment in which the entity operates (i.e., functional currency). The Parent Company Only Financial Statements are presented and reported in the Company's functional currency, New Taiwan Dollars (NT\$).

1. Foreign Currency Transaction and Balance

- (1) Foreign currency transaction is translated to the functional currency by using the spot exchange rate on the trade date or measurement date. Any translation differences occurred are to be recognized in the current profit or loss.
- (2) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
- (3) Balances of non-monetary assets and liabilities denominated in foreign currency, if they are measured at fair value through profit or loss, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising from there are recognized as profit or loss; if such are measured at fair value through other comprehensive income, they are adjusted using the spot exchange rate prevailing at the balance sheet date and any exchange differences arising from there are recognized in other comprehensive income or loss; and if such are not measured at fair value, they are measured at the historical exchange rates on initial transaction dates.
- (4) All exchange gains and losses are presented as "Other gains and losses" on the statement of comprehensive income.

2. Translation from Foreign Operations

The operating results and financial position of all entities of the Company that have a functional currency different from the presentation currency are translated into the presentation currency by applying the following approaches:

- (1) Assets and liabilities presented on each balance sheet are translated using the closing exchange rate prevailing at the balance sheet date;
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
- (3) All the resulting exchange differences are recognized in other comprehensive income; and
- (4) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary but has lost its controlling power over the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(IV) Classification of Current and Non-Current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets held primarily for trading purposes.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Is held primarily for trading purposes.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Settlement by the issue of equity instruments based on transaction party's choice does not impact classification.

Otherwise, they are classified as non-current liabilities.

(V) Cash Equivalents

Cash equivalents refer to the investments that are short-term, highly liquid, subject to low risk of changes in value, and readily convertible to known amount of cash. Time deposits satisfying the aforementioned definition and for which the objective of holding is to meet the short-term operating cash commitment are classified as the cash equivalent.

(VI) Financial Assets Measured at Fair Value Through Profit or Loss

1. Financial assets that are neither measured at amortized cost nor measured at fair value through other comprehensive income.
2. For financial assets measured at fair value through profit or loss in transactions that meet regular purchase or sale rules, the Company adopts settlement date accounting to recognize such financial assets.
3. Financial assets at fair value through profit or loss are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.
4. The Company recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Company and the amount of such benefits can be reliably measured.

(VII) Financial Assets Measured at Fair Value Through Other Comprehensive Income

1. Refers to the irrevocable election made at initial recognition that allows the Company to present fair value changes of equity investment not held for trading in other comprehensive income; or debt investment that meets all the criteria simultaneously:
 - (1) Financial assets held within a business model of which the objective of holding is to collect the contractual cash flows and to sell.

- (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. For financial assets measured at fair value through other comprehensive income in transactions that meet regular purchase or sale rules, the Company adopts settlement date accounting to recognize such financial assets.
3. Financial assets measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs, and subsequently such are measured at fair value with fair value changes in equity instruments recognized in other comprehensive income. Upon de-recognition, the cumulative gains or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss, but to be transferred to retained earnings. The Company recognizes dividends income when the rights of shareholders to receive payment are established, provided that the economic benefits related to such dividends are probable to flow to the Company and the amount of such benefits can be reliably measured.

(VIII) Financial Assets Measured at Amortized Costs

1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (1) The objective of the Company's business model is achieved by collecting contractual cash flows of the financial assets;
 - (2) The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principle and interest on the principle amount outstanding.
2. For financial assets measured at amortized cost in transactions that meet regular purchase or sale rules, the Company adopts settlement date accounting to recognize such financial assets.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. In subsequent periods, interest income and impairment loss is recognized using the effective interest method based on amortization procedures during the circulation period. Upon de-recognition, the gain or loss is recognized in profit or loss.

(IX) Accounts Receivable and Notes Receivable

1. Accounts receivables and notes receivables are receivables and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2. However, short-term accounts/notes receivables without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(X) Impairment of Financial Assets

The Company measures the loss allowance for financial assets measured at amortized cost after taking into account all reasonable and proving information (including foreseeing information) at each balance sheet date; where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at the 12-month expected credit losses; where the credit risk has increased significantly since initial recognition, the loss allowance is measured at full lifetime expected credit losses; and where they are accounts receivables or contract assets that do not comprise any significant financing components, the loss allowance is measured at full lifetime expected credit losses.

(XI) De-recognition of Financial Assets

The Company de-recognizes an asset when its contractual rights to receive cash flows from the financial asset expire.

(XII) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted moving average method. The costs of work in progress and finished goods include the cost of raw materials, direct labor, other direct costs, and a proportion of manufacturing overheads (based on normal operating capacity), excluding borrowing cost. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(XIII) Investments/Subsidiaries and Associates accounted for using the Equity Method

1. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
2. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
3. Any changes in equity of associates are recognized as "capital surplus" by the Company in proportion to its shareholding ratio, provided that such changes are not attributable to profit or loss, or to other comprehensive income, or affect the Company's shareholding percentage.
4. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are adjusted, when necessary, to remain consistent with those of the Company.
5. When the Company disposes its investment in an associate and loses significant influence over this associate, the accounting treatment for amounts previously recognized in other comprehensive income in relation to the associate are the same as the one required if the relevant assets or liabilities were directly disposed of. That is, if gain/loss previously recognized in other comprehensive income will be reclassified to profit or loss upon disposal of relevant assets or liabilities, such gain/loss will be reclassified from equity to profit or loss when the Company loses significant influence over the associate. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
6. Subsidiaries refer to entities controlled by the Company (including structural entities). Control is achieved when the Company is exposed, or has rights, to variable returns from its

involvement with the entity and has the ability to affect those returns through its power over the entity.

7. Unrealized gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries are adjusted, when necessary, to remain consistent with those of the Company.
8. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
9. A change in the ownership interest of a subsidiary without a loss of control (transactions with non-controlling interests) is accounted for as an equity transaction, i.e. transactions with owners in their capacity as owners. 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.
10. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

(XIV) Property, Plant and Equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognized. All other repairs and maintenance are recognized in profit or loss when incurred.
3. Except for land which is not depreciated, other property, plant, and equipment are subsequently measured using the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.
4. The Company reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Housing and structures	1 year to 56 years
Machinery and equipment	1 year to 11 years
Utility equipment	2 year to 41 years
Transportation equipment	10 years
Office equipment	1 year to 10 years
Other equipment	2 year to 21 years

(XV) Lease Transaction in a Capacity of a Lease - Right-of-Use Assets/Lease Liabilities

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Company's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. A lease liability is recognized at the commencement date of the lease in the amount equal to the present value of the remaining lease payments (i.e. the remaining lease payments discounted at the Company's incremental borrowing rate.) Lease payments include:
 - (1) Fixed payments, less any lease incentives receivables;
 - (2) Variable lease payments that based on the current value of an index or a rate;
 - (3) Lease payments expected to be payable by the Company under the residual value guarantee; and
 - (4) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is allocated over the lease term. When a change in the lease term or lease payments occurs due to reasons other than lease modifications, lease liabilities are reassessed and the re-measurements are adjusted to the right-of-use assets.

3. At the commencement date, the right-of-use asset should be measured at cost. Cost comprises:
 - (1) The amount of the initial measurement of the lease liability;
 - (2) Any lease payments made at or before the commencement date;
 - (3) Any initial direct costs incurred; and
 - (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A right-of-use asset is subsequently measured using the cost model and depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any re-measurements of the lease liability.

(XVI) Intangible Assets

Computer software is recognized at acquisition cost, amortized by the straight-line method, with an estimated useful life of 3 to 5 years

(XVII) Impairment of Non-Financial Assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the greater of its 'fair value minus costs to sell' and its 'value in use'. When circumstances contributed to the recognition of impairment loss of an asset in the previous period do not exist

or are decreased, the recognized impairment loss is reversed to the carrying amount of an asset to the extent that it does not exceed the carrying amount (net of depreciation and amortization) if the impairment loss had not been recognized.

(XVIII) Borrowings

Borrowings are short-term loans borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, borrowing expenses are recognized in profit or loss based on the difference amounts between the proceeds (net of any transaction costs) and the redemption value that are amortized over the lives of borrowings using the effective interest method.

(XIX) Account Payable and Notes Payable

1. These refer to the debts incurred by purchase of materials, goods, or services on credit, and the notes payable incurred by both operating and non-operating activities.
2. However, short-term accounts/notes payable without interest payment, given insignificant effects of their discounting, are subsequently measured at the invoice price.

(XX) Financial Liabilities at Fair Value through Profit or Loss

1. Financial liabilities at fair value through profit or loss refer to financial liabilities designated upon initial recognition to be measured at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated to be measured at fair value through profit or loss on initial recognition:
 - (1) Hybrid (combined) contracts; or
 - (2) Can be eliminated or has a significant reduction in measurement or being recognition inconsistency; or
 - (3) Such are managed and their performance are evaluated on a fair value basis in accordance with a documented risk management policy.
2. Financial assets at value through profit or loss are initially recognized at fair value with related transaction costs recognized in profit or loss, and subsequently measured at fair value with related gains or losses recognized in profit or loss.

(XXI) Convertible Bond Payable

The convertible bond issued by the Company was embedded with conversion right (meaning the bondholders can exercise the right to convert the bond into common shares of the Company and the conversion was preset to convert a fixed amount for a fixed number of shares) and call option. At the time of initial issuance, the issue price is classified into financial assets or equity according to the issuance terms and conditions, and the accounting treatment is as follows:

1. Embedded Call Option: At the time of initial recognition, the net amount of the fair value is recorded as "financial assets measured at fair value through profit and loss"; then on the balance sheet date, it is evaluated at the current fair value, and the amount difference is recognized as "gains or losses of financial assets measured at fair value through profit or loss".
2. Host Contract of the Corporate Bond: It is measured at fair value at the time of initial recognition, and the difference between the redemption value, and a premium or discount of corporate bonds payable is recognized when there is a difference between the fair value and the redemption value. The effective interest method is subsequently used to recognize gain or

loss within the bond circulation period according to the amortization procedure and is deemed as adjustment to "financial costs".

3. Embedded Conversion Right (meet the definition of equity): At the time of initial recognition, the residual value after deducting the above mentioned "financial assets measured at fair value through profit and loss" and "corporate bond payable" from the issuance amount is recorded as "capital reserve-stock option" and will not re-evaluate thereafter.
4. Any directly-linked transaction costs of the issuance are allocated in proportion to the elements of each liability and equity based on the above-mentioned element's initial book value.
5. When bondholders convert, the elements of liability on the book (including "corporate bond payable" and "financial assets measured at fair value through profit and loss") are treated in accordance with the subsequent measurement of the associated classification, and the book value of the aforementioned liability elements is added with the book value of "capital reserve-stock option" to be the issuance cost of the common stock conversion.

(XXII) The De-Recognition of Financial Liabilities

The Company de-recognizes a liabilities, when the Company fulfills, cancels or expires the obligations specified in the contract.

(XXIII) The Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities may be offset only when an entity has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously, and the net amount is presented in the balance sheet.

(XXIV) Non-Hedging Derivatives

Non-hedging derivatives are initially measured at the fair value of the date when contracts are executed and presented as financial assets or liabilities measured at fair value through profit or loss. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss.

(XXV) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and should be recognized as expenses in the period when the employees render service.

2. Pensions

(1) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension cost when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

A. The net obligation under a defined benefit plan is defined as the present value of pension benefits that employees will receive on retirement for their services with the Company in the current period or prior periods. The amount recognized is the present value of the defined benefit obligation at the balance sheet date less the fair value of

plan assets. The net defined benefit obligation is computed by independent actuaries every year using the projected unit credit method. The discount rate employed is by reference either to the market yields on high quality corporate bonds of which the currency and duration are consistent with the currency and duration of the defined benefit plan, or to the market yields on government bonds (on the balance sheet date) in countries where there is no deep market for high quality corporate bonds.

