

2024 Annual Shareholders' Meeting Meeting Handbook

Associated Industries China, Inc.



June 20, 2024

4F, No.19-11, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan

This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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Associated Industries China, Inc.

2024 Annual General Meeting Agenda

Time: 9:00 a.m., June 20, 2024 (Thursday)

Venue: 4F., Block E, No. 19-11, Sanchong Rd., Nangang Dist., Taipei City (Nankang Software Incubator)

Type of meeting: In person

Meeting Procedure:

One. Call Meeting to Order

Two. Chairperson's Address

Three. Report Items

- I. 2023 Business Report
- II. 2023 Audit Committee's Review Report
- III. Report on 2023 Distribution of Remuneration to Employees and Directors
- IV. Report on 2023 Remuneration to Directors
- V. Report on 2023 Loaning of Funds to Others
- VI. Report on 2023 External Endorsements/Guarantees
- VII. Report on 2023 Derivative Transactions
- VIII. Report on the Transfer of Treasury Stocks of the Company to Employees
- IX. Motion for change in the fair value model for the subsequent evaluation of the investment property

Four. Ratifications

- I. Motion for recognition of the 2023 Business Report and Financial Report
- II. Motion for ratification for 2023 deficit compensation

Five. Election Matters

- I. Motion for election of directors

Six. Other Motions

- I. Removal of non-competition restrictions on new directors

Seven. Extraordinary Motions

Eight. Adjournment

Report Items

- I. 2023 Business Report, submitted for review.
Description: Please see Attachment 1 of the Handbook.
- II. 2023 Audit Committee's Review Report, submitted for review.
Description: Please see Attachment 2 of the Handbook.
- III. Report on 2023 Distribution of Remuneration to Employees and Directors, submitted for review.
Description: 1. In accordance with Articles of Incorporation, Article 19-1, if the Company is profitable for the year, it shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration.
2. The Company suffered pre-tax losses for 2023. Therefore, no director and employee remuneration shall be distributed for 2023 according to Article 19-1 of the Company Act and the Articles of Incorporation. The aforementioned non-distribution of Director remuneration and employee compensation had been approved by the Remuneration Committee and Board of Directors by resolutions.
- IV. Report on 2023 Remuneration to Directors, submitted for review.
Description: The Company's director remuneration policy is implemented according to Article 21 of the Company's Articles of Incorporation and remuneration policy provisions. The Board of Directors shall be authorized to determine the directors' remuneration for performing their duties by evaluating their participation value and contribution to the Company according to the industry standards. If a director or director representative is an employee of the Group company and receives employee compensation, no additional payment shall be made. Article 19-1 of the Company's Articles of Incorporation and remuneration policy provisions stipulated that no more than 2% of the annual profit shall be allocated for directors' remuneration, and independent directors shall not participate in the surplus distribution. For the details of 2023 individual remunerations to directors, please see Attachment 3 of the Handbook.
- V. Report on 2023 Loaning of Funds to Others, submitted for review.
Description: As of December 2023, no loan had been provided to other parties.
- VI. Report on 2023 External Endorsements/Guarantees, submitted for review.
Description: As of December 2023, the endorsement and guarantee provided to other parties amounted to NT\$190,000 thousand. The actual disbursement amounted to NT\$3,685 thousand.
- VII. Report on 2023 Derivative Transactions, submitted for review.
Description: As of December 2023, no derivative transaction was written off.
- VIII. Report on the Transfer of Treasury Stocks of the Company to Employees, submitted for review.
Description: For repurchased treasury shares transferred to employees, please see Attachment 4 of the Handbook
- IX. Report on change in the fair value model for the subsequent evaluation of the investment property, submitted for review.
Description: 1. The investment property accounted for by the Company is located at 5F-2., No. 3-1, Park Street, Nangang District, Taipei City. In order to fully reflect the

- current utilization status and value, the Company plans to change the accounting policy for the subsequent measurement of investment property is changed from the cost model to the fair value model as of January 1, 2024.
2. For this case, HB Real Property Appraisers was engaged to issue an appraisal report on the fair value of the aforementioned investment property. This case was reviewed by Au Yiu-Kwan of KPMG Taiwan in accordance with Article 6 of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, with no unreasonableness found for the Company to change subsequent measurement of investment property from the cost model to the fair value model.

Ratifications

Proposal 1 (Proposed by the board)

Cause of action: Ratification of the Business Report and Financial Statements for 2023, submitted for ratification.

Description: 1. The Consolidated and Standalone Financial Statements for 2023 were ratified by the Board of Directors by resolution on March 11, 2024, which had been audited by KPMG Taiwan and the Business Report. No material misstatement was found.