B. The re-measured amount of defined benefit plans is recognized in other comprehensive income as it arises and presented in retained earnings.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expenses at the earlier of when it can no longer withdraw the termination contracts or when it recognizes relevant restructuring costs. Benefits due more than 12 months after balance sheet date are discounted to their present value.

4. Employees' compensation, and directors' remuneration

Compensation to employees and remuneration to directors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. If the accrued amounts are different from the actual distributed amounts resolved by the shareholders subsequently, the differences should be accounted for as changes in accounting estimates.

(XXVI) Employee Share-Based Payment

The equity-settled, share-based payment agreement is based on the fair value of the equity instrument given on the grant date to measure the employee services obtained, which are recognized as remuneration costs during the vesting period, and the equity is adjusted accordingly. The fair value of such equity instruments should reflect the impact of market price under vested conditions and non-vested conditions. The recognized remuneration cost is adjusted according to the amount of rewards that are expected to meet the service conditions and non-market vested conditions, until the final recognized amount is recognized based on the vested amount on the date of grant.

(XXVII) Income Tax

1. Income tax expense includes current income tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which tax is recognized in other comprehensive income or directly in equity.
2. The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the

unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

3. Deferred income tax adopts the balance sheet approach. It is recognized as the temporary difference between the tax bases of assets and liabilities and their carrying amounts on the balance sheet at the reporting date. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
5. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Share Capital

1. Common shares are classified as equity.
2. When the Company buys back the issued shares, the consideration paid and the directly attributable incremental costs are recognized as a deduction from shareholders' equity (net of tax). On subsequent reissues of the repurchased shares, the difference between the consideration received, net of any directly attributable incremental costs and the effect of income taxes, and the carrying amount is recognized as an adjustment to shareholders' Equity.

(XXIX) Dividend Distribution

Dividends to be distributed in cash to shareholders of the Company are recognized as liabilities in the financial statements when the dividend plan is resolved in Board of Directors' Meeting; dividends to be distributed in stocks to shareholders of the Company, after the dividend plan being resolved in the shareholders' Meeting, are recognized as stock dividends to be distributed, which is transferred to common share on the date when new shares are issued.

(XXX) Revenue Recognition

1. The Company manufactures and sells consumer related products and recognizes sales revenue when the control of products is passed to customers, i.e. when products are delivered to customers and the Company doesn't have further performance obligations that might affect the acceptance of goods by customers. Goods are deemed delivered when the risk of

delivery, obsolescence and loss is transferred to customers and customers has accepted the goods in accordance with the contractual terms, or when any objective evidence suggests that all criteria for acceptance have been satisfied.

2. Sales revenue is recognized at the contract price, net of business tax, and sales returns, discounts and allowances. The payment terms of most sales transaction are usually due within 60~90 days after the shipping date. Since the time interval between when the committed goods or services are transferred to customers and when customers pay is shorter than one year, the Company does not adjust the transaction price to reflect the time value of money.
3. The Company provides allowance for defective products sold and estimates discounts on a historical basis. A refund liability is recognized upon sales of products.
4. Accounts receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for passage of time.

(XXXI) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. If a government grant is to compensate the Company's expense, then when the related expenses occur, the grant is recognized as profit or loss on a systematic basis.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the parent company only financial statement, management of the Company had determined its accounting policies based on its judgments and made accounting estimates and assumptions based on a rational expectation of future events depending on the circumstances at the balance sheet date. If there is any difference between any major accounting estimates and assumptions made and actual results, the historical experience, the impact of COVID-19 and other factors will be taken into account in order to continue assessment and adjustment. Such estimates and assumptions may result in a risk of a material adjustment to the carrying amount of assets and liabilities in the next year. Description of the uncertainties in major accounting judgments, estimates, and assumptions is as follows:

(I) Major Judgement in Adopting the Accounting Policies

None.

(II) Major Accounting Estimates and Assumptions

1. Expected credit loss of accounts receivable

A loss allowance for accounts receivable is provided based on their full lifetime expected credit losses. In measuring the expected credit losses, the Company must use its judgment to identify the factors that affect the future recoverability of the accounts receivable (e.g., customers' operation condition and historical transaction records that may affect customers' ability to pay), and consider the time value of money, and the information that is reasonable and available to prove the forecast of future economic conditions. The said judgments and factors may significantly affect the measurement of the expected credit losses.

As of December 31, 2023, the carrying amount of the Company's accounts receivable was \$3,013,575.

2. Evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technological changes, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Since the inventory valuation is estimated based on demands for products in a specific future period, it may be subject to significant changes.

As of December 31, 2023, the carrying amount of the Company's inventories was \$673,320.

VI. Description of Major Accounting Subjects

(I) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 251	\$ 249
Checking deposit and demand deposit	985,757	846,766
Cash equivalents – time deposit	1,041,564	434,312
Cash equivalents – Repo bonds	214,935	180,000
	<u>\$ 2,242,507</u>	<u>\$ 1,461,327</u>

1. The Company work with financial institutions having high credit quality. the Company also deals with various financial institutions for credit risk diversification. Therefore, the expected risk of default is pretty low.
2. The Company's demand deposits of which being restricted for specific use due to the provision of overseas fund returned to Taiwan and deposited in special bank accounts have been transferred to "financial assets at amortized cost - current. Please refer to Note VI (III) for more detailed information.
3. No cash or cash equivalents were pledged as collateral by the Company.

(II) Financial Assets and Liabilities at Fair Value through Profit/Loss

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bond redemption right	\$ 60	\$ 1,441
Convertible bond contract	7,396	7,396
Valuation Adjustments	(7,396)	-
	<u>\$ 60</u>	<u>\$ 8,837</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Private fund	\$ 26,740	\$ 21,586
Valuation adjustments	1,136	(2,138)
	<u>\$ 27,876</u>	<u>\$ 19,448</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ -	\$ 417

1. Financial assets and liabilities measured at fair value through profit or loss recognized in profit or loss are detailed as below:

	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	\$ 1,329	\$ -
Private funds	3,274	(2,138)
Convertible bond redemption right	(838)	614
Convertible bond contract	(7,396)	-
Financial liabilities held for trading		
Non-hedging derivatives	(3,551)	(2,087)
	(<u>7,182</u>)	(<u>3,611</u>)

2. Below states the Company's engagement in transactions and contracts of derivative financial assets and liabilities that do not apply hedge accounting:

On December 31, 2023: None.

	<u>December 31, 2022</u>
<u>Derivative Financial Assets</u>	<u>Contract Amount (Nominal Principal)</u>
Current item: None	
<u>Derivative Financial Liabilities</u>	<u>Contract Period</u>
Current item:	
Forward foreign exchange contract	December 8, USD 5,000 thousand 2022~January 18, 2023

The Company entered into foreign exchange forward contracts to sell US dollars in order to hedge the risk arising from purchase and sales of goods. However, such transactions did not apply hedge accounting.

3. For information on the credit risks of financial assets at fair value through profit or loss, please refer to Note XII(II).

(III) Financial assets Measured at Amortized Costs

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current item:		
Demand deposit - special account of overseas fund	\$ -	\$ <u>21,286</u>

1. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost was its carrying amount.
2. The Company does not have financial assets at amortized cost pledged as collateral to others.
3. Demand deposit - special account of overseas fund is the amount deposited in the bank's special account by the Company in accordance with the Regulations Governing the Management, Utilization and Taxation of Overseas Fund Repatriation, and the use of funds is limited to the amount approved for the plan.

4. For information on the credit risk of financial assets measured by amortized cost, please refer to Note XII(II). The Company works with financial institutions having high credit quality. Therefore, the expected risk of default is pretty low.

(IV) Notes Receivable and Accounts Receivable

Item	December 31, 2022	December 31, 2021
Notes Receivables	\$ 5,994	\$ 4,863
Account Receivables	\$ 3,015,025	\$ 4,545,909
Less: loss allowance	(1,450)	(3,557)
	\$ 3,013,575	\$ 4,542,352

1. Aging analysis of account receivable and notes receivable is stated as follows:

	December 31, 2023		December 31, 2022	
	Notes Receivable	Account Receivable	Notes Receivable	Account Receivable
Not overdue	\$ 5,994	\$ 2,899,399	\$ 4,863	\$ 4,471,563
Overdue:				
Within 30 days	-	96,439	-	61,982
31-90 days	-	17,985	-	6,979
91-180 days	-	1,029	-	5,385
More than 181 days	-	173	-	-
	\$ 5,994	\$ 3,015,025	\$ 4,863	\$ 4,545,909

The above aging analysis is based on the number of days past due.

2. As of December 31, 2023, December 31, 2022, and January 1, 2022, the Company's account receivable and contract receivable (including notes receivable) amounted to \$3,021,019, \$4,550,772, and \$3,655,752, respectively.
3. Neither account receivables nor notes receivables were pledged as collateral by the Company.
4. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.
5. For information on the credit risks of notes receivables and accounts receivables, please refer to Note XII(II).

(V) Inventories

	December 31, 2023		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 367,954	(\$ 22,617)	\$ 345,337
Work in progress	30,296	(327)	29,969
Finished goods	293,132	(4,480)	288,652
Inventory in transit	9,362	-	9,362
	\$ 700,744	(\$ 27,424)	\$ 673,320

	December 31, 2022		
	Cost	Allowance for price decline	Carrying amount
Raw materials	\$ 556,526	(\$ 14,945)	\$ 541,581
Work in progress	36,814	(1,155)	35,659
Finished goods	367,408	(6,898)	360,510
Inventory in transit	7,172	-	7,172
	<u>\$ 967,920</u>	<u>(\$ 22,998)</u>	<u>\$ 944,922</u>

The Company's inventory cost recognized as an expense for the current period:

	2023	2022
Cost of inventories sold	\$ 10,362,532	\$ 15,190,007
Loss from price decline	(4,426)	(2,042)
Disposition loss	3,163	3,236
Others	(4,684)	(9,898)
	<u>\$ 10,365,437</u>	<u>\$ 15,185,387</u>

(VI) Financial Assets Measured at Fair Value through Other Comprehensive Income

Item	December 31, 2023	December 31, 2022
Non-current items:		
Unlisted stocks	\$ 6,055	\$ 55
Valuation adjustments	(2,389)	-
	<u>\$ 3,666</u>	<u>\$ 55</u>

1. The Company elected to classify its strategic equity investments as financial assets at fair value through other comprehensive income. The fair value of such investments as of December 31, 2023 and 2022 were \$4,620 and \$1,009, respectively.
2. The change in the fair value that the Company's financial assets at fair value through other comprehensive income recognized in other comprehensive income/loss during in 2023 and 2022, were (\$2,389) and \$0, respectively.
3. No financial asset measured at fair value through other comprehensive income was pledged by the Company as collateral.

(VII) Investments accounted for using Equity Method

	December 31, 2023	December 31, 2022
Subsidiaries:		
Advanced International Multitech (VN) Corporation Ltd.	\$ 668,239	\$ 683,108
Advanced Group International (BVI) Co., Ltd.	1,114,938	1,013,517
Launch Tech Co., Ltd.	339,240	886,091
Associates:		
Technology on Prototyping Ultimate Co., Ltd.	19,348	15,568
Munich Composites GmbH	-	-
	<u>\$ 2,141,765</u>	<u>\$ 2,598,284</u>

1. Please refer to Note IV(III) to the 2023 Consolidated Financial Statements for information regarding the Company's subsidiaries.

2. Associates

(1) As of December 31, 2023 and 2022, the Company did not have any significant associates.

(2) The carrying amount and operating results of the Company's individually insignificant associates are summarized as follows:

As of December 31, 2023 and 2022, the carrying amounts of the Company's individually insignificant associates totaled \$19,348 and \$15,568, respectively

	2023	2022
Net income (loss)	(\$ 1,218)	(\$ 32)
Other comprehensive income (loss) (net amount after tax)	-	-
Total comprehensive income (loss)	<u>(\$ 1,218)</u>	<u>(\$ 32)</u>

(3) Munich Composites GmbH applied for capital increase in June 2023, and the Company did not subscribe the shares in accordance with the shareholding ratio. Hence, the Company's shareholding ratio in the company increased from 27.27% to 30.53%, and is the single largest shareholder of the company. As the Company only holds one out of its four seats of directors, the Company has no practical ability to direct the relevant activities, and thus it is determined that the Company has no control power but only significant influence over the company.

(4) The Company evaluated Munich Composites GmbH's recoverable amount for continuous operation according to IFRS 36 using 4.35% discount rate and determined the recoverable amount is less than the company's carrying amount. Hence, in 2023 the Company recognized an impairment loss of \$4,069 listed under the account of "other profit and loss".

(5) The Technology on Prototyping Ultimate Co., Ltd. applied for capital increase in February 2023. The Company did not subscribe the shares in accordance with the shareholding ratio, hence the Company's shareholding ratio in the company was decreased from 25.66% to 21.64% and yet still is the single largest shareholder of the company. As there are other shareholders (non-related party) in aggregate holding more than the Company's shareholding and the Company did not have any board seat in the company, the Company has no practical ability to direct the relevant activities, and thus it is determined that the Company has no control power but only significant influence over the company.

(6) The Company's investment in Technology on Prototyping Ultimate Co., Ltd. was based on the financial report assessment carried out by the accountant entrusted by the company. In 2023 and 2022, the investment gain and loss of the invested companies accounted for using the equity method, including subsidiaries, associates, and joint ventures, were \$1,218 and (\$32), respectively. As of December 31, 2023 and 2022, the balance of the investments accounted for using equity method were \$19,348 and \$15,568, respectively.

3. Please refer to Note X for the major fire incidents occurred at subsidiary, Launch Tech Co., Ltd.

(VIII) Property, Plant, and Equipment

	Land	Housing and Structure	Machinery equipment	Utility equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
1-Jan-23									
Cost	\$ 162,544	\$ 968,374	\$ 803,911	\$ 55,948	\$ 407	\$ 19,234	\$ 167,566	\$ 15,020	\$ 2,193,004
Accumulated depreciation and impairment	-	(224,412)	(430,433)	(13,251)	(61)	(8,014)	(78,920)	-	(755,091)
	<u>\$ 162,544</u>	<u>\$ 743,962</u>	<u>\$ 373,478</u>	<u>\$ 42,697</u>	<u>\$ 346</u>	<u>\$ 11,220</u>	<u>\$ 88,646</u>	<u>\$ 15,020</u>	<u>\$ 1,437,913</u>
2023									
1-Jan	\$ 162,544	\$ 743,962	\$ 373,478	\$ 42,697	\$ 346	\$ 11,220	\$ 88,646	\$ 15,020	\$ 1,437,913
Addition	-	3,418	54,199	4,679	-	2,335	25,285	68	89,984
Reclassification	-	162	9,226	-	-	-	2,381	11,709	23,478
Disposal -cost	-	(5,751)	(68,817)	(594)	-	(1,605)	(13,401)	-	(90,168)
Disposal-accumulated depreciation	-	5,656	68,740	594	-	1,605	12,810	-	89,405
Depreciation expenses	-	(64,084)	(119,546)	(8,237)	(40)	(3,963)	(26,097)	-	(221,967)
31-Dec	<u>\$ 162,544</u>	<u>\$ 683,363</u>	<u>\$ 317,280</u>	<u>\$ 39,139</u>	<u>\$ 306</u>	<u>\$ 9,592</u>	<u>\$ 89,624</u>	<u>\$ 26,797</u>	<u>\$ 1,328,645</u>
31-Dec-23									
Cost	\$ 162,544	\$ 966,203	\$ 798,519	\$ 60,033	\$ 407	\$ 19,964	\$ 181,831	\$ 26,797	\$ 2,216,298
Accumulated depreciation and impairment	-	(282,840)	(481,239)	(20,894)	(101)	(10,372)	(92,207)	-	(887,653)
	<u>\$ 162,544</u>	<u>\$ 683,363</u>	<u>\$ 317,280</u>	<u>\$ 39,139</u>	<u>\$ 306</u>	<u>\$ 9,592</u>	<u>\$ 89,624</u>	<u>\$ 26,797</u>	<u>\$ 1,328,645</u>

	Land	Housing and Structure	Machinery equipment	Utility equipment	Transportation equipment	Office equipment	Other equipment	Equipment to be inspected and construction in progress	Total
1-Jan-22									
Cost	\$ 162,544	\$ 491,878	\$ 671,207	\$ 29,826	\$ 407	\$ 13,517	\$ 127,259	\$ 334,578	\$ 1,831,216
Accumulated depreciation and impairment	-	(185,158)	(327,326)	(9,109)	(20)	(5,714)	(62,070)	-	(589,397)
	<u>\$ 162,544</u>	<u>\$ 306,720</u>	<u>\$ 343,881</u>	<u>\$ 20,717</u>	<u>\$ 387</u>	<u>\$ 7,803</u>	<u>\$ 65,189</u>	<u>\$ 334,578</u>	<u>\$ 1,241,819</u>
<u>2022</u>									
1-Jan	\$ 162,544	\$ 306,720	\$ 343,881	\$ 20,717	\$ 387	\$ 7,803	\$ 65,189	\$ 334,578	\$ 1,241,819
Addition	-	178,021	113,467	23,291	-	6,300	33,199	(307,551)	46,727
Reclassification	-	298,565	48,451	3,474	-	130	16,383	(12,007)	354,996
Disposal -cost	-	(90)	(29,214)	(643)	-	(713)	(9,275)	-	(39,935)
Disposal-accumulated depreciation	-	90	28,513	643	-	713	9,275	-	39,234
Depreciation expenses	-	(39,344)	(131,620)	(4,785)	(41)	(3,013)	(26,125)	-	(204,928)
31-Dec	<u>\$ 162,544</u>	<u>\$ 743,962</u>	<u>\$ 373,478</u>	<u>\$ 42,697</u>	<u>\$ 346</u>	<u>\$ 11,220</u>	<u>\$ 88,646</u>	<u>\$ 15,020</u>	<u>\$ 1,437,913</u>
31-Dec-22									
Cost	\$ 162,544	\$ 968,374	\$ 803,911	\$ 55,948	\$ 407	\$ 19,234	\$ 167,566	\$ 15,020	\$ 2,193,004
Accumulated depreciation and impairment	-	(224,412)	(430,433)	(13,251)	(61)	(8,014)	(78,920)	-	(755,091)
	<u>\$ 162,544</u>	<u>\$ 743,962</u>	<u>\$ 373,478</u>	<u>\$ 42,697</u>	<u>\$ 346</u>	<u>\$ 11,220</u>	<u>\$ 88,646</u>	<u>\$ 15,020</u>	<u>\$ 1,437,913</u>

1. The Company has no capitalization of borrowing costs in 2023 and 2022.
2. Significant components of the Company's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 36~ 56 years and 3~21 years.
3. For the information about property, plant and equipment pledged as collateral, please refer to Note VIII for details.

(IX) Lease Transaction – Lease

1. The Company's leased assets comprise lands and buildings, of which the lease term is usually between 2 years to 40 years. Lease contracts are individually negotiated and include various terms and conditions that impose no other restrictions except that the leased assets shall not be collateralized against any borrowings, nor shall they be subleased, co-leased, lent out for others' use, nor the right of lease be transferred to others.
2. Below is the carrying amount of right-of-use assets and their recognized depreciation expenses:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 414,066	\$ 425,757
Housing and structures	33,273	50,590
Machinery equipment	357	1,072
	<u>\$ 447,696</u>	<u>\$ 477,419</u>

	2023	2022
	Depreciation expenses	Depreciation expenses
Land	\$ 11,691	\$ 13,046
Housing and structures	17,257	17,284
Machinery equipment	715	358
	<u>\$ 29,663</u>	<u>\$ 30,688</u>

3. Additions to the Company's right-of-use assets for the years ended December 31, 2023 and 2022 amounted to \$11,943 and \$75,262, respectively.
4. Profit or loss items in connection with lease contracts are stated as follows:

	2023	2022
Items that affect current profit or loss		
Interest expense on lease liability	\$ 7,328	\$ 3,990
Expense on leases of low-value assets	4,810	12,385
Gains on lease modification	360	1,596

5. The cash outflow used in the Company's leases for the years ended December 31, 2023 and 2022 totaled \$23,652 and \$37,062, respectively.
6. The option to extend a lease and the option to terminate a lease
 - (1) Contracts of which the underlying assets are types of land, buildings and structure contain a lease extension option exercisable by the Company.
 - (2) The Company determines the lease term by taking into consideration all relevant facts and circumstances that create an economic incentive for the Company to exercise the extension option. The lease term is reassessed if there occur significant events that affect the assessment as to whether the Company would exercise the option to extend the lease or would not exercise the option to terminate the lease.

(X) Intangibles

	Computer Software	
	2023	2022
January 1		
Cost	\$ 23,564	\$ 12,687
Accumulated Amortization	(10,850)	(6,525)
	<u>\$ 12,714</u>	<u>\$ 6,162</u>
January 1	\$ 12,714	\$ 6,162
Addition - from separately acquired	7,754	11,985
De-recognition - reduction in cost	(4,870)	(1,258)
Amortization expense	(7,303)	(5,583)
De-recognition - reduction in accumulated amortization	4,870	1,258
Reclassification	-	150
December 31	<u>\$ 13,165</u>	<u>\$ 12,714</u>
December 31		
Cost	\$ 26,448	\$ 23,564
Accumulated amortization	(13,283)	(10,850)
	<u>\$ 13,165</u>	<u>\$ 12,714</u>

Amortization of intangible assets is detailed as below:

	2023	2022
Operating costs	\$ 2,085	\$ 1,400
Administrative expenses	792	1,164
Research and development expenses	4,426	3,019
	<u>\$ 7,303</u>	<u>\$ 5,583</u>

(XI) Short-term Loans

Type of Loans	December 31, 2022	December 31, 2021
Loans against letter of credit	<u>\$ 22,676</u>	<u>\$ 11,393</u>
Range of interest rates	<u>0%</u>	<u>0%</u>

1. For collateral against the said short-term loans, please refer to Note VIII – Pledged Assets.
2. For information on the Company's interest expense of bank loans recognized in profit or loss, please refer to Note VI(XXV).