2. For the above-mentioned Business Report, Independent Auditors’ Report and Financial Statements, please see Attachment 1 and Attachments 5-6 of the Handbook
3. Please ratify.

Resolution:

Proposal 2 (Proposed by the board)

Cause of motion: Motion for 2023 deficit compensation, submitted for ratification.

Description: 1. For the Company’s 2023 Deficit Compensation Table, please refer to Attachment 7 of the Handbook.

2. No dividend shall be distributed as there were no accumulated earnings for distribution in 2023.
3. Please ratify.

Resolution:

Election matters

Proposal 1 (Proposed by the board)

Cause of motion: Election of directors, submitted for election.

Description: 1. The term of office of the original directors of the Company will expire on July 20, 2024. A full re-election is to be held at the AGM. All directors will be dismissed after the new directors are elected at the AGM. According to the Articles of Incorporation of the Company, seven directors (including three independent directors) are to be elected.

2. The term of office of the newly elected directors is three years from June 20, 2024 to June 19, 2027.
3. The Company adopts the candidate nomination system for the election of directors. Shareholders shall elect directors from the list of director candidates. For the list of candidates, please see Attachment 8 of the Handbook

4. Please vote.

Election results:

Other motions

Proposal 1

(Proposed by the board)

Cause of motion: Removal of non-competition restrictions on new directors, submitted for discussion.

Explanation: 1. According to Article 209 of the Company Act, directors who do anything for themselves or others that are within the scope of the Company's business, shall explain to the shareholders' meeting the important contents of their actions and obtain their permission.

2. For the Table of Contents of Director Candidates' Competitive Behaviors, please see Attachment 9 of the Handbook.

3. Please resolve.

Resolution:

Extraordinary Motions

Meeting Adjourned

2023 Business Report

In 2023, the consolidated operating revenue of Associated Industries China, Inc. (known as “Associated Industries China, Inc.”) amounted to NT\$510,587 thousand, which decreased by 14% compared to NT\$594,422 thousand in the previous year. The sales volume fell by 11%, while the gross profit margin increased from 32% in 2022 to 39%. In 2023, the net operating loss amounted to NT\$41,292 thousand, an increase of NT\$4,922 thousand from the net operating profit of NT\$36,370 thousand in 2022. In 2023, the after-tax net loss amounted to NT\$56,773 thousand, and the after-tax loss per share amounted to NT\$0.59.

We experienced the ups and downs of imbalances in global supply and demand for the past three years (2020 - 2022) due to COVID-19, followed by geopolitical and financial market tensions, including Sino-US relations, the Russian-Ukrainian war, interest rate hikes, and inflation. In the second half of 2023, manufacturers were faced with revenue decrease due to the rapidly reducing market demand, and heavy inventory pressures, resulting in a tight working capital, and even corporate layoffs or bankruptcy. The global economy is expected to maintain a mild slowdown in 2024, which will be the lowest growth since the post-pandemic period. The economic growth in the next five years will not be fully recovered to the average level of 2016 - 2019.

The main focus of the work of Associated Industries China, Inc. in 2023 is to uphold the toughness of stability and continuous optimization of operation management under uncertain conditions, and to gradually accelerate the progress of goals. Looking forward to the future, Associated Industries China, Inc. seeks to achieve its vision of “Being a reliable platform that creates the added value for all stakeholders in the Associated Industries China, Inc. value chain,” as well as upholding its branding philosophy that adopts three elements, namely “users, environment, and products/services” as the main axes, so as to develop the strategic planning and action plans.

1. Professional Displays

With the operational objective and user experience of the professional market as the core of the Company's product and technology application development, and integrate the layout of digital marketing, the brand positioning of Associated Industries China, Inc. display in the professional market has been laid down. The Company's displays are excellent in the application of real-time security monitoring and accurate information display in public venues such as industrial manufacturing, medical care institutions, and transportation, achieving the core idea of product development of real-time information, accurate presentation, and uninterrupted customer operations.

- Implement the ESG sustainable management concept in the value chain layout: We are committed to developing products that meet the needs of target customers (five major markets) centering on software and services; developing products with modular concepts in order to achieve the professionalism of meeting the target market for end products and the optimization of performance in the value chain.
- We work closely with key partners to implement the action plan for profit sharing.
- We launch digital information management to optimize long-term operating efficiency.

2. Solution

The focus of Associated Industries China, Inc.'s solution is to meet the needs of application customers in different fields in detail through software development and

technical service provision. For example, in the field of business conferencing applications, the emphasis is on cross-regional video conferencing and the real-time presentation of various document types; in the field of education applications, two-way synchronous content communication is the main focus; in information display in public areas, not allowing machine maintenance conditions to affect operations is the first priority. The Company focuses on the application field and integrates application software and technical support services to demonstrate the unique value of Associated Industries China, Inc. Solution:

- Develop or integrate suitable application software according to the needs of users in different application fields, manage operational risks in user fields, while improving efficiency.
- Develop a display health monitoring and diagnosis system and implement an early warning mechanism to ensure the uninterrupted operation of displays in public areas.
- In addition to independent research and development, the Company will deepen cooperation with strategic partners and continue to optimize the application of "field solutions".