(XII) Other Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payroll and bonus payable	\$ 224,639	\$ 489,165
Employee and directors remuneration payable	18,971	139,083
Processing fee payable	32,135	28,722
Equipment expenses payable	12,337	69,074
Others	130,338	167,557
	<u>\$ 418,420</u>	<u>\$ 893,601</u>

(XIII) Other Current Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receipts under custody	\$ 35,585	\$ 56,544
Contract liabilities – current	6,848	21,353
Others	7,254	1,969
	<u>\$ 49,687</u>	<u>\$ 79,866</u>

(XIV) Corporate Bond Payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Corporate bond payable	\$ 604,100	\$ 847,700
Less: Discount on corporate bond payable ()	<u>13,602</u>	<u>31,127</u>
	590,498	816,573
Less: Corporate bond expires within 1 year or 1 business operation cycle	-	-
	<u>\$ 590,498</u>	<u>\$ 816,573</u>

1. The Company issued the 3rd domestic unsecured convertible bond

(1) Terms and Conditions

- A. Upon competent authority's approval, the Company issued the third domestic unsecured convertible corporate bond, which was issued at 102% of the face value of \$1,000,000. The total amount raised was \$1,026,225 with 0% coupon rate. The circulation period is 3 years, starting from July 20, 2022 to July 20, 2025. When the convertible corporate bonds mature, bondholders will be repaid in cash in one lump sum according to the face value of the bonds. The convertible corporate bonds were listed and traded on July 20, 2022 at the OTC Taipei Exchange of the Republic of China.
- B. Except for the period specified in the prospectus or the temporary suspension period required by regulations, starting from the following day (October 21, 2022) of three full months after the bond issuance date till the date of mature, the bondholders can exercise the right to convert into the Company's common stocks, which have the same rights and obligations with the generally issued common stock.
- C. The conversion price of this convertible corporate bond is determined according to the pricing model stipulated in the conversion method. The conversion price at the time of

issuance was NT\$81 per share, which may be adjusted following the pricing model stipulated in the conversion method if there is circumstance of anti-dilution; subsequently, on the base date stated on the conversion method, the Company will re-adjust the conversion price based on the pricing model stipulated in the conversion method. If the adjusted price is higher than the initially set conversion price, then the conversion price will not be adjusted. As of December 31, 2023, the conversion price has been adjusted to NT\$74.6 per share.

- D. Within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to forty days before the expiration of the issuance period (June 10, 2025), if the closing price of the Company's common stock exceeds 30% of the initially set conversion price for consecutive 30 transaction days, the Company is able to notify bondholders and buyback all the bonds in cash with the face value stated on the bond within 30 business days. Or within the period starting from the day following the 3 full months of the issuance date of the convertible bonds (October 21, 2022) to forty days before the expiration of the issuance period (June 10, 2025), if the amount of the remaining outstanding bonds is lower than 10% of the total issuance amount, the Company may buy back all the remaining outstanding bonds in cash with the face value stated on the bonds at any time.
 - E. According to the conversion method, all the converted corporate bonds that the Company has collected (including repurchased from the OTC), repaid or converted will be canceled, and all the rights and obligations attached to the bonds will also be extinguished, and will no longer be issued.
- (2) Up until s of December 31, 2023, the convertible corporate bonds with a face value of \$243,600 were converted into 3,007 thousand ordinary shares, accounting for an ordinary share capital of \$30,074 and a capital reserve-convertible bond conversion premium of \$220,543. As of December 31, 2023, the convertible corporate bonds with a face value of \$395,900 had been converted into 4,887 thousand ordinary shares, accounting for an ordinary share capital of \$48,876 and a capital reserve-convertible corporate bond conversion premium of \$358,062.
 - (3) As of December 31, 2023, the Company has not yet bought back the convertible corporate bonds from the TPEX.
 - (4) When issuing convertible corporate bonds, the Company separated equity type conversion rights from all the liabilities components and recorded \$65,084 in the account of "Capital Reserve-Stock Option" according to IAS 32 "Financial Instrument - Presentation". As of December 31, 2023, after conversion and reversal, the balance of the above-mentioned "capital reserve - stock options" was \$39,317. Besides, according to IFRS 9 "Financial Instruments", the embedded call right is treated separately when the liability product's financial character and risk is not closely linked; hence, the net value is recorded as

“financial assets or liabilities measured at fair value through profit and loss”. After the separation, the effective interest rate of the liability on the main contract is 1.4745%.

(XV) Pensions

1.(1) In compliance with the requirements set forth in the “Labor Standards Act”, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Law), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service rendered and the average salaries or wages of the last 6 months prior to retirement. Two base points are given for each full year of service over the first 15 (including) years, and one base point is given for an additional year of service thereafter, provided that the total base points shall not exceed forty-five (45) point. The Company contributes, on a monthly basis, 2% of the total salary (wages) as the pension fund, which is deposited into a designated account with the Bank of Taiwan under the name of the Supervisory Committee of Workers’ Retirement Fund. Prior to the end of each annual period, the Company would assess the balance of the aforementioned designated pension fund account, and if the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement in the next year, the Company will make a lump sum contribution to make up the shortfall before the end of March in the following year.

(2) The recognized amounts on the balance sheet are listed as below:

	December 31, 2023	December 31, 2022
Present value of the net defined obligation	\$ 102,305	\$ 104,993
Fair value of the planned assets	(61,753)	(40,274)
Net defined benefit liabilities	<u>\$ 40,552</u>	<u>\$ 64,719</u>

(3) Changes in net defined liabilities are as follows:

	Present value of define benefit obligations	Fair value of planned assets	Net defined benefit liabilities
2023			
Balance on January 1	\$ 104,993	(\$ 40,274)	\$ 64,719
Service cost in the current period	135	-	135
Interest expenses (income)	1,260	(483)	777
	<u>106,388</u>	<u>(40,757)</u>	<u>65,631</u>
Re-measurement:			
Return of planned asset (exclude interest income or expense)			
Experience adjustment	(938)	(199)	(1,137)
Provision of pension fund	-	(23,942)	(23,942)
Pension paid	(3,145)	3,145	-
Balance on December 31	<u>\$ 102,305</u>	<u>(\$ 61,753)</u>	<u>\$ 40,552</u>

2022	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
Balance on January 1	\$ 111,955	(\$ 38,607)	\$ 73,348
Service cost in the current period	143	-	143
Interest expenses (income)	784	(270)	514
	<u>112,882</u>	<u>(38,877)</u>	<u>74,005</u>
Re-measurement:			
Return of planned asset (exclude interest income or expense)			
Effect of changes in financial assumptions	(4,846)	-	(4,846)
Experience adjustment	319	(2,466)	(2,147)
	<u>(4,527)</u>	<u>(2,466)</u>	<u>(6,993)</u>
Provision of pension fund	-	(2,293)	(2,293)
Pension paid	(3,362)	3,362	-
Balance on December 31	<u>\$ 104,993</u>	<u>(\$ 40,274)</u>	<u>\$ 64,719</u>

(4) The Company's defined benefit pension plan (the "Fund") is entrusted to the Bank of Taiwan, which manages, or entrusts others to manage, the Fund in accordance with entrusted items enumerated in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. deposit in domestic or foreign institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate and its securitization products) to the extent of limitations on investment percentage and amount as stipulated in the Fund's annual utilization plan. The status of utilization of the Fund is subject to supervision by the Labor Pension Fund Supervisory Committee. With regards to the utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. In case any deficiency in the earnings arises, Treasury Funds can be used to cover the deficits after the approval of the competent authority. Since the Company has no right to participate in the operation and management of the Fund, it is not able to disclose the classification of the fair value of plan assets as required in IAS 19 paragraph 142. For the fair value of the total retirement fund as of December 31, 2023 and 2022, please refer to the Labor Retirement Fund Utilization Report published by the government each year.

(5) Actuarial assumptions on pensions are summarized as follows:

	2023	2022
Discount rate	<u>1.20%</u>	<u>1.20%</u>
Future salary increase rate	<u>2.50%</u>	<u>2.50%</u>

Future mortality rate is estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Analysis of the present value of defined benefit obligation affected by changes in primary actuarial assumptions is as follow:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2023				
Effect on the present value of defined benefit obligation	(\$ <u>1,992</u>)	\$ <u>2,503</u>	\$ <u>1,775</u>	(\$ <u>1,734</u>)

	Discount rate		Future salary rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effect on the present value of defined benefit obligation	(\$ <u>2,309</u>)	\$ <u>2,384</u>	\$ <u>2,086</u>	(\$ <u>2,035</u>)

The sensitivity analysis presented above is an analysis of effects resulted from changes in a single assumption while other assumptions are held constant. In practice, quite a few changes in assumptions are correlated. The method employed for sensitivity analysis is the same as the method used to calculate the net pension liability presented on the balance sheet.

The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous periods.

- (6) The Company expects to make contributions of \$2,132 to the pension plans within one year.
 - (7) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years.
- 2.(1) Starting from July 1, 2005, the Company have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance. Payment of the pension fund will be paid in a monthly basis or in a lump sum with the amounts calculated based on the pension fund account balance and the accrued benefits accumulated over the years.
- (2) In 2023 and 2022, the pension costs recognized by the Company in accordance with the aforementioned contribution plans were \$35,263 and \$37,632.

(XVI) Share-based Payments

1. In the years of 2023 and 2022, the Company's share-based payment agreement (show in 1,000 shares) is as follows:

Type of agreement	Grant Date	Amount Given	Contract Period	Vesting Condition
Treasury stock transfer to employees	January 13, 2023	350	23 days	Immediate
Treasury stock transfer to employees	January 20, 2022	400	26 days	Immediate

2. Details of the above share-based payment agreement are as follows:

	2023		2022	
	Quantity subscribed	Weighted average exercise price (\$1)	Quantity subscribed	Weighted average exercise price (\$1)
Outstanding shares at beginning of the period on January 1	-	\$ -	-	\$ -
Total grant during the period	350	76.42	400	76.42
Exercised during the period (350)		76.42	(400)	76.42
Outstanding shares at the end of the period on December 31	-	-	-	-

3. The weighted average stock price of the stock options executed in 2023 and 2022 was NT\$98.6 and NT\$73.7, respectively on the date of execution.
4. The cost of 2023 and 2022 recognized share-based payment was \$6,672 and \$0 respectively.

(XVII) Capital Stock

As of December 31, 2023, the Company had an authorized capital in the amount of \$1,800,000 with 180,000 thousand shares (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible bonds), and a paid-in capital in the amount of \$1,402,003 with each share priced at NT\$10. Share payments for the Company's issued stocks have been collected in full.

1. Number of the Company's outstanding common shares at the beginning of periods and the end of the periods were adjusted as below (in thousand shares):

	2023	2022
January 1	134,214	131,934
Corporate bond conversion (Note)	3,007	1,880
Treasury stock transfer to employees	350	400
December 31	<u>137,571</u>	<u>134,214</u>

Note: In the year of 2023, the Company's convertible corporate bonds were converted into 3,007 thousand common shares, and the relevant change registration has been completed.

2. Treasury Stock

(1) Reasons for recovery of shareholding and the quantity of recovery:

		December 31, 2023	
Name of investor company	Reasons for recovery	Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	2,629	\$ 200,920

		December 31, 2022	
Name of investor company	Reasons for recovery	Number of shares (in thousand shares)	Carrying amount
The Company	Available for transfer of shares to employees (Note)	2,979	\$ 227,667

Note: On September 22, 2021, the Company's board of directors resolved to buy back treasury stocks; it was estimated to buy back 6,700 thousand shares in total and the execution period started from September 23, 2021 to November 22, 2021. In consideration of fund planning and effective utilization, the Company bought back shares in batches depending on the changes of the Company's stock price. Hence, the treasury buyback plan this time wasn't fully executed and the actual shares repurchased totaled 3,379 thousand shares. On January 13, 2023, and January 20, 2022, the board resolved to transfer 350 thousand and 400 thousand treasury stock respectively to employees of the Company and the Company's subsidiary with the set average buyback price of NT\$76.42. As of December 31, 2023, there were totaled 750 thousand shares being transferred to employees of the Company and the Company's subsidiary.

- (2) The Securities and Exchange Act stipulates that the proportion of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total amount of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (3) The treasury stocks held by the Company shall not be pledged in accordance with the regulations of the Securities and Exchange Act, and shall not be entitled for shareholder rights before being transferred.
- (4) According to the regulations stated in the Securities and Exchange Act, the shares repurchased for the transfer of shares to employees shall be transferred within five years on the date of the repurchase. Those are not transferred within the time limit shall be deemed to have not issued by the Company, and shall be written off and removed from the registration.

(XVIII) Capital Reserve

1. Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting the deficit. Furthermore, if the Company has no accumulated loss, the capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In addition, according to the regulations stated in the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use the capital surplus to offset loss only when the number of earnings and reserves are insufficient to offset the loss.
2. On February 29, 2024, the board of directors resolved to distribute cash of NT\$1.1 per share, totaling \$151,328, with capital reserve.

(XIX) Retained Earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, shall be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, shall be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there are any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings accumulated from the prior periods to serve as the distributable earnings, of which the amount of distribution and retention shall be indicated in the earnings distribution proposal which is made by the Board of Directors before submitting to the Shareholders' Meeting for approval. The cash dividends distributed shall not less than 10% of the total dividends distributed of the same year.

The Company, following the regulations in the Company Act, authorizes the dividends, bonuses, capital reserve or legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and there to a report shall be submitted to the shareholders' meeting. The provisions of the preceding paragraph regulating that must be resolved by the shareholders' meeting are not applicable.

2. The Company's dividend policy is stated as below: for continuous operation and profit enhancement, the Company adopts a residual dividend policy.
3. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
4. The Company may allocate earnings only after providing a special reserve for debit balance in other equity on the date of the balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
5. On February 23, 2023, the 2022 earnings distribution plan was resolved at the board of directors, which was planned to distribute NT\$8.97 for per holding share, and the total dividend planned to distribute was NT\$1,234,676. The proposal was reported in the Shareholders' Meeting on May 29, 2023. On May 31, 2022, the 2021 earnings distribution plan was resolved at the shareholders' meeting, which was planned to distribute NT\$5.5 for per holding share, and the total dividend planned to distribute was NT\$727,835.
The resolution of the aforementioned earning distribution proposal in the annual shareholders' meeting maybe look up in the website of the Market Observation Post System.
6. On February 29, 2024, the 2023 earnings distribution plan was resolved by the board of directors, which was planned to distribute NT\$0.5 for per holding share, and the total dividend planned to distribute was NT\$68,786.

(XX) Operating Revenue

1. Analysis of customer contracts

All the Company's revenue comes from contracts with customers under which revenue is generated by transferring goods at a certain point of time. Revenue can be sub-divided by geographical areas as follows:

Customer by geographical areas	2023	2022
Americas	\$ 8,029,715	\$ 12,164,372
Asia	3,190,910	4,830,121
Others	267,250	830,273
	<u>\$ 11,487,875</u>	<u>\$ 17,824,766</u>

2. Contract liabilities

(1) The contract liabilities in relation to contracts with customers recognized by the Company are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Consumer products	<u>\$ 6,848</u>	<u>\$ 21,353</u>	<u>\$ 12,847</u>

(2) Income recognized during the period from contract liabilities in the beginning of the period:

	2023	2022
Consumer products	<u>\$ 20,786</u>	<u>\$ 12,834</u>

(XXI) Other Income and Expense – Net

	2023	2022
Income from molds	\$ 60,985	\$ 53,462
Income from samples	29,324	29,887
Other income	98,355	39,896
	<u>\$ 188,664</u>	<u>\$ 123,245</u>

(XXII) Interests Income

	2023	2022
Interest from bank deposits	\$ 77,085	\$ 12,448
Others	6,555	-
	<u>\$ 83,640</u>	<u>\$ 12,448</u>

(XXIII) Other Income

	2023	2022
Government subsidy income	\$ 13,731	\$ 3,809
Others	5,805	2,139
	<u>\$ 19,536</u>	<u>\$ 5,948</u>

In August 2022, the Company received government subsidies with a total amount of \$24,000 from the A+ Industry Innovation Plan supported by the Ministry of Economic Affairs. The detail is as below:

1. The 2022 subsidy of \$3,250 has been received and deposited in a special account in December 2022, and was recorded as “other current liabilities”, which was re-listed as profit

or loss when related expense occurred during the execution of plan. In 2023, a subsidy income from the government of \$455 was recognized, for an accumulated amount of \$2,990. The remaining amount of \$260 has been returned to related unit.

- The 2023 subsidy of \$18,725 has been received and deposited in a special account in April 2023, August 2023, December 2023, and were recorded as “other current liabilities”, which will be transferred to profit or loss when related expenses occur during the execution of plan. Up until December 31, 2023, a subsidy income of \$12,997 has been recognized.

(XXIV) Other Gains and Losses

	2023	2022
Financial assets and liabilities measured at fair value through profit/loss-net loss	(\$ 7,182)	(\$ 3,611)
Gain on disposal of property, plant and equipment	189	275
Gain on lease modification	360	1,596
Gain (loss) on foreign exchange, net	(6,388)	317,792
Impairment loss (Note)	(4,069)	-
Others	(7,793)	2,173
	<u>(\$ 24,883)</u>	<u>\$ 318,225</u>

Note: Please see Note VI (VII) for explanations.

(XXV) Finance Costs

	2023	2022
Interest expense	\$ -	\$ 2,046
Interest on lease liabilities	7,328	3,990
Amortization of corporate bond discount	9,229	6,216
	<u>\$ 16,557</u>	<u>\$ 12,252</u>

(XXVI) Additional Information regarding the Nature of Expenses

	2023	2022
Employee benefits expense	\$ 850,508	\$ 1,314,913
Depreciation expenses	251,630	235,616
Amortization expenses	39,766	24,553
	<u>\$ 1,141,904</u>	<u>\$ 1,575,082</u>

(XXVII) Employee Benefit Expenses

	2023	2022
Salary and wages	\$ 677,917	\$ 1,136,263
Employee stock option	6,672	-
Labor and health insurance premiums	82,921	84,039
Pension expense	36,175	38,289
Remuneration to directors	6,890	10,720
Other personnel cost	39,933	45,602
	<u>\$ 850,508</u>	<u>\$ 1,314,913</u>

- The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors. However, if the Company still has an

accumulated deficit, the earnings should be used to make up the loss.

2. In 2023 and 2022, the Company recognized compensation to employees in the accrued amounts equal to \$12,134 and \$128,650, respectively; remuneration to directors in the accrued amounts equal to \$6,510 and \$10,400, respectively, and the above mentioned amounts were presented under payroll expense.

In 2023, it is estimated at a certain proportion based on the profit as of the current period.

The amounts of compensation to employees and remuneration to directors for 2022 that had been resolved by the Board of Directors are the same as the amounts stated on the 2022 financial statements. The above-mentioned employee compensation was distributed in cash. Compensation to employees in 2022 have not yet fully distributed.

Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXVIII) Income Tax

1. Income tax expenses

(1) Components of income tax expenses:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax in the current period	\$ 121,002	\$ 411,813
Surtax on undistributed earnings	38,034	-
Overestimation of prior year's income taxes	(47,892)	-
Total current income tax	111,144	411,813
Deferred income tax:		
Originating and reversed temporary differences	20,649	67,770
Income tax expense	<u>\$ 131,793</u>	<u>\$ 479,583</u>

(2) Income tax amount associated with other comprehensive income:

	<u>2023</u>	<u>2022</u>
Re-measurement of defined benefit obligation	<u>\$ 227</u>	<u>\$ 1,399</u>

2. The relations of income tax expenses and accounting profits

	<u>2023</u>	<u>2022</u>
Income tax calculated by applying the statutory tax rate to net income before tax	\$ 40,152	\$ 544,010
Effects from items prohibited from being recognized by laws and regulations	101,499	(64,427)
Over-estimation of prior year's income taxes	(47,892)	-
Surtax on undistributed earnings	38,034	-
Income tax expense	<u>\$ 131,793</u>	<u>\$ 479,583</u>

3. Deferred income tax assets or liabilities arising from temporary differences are stated as follows:

2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Inventory valuation & obsolescence loss	\$ 4,599	\$ 886	\$ -	\$ 5,485
Pensions	12,943	(4,606)	(227)	8,110
Unrealized exchange losses	11,241	5,053	-	16,294
Others	15,203	1,601	-	16,804
	<u>43,986</u>	<u>2,934</u>	<u>(227)</u>	<u>46,693</u>
Deferred income tax liabilities:				
Differences in investment gains or losses recognized	(231,581)	(23,583)	-	(255,164)
Liability of land value increment tax	(11,598)	-	-	(11,598)
	<u>(243,179)</u>	<u>(23,583)</u>	<u>-</u>	<u>(266,762)</u>
	<u>(\$ 199,193)</u>	<u>(\$ 20,649)</u>	<u>(\$ 227)</u>	<u>(\$ 220,069)</u>

2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets:				
Inventory valuation & obsolescence loss	\$ 4,191	\$ 408	\$ -	\$ 4,599
Pensions	14,669	(327)	(1,399)	12,943
Unrealized exchange losses	1,400	9,841	-	11,241
Others	14,259	944	-	15,203
	<u>34,519</u>	<u>10,866</u>	<u>(1,399)</u>	<u>43,986</u>
Deferred income tax liabilities:				
Differences in investment gains or losses recognized	(152,945)	(78,636)	-	(231,581)
Liability of land value increment tax	(11,598)	-	-	(11,598)
	<u>(164,543)</u>	<u>(78,636)</u>	<u>-</u>	<u>(243,179)</u>
	<u>(\$ 130,024)</u>	<u>(\$ 67,770)</u>	<u>(\$ 1,399)</u>	<u>(\$ 199,193)</u>

4. The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2021.

(XXIX) Earnings Per Share

	2023		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$1)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders	\$ 68,969	137,163	\$ 0.50
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders	\$ 68,969	137,163	
Effect of potentially dilutive common stocks			
Convertible bonds (note)	-	-	
Employee remuneration	-	359	
Profit attributable to ordinary shareholders plus potential effect on common stocks	\$ 68,969	137,522	\$ 0.50

	2022		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (\$1)
<u>Basic earnings per share</u>			
Net income attributable to common shares shareholders	\$ 2,240,780	132,419	\$ 16.92
<u>Diluted earnings per share</u>			
Net income attributable to common shares shareholders	\$ 2,240,780	132,419	
Effect of potentially dilutive common stocks			
Convertible bonds	5,602	4,731	
Employee remuneration	-	1,500	
Profit attributable to ordinary shareholders plus potential effect on common stocks	\$ 2,246,382	138,650	\$ 16.20

Note: The convertible corporate bonds in 2023 have reversal and dilution effect and are not included in the calculation of earnings per share.

(XXX) Additional Information regarding Cash Flows

1. Investing activities with partial cash payments

	2023	2022
Acquisition of property, plant and equipment	\$ 89,984	\$ 46,727
Add: Equipment payable, beginning of period (recognized in other payable)	69,074	34,868
Less: Equipment payable, end of period (recognized in other payable)	(12,337)	(69,074)
Amount paid in cash - current period	\$ 146,721	\$ 12,521

2. Investing activities that do not affect cash flows

	2023	2022
Equipment prepayments transferred to property, plant, and equipment	\$ 24,537	\$ 358,537
Reclassification of property, plant, and equipment to other non-current assets	\$ 1,059	\$ 2,014
Reclassification of property, plant, and equipment to expenses	\$ -	\$ 1,377
Reclassification of property, plant, and equipment to intangible assets	\$ -	\$ 150

(XXXI) Changes in Liabilities from Financing Activities

	Short-term loans	Corporate bonds payable	Lease liabilities	Total financing liabilities
1-Jan-23	\$ 11,393	\$ 816,573	\$ 492,423	\$ 1,320,389
Changes in financing cash flows	11,283	-	(11,514)	(231)
Effect of exchange rate changes	-	-	213	213
Other non-cash changes	-	(226,075)	(420)	(226,495)
Dec. 31, 2023	<u>\$ 22,676</u>	<u>\$ 590,498</u>	<u>\$ 480,702</u>	<u>\$ 1,093,876</u>

	Short-term loans	Corporate bonds payable	Lease liabilities	Total financing liabilities
1-Jan-22	\$ 316,049	\$ -	\$ 470,473	\$ 786,522
Changes in financing cash flows	(304,656)	1,021,023	(20,687)	695,680
Other non-cash changes	-	(204,450)	42,637	(161,813)
Dec. 31, 2022	<u>\$ 11,393</u>	<u>\$ 816,573</u>	<u>\$ 492,423</u>	<u>\$ 1,320,389</u>

VII. Related Parties Transactions

(I) Name and Relationship of Related Parties

Name of related party	Relationship with the Company
Advanced Sporting Goods (Dongguan) Co., Ltd.	Subsidiary of the Company
Advanced International Multitech (VN) Corporation Ltd.	Subsidiary of the Company
Launch Technologies Co., Ltd.	Subsidiary of the Company
Munich Composites GmbH	Associates of the Company
Technology on Prototype Ultimate Co., Ltd.	Associates of the Company

(II) Important Transactions with related parties

1. Operating sales

	2023	2022
Sales of merchandises		
Munich Composites GmbH	<u>\$ 230</u>	<u>\$ -</u>

The transaction price and payment terms of the above merchandise sales do not have significant difference from transactions with non-related parties.