3. Healthcare

Associated Industries China, Inc. Healthcare has been established through its subsidiary, Taiwan Biophotonic Corporation (tBPC).

Non-intrusive wearables are used to monitor physiological parameters anytime, anywhere, assisting medical teams in finding correlations with underlying diseases, which has become a strategy for Taiwan's physicians to implement preventive medicine. The fundamental premise of all of this is the need for precision wearables to be distributed throughout the home or on individuals. In this entire ecosystem, tBPC hopes to use the two technologies (bio-optics simulation and opto-mechanical integration) and three soft powers (algorithms, patent layout, and clinical experimentation) of TBPC-INSIDE as a platform for the pursuit of precision medicine and play the role of the "enabler" of the target medical materials or brand manufacturers. Short- and medium-term measures:

- Work with wearable (brand or solution provider) partners to develop products and technologies, commit to establishing long-term cooperative relations, continue to expand the influence of Taiwanese medicine in this ecosystem, and grow technology and operating revenue.
- On the application end, by working with medical and health channel partners, TtBPC continues to promote the home sleep reporting solution in Taiwan's sleep market; and continues to introduce nighttime sleep data collection and clinical classification, with the hope of becoming an expert in the field of sleep care.

In respect of the overall company management, all employees consistently uphold the governance philosophy and resolve in their actions. I would like to thank the long-term support that our shareholders have extended to the Company. The management team and all employees of Associated Industries China, Inc. shall continue our endeavor to facilitate the utilization of Associated Industries China, Inc.'s corporate culture, brand value and core competitiveness in creating the maximum profit, so as to protect shareholder interests and take on the corporate social responsibility (CSR). We hope the shareholders would maintain their initial faith and confidence in Associated Industries China, Inc., and embark on a profitable future with us.

Chairman	Hua-Chung Pi
General Manager	Hsin-Yuan Chao
Accounting Director	Wan-Wei Lu

Associated Industries China, Inc.
Audit Committee's Review Report

Attachment 2

The Company's 2023 financial statements have been ratified by Audit Committee, approved by the Board of Directors by resolution and audited by Au Yiu-Kwan and Kuo Kuan-Ying, CPAs of KPMG Taiwan, to which they have issued an independent auditor's report. Furthermore, we have reviewed the Business Report for 2023 and motion for deficit compensation prepared by the Board of Directors, to which we have found no misstatement and hereby issues its report as presented above according to Article 14-4, the Securities and Exchange Act and Article 219, the Company Act.

2024 Annual General Meeting

Associated Industries China, Inc.
Audit Committee convener: _____

March 11, 2024

Details of 2023 individual remunerations to directors

Unit: NTD thousand

Job title	Name	Remuneration to directors								Sum of A, B, C, and D and the sum as a % of the net income after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G and the sum as a % of the net income after tax (Note 10)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 11)		
		Remuneration (A) (Note 2)		Severance and pension (B)		Remuneration to directors (C) (Note 3)		Business allowance (D) (Note 4)				Remuneration, bonus, and allowance (E) (Note 5)		Severance and pension (F)		Remuneration to employees (G) (Note 6)								
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements (Note 7)			
Chairman	Hua-Chung Pi	0	0	0	0	0	0	40	40	40	40	3,696	3,696	0	0	0	0	0	0	3,736	3,736	-12.53%	-12.53%	None
Director	Representative of ShiuDing Investment Consultant Co., Ltd.: Yun Yu	120	120	0	0	0	0	40	40	160	160	0	0	0	0	0	0	0	0	160	160	-0.54%	-0.54%	None
Director	Representative of ShiuDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	0	0	0	0	0	0	40	40	40	40	3,042	3,042	144	144	0	0	0	0	3,226	3,226	-10.82%	-10.82%	None
Director	Hung-Chun Yu	0	0	0	0	0	0	40	40	40	40	0	7,247	0	452	0	0	0	0	40	7,739	-0.13%	-25.95%	None
Independent Director	Yang, Chyan	360	360	0	0	0	0	96	96	456	456	0	0	0	0	0	0	0	0	456	456	-1.53%	-1.53%	None
Independent Director	Kuo-Hua Chen	360	360	0	0	0	0	88	88	448	448	0	0	0	0	0	0	0	0	448	448	-1.50%	-1.50%	None
Independent Director	Sha-Wei Chang	360	360	0	0	0	0	96	96	456	456	0	0	0	0	0	0	0	0	456	456	-1.53%	-1.53%	None