2. Purchases

	2023	2022
Purchase of inventories:		
Advanced Sporting Goods (Dongguan) Co., Ltd.	\$ 5,941,902	\$ 10,036,034
Advanced International Multitech (VN) Corporation Ltd.	3,402,252	3,772,391
Munich Composites GmbH	<u>56</u>	<u>-</u>
	<u>\$ 9,344,210</u>	<u>\$ 13,808,425</u>

- (1) In preparation of the parent company only financial statements, the sales revenue (sales of raw materials and work-in-progress) and operating costs (purchase of goods) in relation with the Company's sales to its subsidiaries is offset, and the eliminated amount in the years ended December 31, 2023 and 2022 were \$985,307 and \$1,557,517, respectively.
- (2) The Company's purchase price with the related parties is negotiated and agreed by both parties. Because there is no similar product transaction, it is unable to compare with other general transactions.

3. Operating expenses

	2023	2022
R&D Expenses		
Munich Composites GmbH	\$ 26,732	\$ 27,936
Launch Tech Co., Ltd.	123	-
Marketing Expenses		
Launch Tech Co., Ltd.	15	-
	<u>\$ 26,870</u>	<u>\$ 27,936</u>

4. Other income and expenses

	2023	2022
Mold Income:		
Launch Tech Co., Ltd.	<u>\$ 496</u>	<u>\$ -</u>

5. Receivables from Related Parties

	December 31, 2023	December 31, 2022
Advanced International Multitech (VN) Corporation Ltd.	<u>\$ 324,598</u>	<u>\$ -</u>

The receivable from related parties includes the receipts under custody, payment on behalf of others, loans and the interests receivable. Please refer to Note VII(II)5 for loans to related parties.

6. Payable to Related Parties

	December 31, 2023	December 31, 2022
Payable to related parties:		
Advanced Sporting Goods (Dongguan) Co., Ltd.	\$ 1,724,561	\$ 1,376,834
Advanced International Multitech (VN) Corporation Ltd.	326,138	296,241
Launch Tech Co., Ltd.	109	-
	<u>2,050,808</u>	<u>1,673,075</u>
Other payable:		
Munich Composites GmbH	1,502	-
	<u>\$ 2,052,310</u>	<u>\$ 1,673,075</u>

Payable to related parties mainly came from purchases of inventories, which are due two months after the monthly settlement. Such payable does not bear interests.

7. Mold Equipment

	2023	2022
Munich Composites GmbH	<u>\$ 15,063</u>	<u>\$ -</u>

8. Funds Lending to Related Parties

(1) Loans to related parties

A. Balance at the end of the period:

	December 31, 2023	December 31, 2022
Advanced International Multitech (VN) Corporation Ltd.	<u>\$ 307,050</u>	<u>\$ -</u>

B. Interests income

	2023	2022
Advanced International Multitech (VN) Corporation Ltd.	\$ 6,555	\$ -

The terms of the loan to Advanced International Multitech (VN) Corporation Ltd. are that the loan will be repaid in one lump sum upon maturity, and the interest for the year of 2023 will be charged at an annual interest rate of 5.259%.

9. Munich Composites GmbH, the Company's investment accounted for using equity method, increased capital by cash of \$3,865 in 2023, and there were no such issue in 2022.

(III) Information about remuneration paid to major management

	2023	2022
Salary and other employee benefits	\$ 76,860	\$ 77,173

VIII. Pledged Assets

Assets pledged as collateral by the Company are enumerated as follows

Assets	Carrying amount		Guarantee Use
	December 31, 2023	December 31, 2022	
Land	\$ 125,648	\$ 125,648	Short-term loans
Housing and structures	27,721	35,717	Short-term loans
Pledged time deposit (presented as "other non-current assets-others")	7,596	7,161	Lease deposit, others
	<u>\$ 160,965</u>	<u>\$ 168,526</u>	

IX. Significant contingent liabilities and Unrecognized contractual commitment

(I) Contingency

Please refer to Note X for details.

(II) Commitments

1. Balance of outstanding letter of credit

	December 31, 2023	December 31, 2022
Raw materials imported	\$ 17,965	\$ 57,889

2. Capital expenditures committed but yet to incur

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 52,453	\$ 62,046

3. Operating lease agreement

Please refer to Note VI(IX) for explanations.

4. The Company signed a partnership agreement with Taishin Health Investment Ltd. on August 31, 2021 to establish a limited partnership of Taishin Health. The purpose is to invest in domestic and foreign biotechnology and pharmaceutical industries with development potential. The Company promised to invest in \$55,000 according to the agreement. As of December 31, 2022, the Company has invested \$26,740.

X. Significant loss from Disaster

The Company's subsidiary, Launch Technologies Co., Ltd. (hereinafter referred to as "Launch Tech"), involved in a major fire incident on September 22, 2023. Launch Tech has completely suspended operations by order of the Ministry of Economic Affairs and is now cooperating with the investigation of relevant administrative and judicial government departments to clarify the cause and responsibility of the accident. The explanation is as follows:

(I) Due to the above-mentioned fire incident, Launch Tech recognized a total of 1,329,360 disaster losses. The details are listed as below:

Item	Amount	Explanation
Inventories	\$260,403	Mainly are the carrying value of the fully destroyed inventories stored in Plant I.
Property, plant, and equipment	\$598,506	Mainly are the carrying value of the fully destroyed property, plant and equipment in Plant I.
Other assets	\$2,711	
Compensation for loss	\$467,740	1. Disaster compensation for nearby factories and other units, residential buildings and casualties, except those that have been settled, are the best estimates of the evidence available as of the reporting date. Nevertheless, the actual compensation amount is yet to be negotiated, so there may be contingent liabilities that cannot be reasonably estimated and not yet be recorded. 2. Launch Tech has allocated a funding of \$250,000 each on Sept. 27 and Oct. 4, 2023, for a total funding amount of \$500,000, to the trust account of Launch Tech to meet related indemnification.
Total	<u>\$1,329,360</u>	

(II) Launch Tech has purchased property insurance with an insured amount of \$1,529,825. Currently, it is in the process to apply for relevant insurance claims. The income from insurance claim has not yet been estimated and recorded.

(III) As of December 31, 2023, Launch Tech' unused bank loan amount totaled \$299,300, and the Company will also provide necessary support to Launch Tech. In addition, Launch Tech is also actively planning the resumption of operations in Plant II. Launch Tech will devote all its efforts to the reconstruction work in order to resume normal operations as soon as possible. For maintaining overall operational efficiency and shareholders' rights, Launch Tech have signed a OEM contract with the Company's subsidiary, Advanced International Multitech (VN) Corporation Ltd., that is accounted for using equity method on February 20, 2024.

(IV) Launch Tech received an indictment from the Taiwan Pingtung District Prosecutors Office on February 5, 2024 for violation of Occupational Safety and Health Act. Launch Tech was fined the maximum statutory penalty of NT\$300,000. Launch Tech will fully cooperate with the court's investigation and wait for the trial.

XI. Significant Subsequent Event

(I) On February 29, 2024, the board of directors proposed and approved the 2023 earnings distribution plan. Please refer to Note VI(XIX) for explanations.

(II) On February 29, 2024, the board of directors resolved to distribute cash with capital reserve. Please refer to Note VI (XVIII) for explanations.

XII. Others

(I) Capital Management

The objective of the Company's capital management is to ensure that the Company can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that rewards are provided to shareholders. To sustain or adjust the capital structure, the Company might adjust dividends paid to shareholders, refund capital to shareholders, or issue new shares or dispose of assets in order to lower its debt. The Company monitors its capital by looking at the debt-to-capital ratio, which is calculated by dividing the total debt by the total capital.

The Company's strategies employed for 2023 were the same as those for 2022, i.e., striving to strike a balance for the overall capital structure. The Company's debt-to-capital ratios as at December 31, 2023 and 2022 are stated below:

	December 31, 2023	December 31, 2022
Total debt	\$ 4,256,243	\$ 4,832,356
Total capital	\$ 10,443,647	\$ 11,828,631
Debt-to-Capital ratio	41	41

(II) Financial Instruments

1. Types of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 27,936	\$ 28,285
Financial assets at fair value through other comprehensive income		
Election of the designated equity instrument investment	3,666	55
Financial assets measured at amortized cost		
Cash and cash equivalents	2,242,507	1,461,327
Financial assets measured at amortized cost	-	21,286
Notes receivable	5,994	4,863
Accounts receivable	3,013,575	4,542,352
Other receivable (including from related parties)	334,982	37,588
Refundable deposits	10,215	11,127
	<u>\$ 5,638,875</u>	<u>\$ 6,106,883</u>
	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ -	\$ 417
Financial liabilities at amortized cost		
Short-term loans	22,676	11,393
Notes payable	315	893
Accounts payable	155,361	115,390
Accounts payable – related parties	2,050,808	1,673,075
Other payable	418,420	893,601
Corporate bond payable	590,498	816,573
	<u>\$ 3,238,078</u>	<u>\$ 3,511,342</u>
Lease liabilities (including non-current)	<u>\$ 480,702</u>	<u>\$ 492,423</u>

2. Risk management policy

- (1) The Company's daily operations are affected by various financial risks, e.g. market risks (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on unpredictable matters on the financial markets, seeking to lower the potential adverse effects on the Company's performance.
- (2) Risk management is carried out by the Company's finance department in compliance with relevant policies. Through close cooperation with the Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. With respect to the overall risk management, the Company has established principles in writing, as well as policies in writing concerning specified scope and matters, e.g. exchange risk, credit risk, utilization of derivatives and non-derivatives, and investment of residual working capital.

3. The nature and degree of significant financial risks

(1) Market risk

Exchange Rate Risks

- A. The Company operates across borders and is therefore subject to exchange rate risks arising from multiple currencies, mainly the US dollars, RMB and Euros. Relevant exchange rate risks come from future business transactions, recognized assets and liabilities, and net liabilities to foreign operating institutions.
- B. The Company's management has established policies that require the Company to manage its exchange rate risk relative to its functional currency. Companies should hedge their overall exchange rate risks through the finance department. In order to manage exchange rate risks arising from future business transactions and recognized assets and liabilities, the Company uses forward foreign exchange contracts through the finance department. Exchange rate risk arises when recognized assets or liabilities for future business transactions are denominated in a foreign currency that is not the functional currency of the entity.
- C. The Company's business involves the use of various non-functional currencies; consequently, it is subject to effects arising from currency rate fluctuations. The table below shows information regarding assets and liabilities that are denominated in foreign currency and may significantly being affected by the changes in exchange rates:

December 31, 2023				
		Foreign currency		Carrying
		(in thousands)	Exchange rate	amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	144,174	30.705	\$ 4,426,863
<u>Non-Monetary items</u>				
USD:NTD		21,763	30.705	668,239
RMB:NTD		257,670	4.327	1,114,938
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	68,719	30.705	\$ 2,110,017

	December 31, 2022			
	Foreign currency			Carrying
	(in thousands)	Exchange rate		amount (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	166,767	30.71	\$ 5,121,415
<u>Non-Monetary items</u>				
USD:NTD		22,244	30.71	683,108
RMB:NTD		229,927	4.408	1,013,517
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	56,888	30.71	\$ 1,747,030

- D. The monetary items of the Company are significantly affected by currency fluctuations; in 2023 and 2022, the Company recognized a total exchange gain (loss) of \$(6,388) and \$317,792, respectively
- E. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

2023				
	Sensitivity analysis			
	Range of change	Effects on profit or loss	Effects on other comprehensive income	
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 44,269	\$	-
<u>Non-Monetary items</u>				
USD:NTD	1%	-		6,682
RMB:NTD	1%	-		11,149
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 21,100		-
2022				
	Sensitivity analysis			
	Range of change	Effects on profit or loss	Effects on other comprehensive income	
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 51,214	\$	-
<u>Non-Monetary items</u>				
USD:NTD	1%	-		6,831
RMB:NTD	1%	-		10,135
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 17,470		-

Price Risks

The Company is not exposed to price risk from products.

Cash Flow Interest Rate Risk and Fair Value Interest Rate Risk

The Company's short-term borrowings are all instruments with fixed interest rate, and are consequently not exposed to any significant cash flow interest rate risk.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by customers or counter-parties of financial instruments on the contract obligations. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.

Cash and cash equivalents and financial derivatives

Required by the transaction policy adopted, the Company trades only with counter-parties having good credit ratings, and so there hasn't been any default on cash and cash equivalents, financial assets measured at amortized cost, or financial derivatives.

Accounts receivable

- A. The Company has established a specific internal credit policy, which requires entities within the Company to manage and conduct credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors.
- B. The Company adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 90 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.
- C. The Company's accounts receivables are due from ordinary enterprises. the Company assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.
- D. After the recourse process, the Company writes off the financial asset to the extent of the recovery amount that can not be reasonably expected; nonetheless, the Company will keep legal recourse to secure its creditor's rights.
- E. Expected credit losses on the Company's accounts receivable as of December 31, 2023 and 2022 are as follows:

	Not overdue	Over due						
		Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days
December 31, 2023	0.02%	0.18%	1.44%	3.86%	7.71%	23.64%	44.34%	100%
December 31, 2022	0.01%	0.22%	1.49%	3.56%	7.03%	26.01%	51.78%	100%

The Company's balance of accounts overdue for 31 days and more as of December 31, 2023 and 2022 accounted for approximately 0.64% and 0.27% of the total amount respectively.

F. Changes in loss allowance for notes receivable and accounts receivable using the simplified approach are stated as follow :

	2023	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 3,557
Reversal of impairment loss	-	(2,107)
December 31	<u>\$ -</u>	<u>\$ 1,450</u>

	2022	
	Notes receivable	Accounts receivable
January 1	\$ -	\$ 2,160
Provision of impairment loss	-	1,397
December 31	<u>\$ -</u>	<u>\$ 3,557</u>

(3) Liquidity risk

- A. Cash flows forecasting is carried out by the Company's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.
- B. The Company's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreements, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of December 31, 2023 and 2022, the Company had a money market position in the amounts equal to \$2,236,508 and \$1,461,078, respectively.
- C. The table below shows an analysis of the non-derivative financial liabilities held by the Company with defined repayment terms based on maturity dates and un-discounted payment at maturity.

	December 31, 2023		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 22,676	\$ -	\$ -
Notes payable	315	-	-
Accounts payable	155,361	-	-
Accounts payable -related parties	2,050,808	-	-
Other payable	418,420	-	-
Corporate bond payable	-	604,100	-
Lease liabilities (including non-current)	17,207	22,220	593,073
<u>Derivative financial liabilities:</u> None			

	December 31, 2022		
	Less than 1 year	1-2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 11,393	\$ -	\$ -
Notes payable	893	-	-
Accounts payable	115,390	-	-
Accounts payable -related parties	1,673,075	-	-
Other payable	893,601	-	-
Corporate bond payable	-	-	847,700
Lease liabilities (including non-current)	18,726	17,207	615,294
<u>Derivative financial liabilities:</u>			
Forward foreign exchange contracts	417	-	-

D. The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Information on Fair Value

- Below states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Assets or liabilities' direct or indirect observable input value, however, this does not include the quoted price as stated in Level 1. The fair value of the Company's investment in derivatives is all Level 2 inputs.

Level 3: Un-observable inputs of assets or liability. the Company's investment in privately offered fund, hybrid instruments, convertible bond's redemption rights, and equity instruments in non-active markets are all Level 3 inputs.

- Financial instrument not measured at fair value

The carrying amount of the Company's financial instruments, including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposit, short-term loan, notes payable, accounts payable, other payable, and lease liabilities are reasonable approximation of fair value.

	December 31, 2023			
	Carrying value	Fair Value		
		Level I	Level II	Level III
Financial Liabilities				
Corporate bond payable	\$ 590,498	\$ -	\$ 590,931	\$ -

	December 31, 2022			
	Carrying value	Fair Value		
		Level I	Level II	Level III
Financial Liabilities				
Corporate bond payable	\$ 816,573	\$ -	\$ 817,607	\$ -

Binomial tree model is used to assess the fair value of above convertible bonds.

3. For financial instruments measured at fair value, the Company carries out basic classification based on the nature of assets and liabilities, character risk and the defined level of fair value, and summarizes the information as below:

(1) Classified by nature of assets or liabilities:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 60	\$ 60
Privately offered funds	-	-	27,876	27,876
Hybrid instruments	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	4,620	4,620
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,556</u>	<u>\$ 32,556</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Redemption right of convertible bonds	\$ -	\$ -	\$ 1,441	\$ 1,441
Privately offered funds	-	-	19,448	19,448
Hybrid instruments	-	-	7,396	7,396
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	1,009	1,009
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,294</u>	<u>\$ 29,294</u>

Liabilities

Recurring fair value

Financial liabilities at fair value through profit or loss

Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ 417</u>
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(2) Methods and assumptions adopted by the Company for measurement of fair value are stated as follows:

- A. The fair value of equity instruments without active market transactions (such as shares of non-listed companies) is estimated using the market method, which is based on the price and other relevant information generated by the market transactions of the same or comparable company equity instruments (such as the discount factor of lacking of liquidity, or input values like stock market's price-to-earnings ratio or price-to-book value ratio) to estimate the fair value. In addition, for equity instruments that lack sufficient or appropriate observable market information and comparable objects, the Company adopts the net asset value method to have a better view on the current profitability of the investment target.

B. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

C. Please refer to Note XII(III)7 for explanation of the impact of non-market observable parameters on the evaluation of financial instruments.

4. There were no transfer between Level 1 and Level 2 of the fair value hierarchy for the periods in the years of 2023 and 2022.

5. The following table shows the Level 3 changes in the year of 2023 and 2022.

	2023				
	Privately offered fund	Hybrid instrument	Derivative instrument	Equity Securities	Total
January 1	\$ 19,448	\$ 7,396	\$ 1,441	\$ 55	\$ 28,340
Invest - current	5,154	-	-	6,000	11,154
Transfer-current	-	-	(543)	-	(543)
Gain or loss recognized in profit or loss					
Recorded as non- operating profit or loss	3,274	(7,396)	(838)	-	(4,960)
Recorded as loss in other comprehensive income	-	-	-	(2,389)	(2,389)
December 31	<u>\$ 27,876</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 3,666</u>	<u>\$ 31,602</u>

	2022				
	Privately offered fund	Hybrid instrument	Derivative instrument	Equity Securities	Total
January 1	\$ -	\$ -	\$ -	\$ 55	\$ 55
Invest - current	21,586	7,396	-	-	28,982
Issue - current	-	-	1,100	-	1,100
Transfer-current	-	-	(273)	-	(273)
Gain or loss recognized in profit or loss					
Recorded as non- operating profit or loss	(2,138)	-	614	-	(1,524)
December 31	<u>\$ 19,448</u>	<u>\$ 7,396</u>	<u>\$ 1,441</u>	<u>\$ 55</u>	<u>\$ 28,340</u>

6. Valuation process regarding the fair value of Level 3 is conducted by the Company's finance department, by which the independence of fair value of financial instruments is verified through the use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g., calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	December 31, 2023 Fair Value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted- average)	Relations between input value and fair value
Derivative instrument:					
Convertible bond embedded option	\$ 60	Binomial tree model	Volatility	26.83%~36.51%	Higher volatility higher fair value
Non-derivative equity instruments:					
Shares of venture capital company	1,009	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund	27,876	Net asset value method	Not applicable	Not applicable	Not applicable
Unlisted company stocks	3,611	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument					
Contract of convertible bond	-	Discount cash flow method	Discount rate	Note applicable	Higher discount rate lower fair value

	December 31, 2022 Fair Value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted- average)	Relations between input value and fair value
Derivative instrument:					
Convertible bond embedded option	\$ 1,441	Binomial tree model	Volatility	33.91%~36.31%	Higher volatility higher fair value
Non-derivative equity instruments:					
Shares of venture capital company	1,009	Net asset value method	Not applicable	Not applicable	Not applicable
Privately offered fund	19,448	Net asset value method	Not applicable	Not applicable	Not applicable
Hybrid instrument					
Contract of convertible bond	7,396	Discount cash flow method	Discount rate	Note applicable	Higher discount rate lower fair value

8. The Company elects to adopt the valuation model and valuation parameters through cautious assessment. Nonetheless, using different valuation models or valuation parameters may lead to different valuation results. For financial assets categorized as Level 3 of the fair value hierarchy, changes in valuation parameters will not have a significant influence on either profit or loss or other comprehensive income.

XIII. Additional Disclosures

(I) Information about significant transaction

- Loans to Others: Please refer to Table 1.
- Endorsements and Guarantees: None.
- Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures): Please refer to Table 2.
- The Aggregate Trading Value on the Same Securities (Including Purchase and Sales) Reaching NT\$300 Million or Exceeding 20% of the Paid-in Capital: None.
- Acquisition of Property Amounting to At Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.

6. Disposal of Property Amounting to At Least NT\$300 Million or Exceeding 20% of Paid-in Capital: None.
7. Purchases from and Sales to Related Parties Amounting to at Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 3.
8. Receivables from Related Parties Amounting to At Least NT\$100 Million or Exceeding 20% of Paid-in Capital: Please refer to Table 4.
9. Engagement in Derivatives Transactions: Please refer to Notes VI(II) and XII(III).
10. Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof: Please refer to Table 5.

(II) Information about reinvestment

Name, Location, and Information on Investee Companies (Excluding Investee Companies in China): Please refer to Table 6.

(III) Information about Mainland China Investment

1. Basic Information: Please refer to Table 7.
2. Significant Transactions between the Company and Investees in Mainland China Directly or Indirectly through Entities in a Third Area: Please refer to Table 8.

(IV) Information of major shareholders

Please refer to Table 9.

XIV. Segment Information

Not applicable.

Advanced International Multitech Co., Ltd. and Subsidiaries
Fund Lending to Others
January 1 to December 31, 2023

Table 1

Unit: NT\$1,000
(Unless Otherwise Specified)

No.	Lender	Borrower	Account	Related Party	Highest amount of the Period	Balance at the end of the period	Actual spending amount	Range of interest rate	Loan type	Amount of Business Transaction	Reasons for the need for short-term financing	Allowance made for loss	Collateral		Loan limit for individual object(Note)	Total loan limit(Note)	Remarks
													Name	Value			
0	Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Other receivable - related party	Yes	\$ 307,050	\$ 307,050	\$ 307,050	5.259%	For short-term financing need	\$ -	As working capital	\$ -	-	\$ -	\$ 618,740	\$ 2,474,961	

Note 1 :

Note 2 : According to the Company's "Operating procedure for lending funds to others", the total amount fo the Company's funds lent to others should not exceed 40% of the Company's net worth as shown in the latest financial statment. And the total fund lend to invidual object shall not exceed 10% of the Company's net worth as shown in the latest financial statement.

Advanced International Multitech Co., Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)
January 1 to December 31, 2023

Table 2

Unit: NT\$1,000
(Unless Otherwise Specified)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	End of the Period				Remark
				Number of shares	Carrying Amount	Shareholding Ratio	Fair Value	
Advanced International Multitech Co., Ltd.	Taishin Health Limited	None	Financial assets at fair value through profit or loss - non-current	-	\$ 27,876	8.09%	\$ 27,876	Note
Advanced International Multitech Co., Ltd.	Tsai Ying Clean Energy Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	600,000	3,611	5.00%	3,611	
Advanced International Multitech Co., Ltd.	Hua Nan Venture Capital Co., Ltd.	None	Financial asset at fair value through other comprehensive income - non-current	57,438	55	10.60%	1,009	

Note: The shareholding ratio is calculated based on the proportion of the fund invested.

Advanced International Multitech Co., Ltd. and Subsidiaries
Purchases from and Sales to Related Parties Amounting to at least \$100 Million or Exceeding 20% of the Paid-in-Capital
January 1 to December 31, 2023

Table 3

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of Company	Name of the Counterparty	Relationship	Transaction details				Situation and Reason of Why Trading Conditions are Difference from General Trading		Note and Account Receivable (Payable)		Remark
			Purchase/Sales	Amount	Ratio to Total Purchase/Sales	Loan Period	Unit Price	Loan Period	Balance	Ratio to total note or account receivable (payable)	
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	Second-tier subsidiary	Purchase	\$ 5,941,902	65%	Note 1	Note 1	Note 1	(\$ 1,724,561)	78%	Note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Subsidiary	Purchase	3,402,252	37%	Note 1	Note 1	Note 1	(326,138)	15%	Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	Sales	(5,941,902)	100%	Note 3	Note 3	Note 3	1,724,561	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	Sales	(3,402,252)	100%	Note 3	Note 3	Note 3	326,138	100%	

Note 1: The prices and terms of payment of the Company's purchases from Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced International Multitech (VN) Corporation Ltd. were agreed by both parties and were not comparable to the general transaction as there were no transactions of similar products.

Note 2: The purchase (sales) amount comprises the sales revenue (Sales of raw materials and processed goods) to its subsidiaries and sub-subsidiaries, offsetted by its operating costs (purchase of goods) arising from the related transaction. During the period from January 1 to December 31, the offsetted amount were \$985,307.

Note 3: The price and collection terms of the company's sales to Advanced International Multitech Co., Ltd. were agreed by both parties, which were not comparable to normal transactions as there were no similar counterparties or products.

Advanced International Multitech Co., Ltd. and Subsidiaries
Receivable from Related Parties Amounting to at least NT\$100 Million or Exceeding 20% of the Paid-in-Capital
January 1 to December 31, 2023

Table 4

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of Company	Name of the Counterparty	Relationship	Balance of Receivable from Related Parties	Turnover Rate	Overdue Receivable from Related Parties		Amount of Receivable from Related Parties received in Subsequent Period	Allowance for Doubtful Accounts	Remark
					Amount	Action Taken			
Advanced Sporting Goods (Dongguan) Co., Ltd.	Advanced International Multitech Co., Ltd.	Ultimate parent company	\$ 1,724,561	3.39	\$ -	-	\$ 641,084	\$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	Parent company	326,138	9.98	-	-	326,138	-	

Advanced International Multitech Co., Ltd. and Subsidiaries
Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof
January 1 to December 31, 2023

Table 5

Unit: NT\$1,000
(Unless Otherwise Specified)

No. (Note)	Name of Company	Name of the Transaction Counterparty	Relationship with Counterparty (Note 2)	Conditions of Transactions			Ratio to Consolidated Total Revenue or Total Assets (%)
				General Ledger Account	Amount	Transaction Terms	
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Purchase	\$ 5,941,902	Handled in accordance with the agreement between both parties	42%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd.	1	Account Payable	1,724,561	Handled in accordance with the agreement between both parties	13%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchase	3,402,252	Handled in accordance with the agreement between both parties	24%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Account Payable	326,138	Handled in accordance with the agreement between both parties	2%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Other receivable	324,598	Handled in accordance with the agreement between both parties	2%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column as below:

- (1) Parent company is coded "0".
- (2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Three kinds of relationship with counterparties are as follows:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries
Name, Location, and Information on Investee Companies (Excluding Investee Companies in Mainland China)
January 1 to December 31, 2023

Table 6

Unit: NT\$1,000
(Unless Otherwise Specified)

Investor	Name of Investee Company	Location	Primary Business	Initial Investment Amount		Ownership, End of the Period			Net Income (Loss) of the Investee Company	Recognized Investment Gain (Loss) for the Period	Remark
				End of the Period	End of Last Year	Number of Shares	Ownership %	Carrying Amount			
Advanced International Multitech Co., Ltd.	ADVANCED GROUP INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	Investment in other regions	\$ 149,434	\$ 149,434	4,584,815	100	1,114,937	130,201	\$ 132,925	Note 1
Advanced International Multitech Co., Ltd.	ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Vietnam	Engaged in the production and sales of various golf club shafts and heads, and golf sets.	447,331	447,331	14,000,000	100	668,239	(17,136)	(15,007)	Note 1
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd.	Taiwan	Engaged in production of sports products, other plastic products and international trade.	266,495	266,495	28,518,424	51.65	339,240	(930,148)	(495,247)	
Advanced International Multitech Co., Ltd.	Munich Composites GmbH	Germany	Engaged in design, research, development and production of carbon fiber bicycle wheels and Carbon Fiber Reinforced Polymer products.	53,077	49,212	69,003	30.53	-	-	-	Note 2
Advanced International Multitech Co., Ltd.	Technology on Prototyping Ultimate Co., Ltd.	Taiwan	System integration engineering design services for aerospace, vehicles, national defense, machinery, energy, electronics, medical, materials and process equipment.	15,600	15,600	1,200,000	21.64	19,348	6,217	1,218	
ADVANCED INTERNATIONAL MULTITECH (VN) CORPORATION LTD.	Maya Metal Technologies Co., Ltd.	Vietnam	Engaged in the OEM production of golf head, shaft, and golf sets.	22,290	22,290	750,000	30	5,921	(31,476)	(9,442)	

Note 1: The difference in the profit or loss of the investee for the period and the investment profit or loss recognized by the Company is the unrealized gain or loss arising from inter-company transactions.

Note 2: According to "IAS 36", the recoverable amount of Munich Composites GmbH continuing operations is estimated to be 0. It was assessed to have none significant changes during the year.

Advanced International Multitech Co., Ltd. and Subsidiaries
Investments in Mainland China - Basic Information
January 1 to December 31, 2023

Table 7

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of the Investee Company in Mainland China	Primary Business	Paid-in-Capital	Method of Investment	Accumulated Investment Amount from Taiwan, Beginning of the Period	Remittance or Recovery of Investment Amount, Current Period		Accumulated Investment Amount from Taiwan, End of the Period	Profit/Loss of the Investee Company, Current Period	Direct of Indirect Ownership of the Company (%)	Investment Gain(Loss) Recognized of the Period	Carrying Amount of the Investment, End of the Period	Investment Income Repartriated, End of the Period	Remark
					Remittance	Recovery							
Advanced Group International (BVI) Co.,Ltd. : Advanced Sporting Goods (Dongguan) Co., Ltd.	Engaged in the production and sales of carbon fiber prepreg materials and sports products	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	\$ 130,201	100	\$ 130,201	\$ 1,115,389	\$ 948,328	Note 1, Note 2
Advanced Sporting Goods (Dongguan) Co., Ltd.: Baoji Zatech Material Co., Ltd.	Engaged in the production of materials.	17,796	3	-	-	-	- (	1,877)	25 (	469)	2,985	-	Note 1, Note 3, Note 4, Note 5

Note 1: Investment methods are classified into the following four methods:

1. Remittance to Mainland China through a third region
2. Investment in Mainland China company through company invested and established in a third region
3. Investment in Mainland China company through reinvestment in an existing company in a third company
4. Through other methods

Note 2: Investment gain or loss recognized in accordance with the financial statements reviewed by the parent company in Taiwan.

Note 3: Investment gain or loss recognized in accordance with the investee company's self-compiled financial statements.

Note 4: The amount of paid-in-capital is converted based on the RMB4,000 thousand at exchange rate of 4.449.

Note 5: It is an investment directly made by the Company's 2nd tier subsidiary, Advanced Sporting Goods (Dongguan) Co., Ltd., and the Company did not make actual remittance for the investment.

Name of the Company	Accumulated investment amount remitted to China from		Investment amount approved by the MOEAIC	Upper limit on investment authorized by the MOEAIC	
	Taiwan, End of the Period				
Advanced International Multitech Co., Ltd. (Note 6, Note 7, Note 8)	\$ 149,434	\$	\$ 1,460,560	\$	3,913,081

Note 6: Accumulated outward remittance from Taiwan to Mainland China at the end of the period of US\$4,577 thousand is translated at the spot exchange rates at the time of the remittance.

Note 7: Note 7: The approved investment amount of US\$4,577 thousand by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) is translated using the USD exchange rate of 30.71 at the balance sheet date.

Note 8: According to the quota stipulated in Correspondance Jing-Shen-Zi-Di-No.09704604680 issued by the Ministry of Economic Affairs on August 29, 2008.

Advanced International Multitech Co., Ltd. and Subsidiaries

Investment in Mainland China - Significant Transactions between the Company and Investee Companies in Mainland China Directly or Indirectly through Entities in a Third Region

January 1 to December 31, 2023

Table 8

Unit: NT\$1,000
(Unless Otherwise Specified)

Name of Investee Company in Mainland China	Purchase (Sales)		Property Transaction		Account Receivable (Payable)		Endorsement, Guarantee or Collateral Provided		Financing				
	Amount	%	Amount	%	Balance	%	Balance, End of the Period	Purpose	Highest Balance	Balance, End of the Period	Range of Interest Rates	Interest, Current period	Others
Advanced Sporting Goods (Dongguan) Co., Ltd.	(\$ 5,941,902)	(65%)	\$ -	-	(\$ 1,724,561)	(78%)	\$ -	-	\$ -	\$ -	-	\$ -	Note

Note: The purchase (sales) amount comprises the sales revenue (sales of raw materials and work-in-progress) offsetted by operating costs (purchase of goods) arising from related processing of the Company's sales to Advanced Sporting Goods (Dongguan) Co., Ltd. The offset amount during the period from January 1 to December 31, 2023 was \$688,050.

Advanced International Multitech Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2023

Table 9

Name of Major Shareholder	Shareholding	
	Number of Shares Held	Shareholding Ratio
Ming An Investment Co., Ltd.	12,134,838	8.65%

Note: (1) The major shareholders information in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (incl. treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

(2) For the above are shares entrusted by the shareholders, the information thereto shall based on the shares disclosed by the individual trust account of opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act and whose shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to the Market Observation Post System.

Advanced International Multitech Co., Ltd.



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