1. Please specify the policy, system, standard, and structure of remuneration to directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:
 The Company has authorized the Board of Directors to determine their remuneration as per each individual's participation in and contribution to the Company's operations and the Company's performance while regarding the general standard in the industry.
 Independent directors receives a fixed amount of business execution expense for attendance at each board meeting, and we will review the remuneration system in a timely manner based on the actual operations and applicable laws and regulations.
 As per the Articles of Incorporation, if the Company makes a profit for a year, we should allocate no more than 2% as the directors' remuneration and pay remuneration to independent directors as per their participation in the Company's operations, contribution values, and performance, while giving reference to the general standard in the industry. We also consider the changes in the global economy, international financial environment, and the conditions in the industry and estimate and review the Company's future development, profitability, and operational risks in a timely manner to minimize the possibility of and association with future risks, thereby striking a balance between the Company's sustainable development and risk control.
2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Execution of repurchased treasury shares transferred to employee

Session of repurchase	First	Second
Purpose of repurchase	To transfer shares to employees	To transfer shares to employees
Repurchase period	2019.05.09–2019.07.08	2019.08.08–2019.10.07
Range of repurchase price	NT\$6.26 –NT\$13.63 per share	NT\$5.85–NT\$13.39 per share
Type and quantity of shares repurchased (share)	1,500,000 ordinary shares	1,260,000 ordinary shares
Amount of shares repurchased	NT\$13,633,854	NT\$11,196,842
The number of the shares repurchased as a percentage of the number scheduled to be repurchased (%)	100%	84%
Number of shares cancelled and transferred (share)	1,500,000 shares	1,260,000 shares
Cumulative number of the Company's shares held (shares)	0 shares	0 shares
Cumulative number of the Company's shares held as a percentage of the Company's total issued shares (%)	0.00%	0.00%
Date of transfer	April 2024	April 2024
Transfer price	NT\$9.09 per share	NT\$8.89 per share

Representation Letter

The entities that are required to be included in the combined financial statements of Associated Industries China, Inc. as of and for the year ended **December 31, 2023** under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Associated Industries China, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Associated Industries China, Inc.

Chairman: Hua Chung Pi

Date: March 11, 2024

Independent Auditors' Report

To the Board of Directors of Associated Industries China, Inc.:

Opinion

We have audited the consolidated financial statements of Associated Industries China, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), a subsidiary of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The financial statements of tBPC reflect the total assets, constituting 8.31% and 11.89% of the consolidated total assets as of December 31, 2023 and 2022, respectively; the total operating revenues for the periods from January 1 to December 31, 2023 and from April 1 to December 31, 2022, constituting 0.44% and 1.22% of the consolidated total operating revenues, for the years ended December 31, 2023 and 2022, respectively; and the related shares of profit of associates and joint ventures, accounted for using the equity method, constituted 11.68% of the consolidated total loss before tax for the year ended December 31, 2022.

Associated Industries China, Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued unmodified opinions with other matters paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report as follows:

Inventory valuation

Please refer to Note 4(h) Inventories and Note 5 of the consolidated financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the consolidated financial statements.

Description of key audit matters:

As inventories are measured at the lower of cost or net realizable value. The major business activities of the Group are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to the market vulnerability. Therefore, the inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Group are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Kuo, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 112,673	16	101,579	13	2100	Short-term borrowings (notes 6(l) and 7)	\$ 191,685	27	241,358	32
1170	Notes and accounts receivable, net (note 6(c))	43,204	6	59,034	8	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	2,842	-
1200	Other receivables	442	-	377	-	2130	Current contract liabilities (note 6(v))	4,391	1	3,281	-
1300	Inventories, net (note 6(d))	211,461	30	229,022	30	2170	Notes and accounts payable	63,656	9	14,856	2
1410	Prepayments	31,226	4	33,780	4	2200	Other payables (Note 7)	34,481	5	33,941	4
1470	Other current assets	1,572	-	2,851	-	2250	Current provisions (note 6(m))	3,787	-	3,380	-
		<u>400,578</u>	<u>56</u>	<u>426,643</u>	<u>55</u>	2280	Current lease liabilities (note 6(n))	4,025	-	9,549	1
Non-current assets:						2300	Other current liabilities	6,348	1	5,933	1
1600	Property, plant and equipment (notes 6(h) and 8)	123,023	17	131,950	17	2530	Bonds payable, current portion (note 6(o))	-	-	17,099	2
1755	Right-of-use assets (note 6(i))	6,206	1	15,328	2			<u>308,373</u>	<u>43</u>	<u>332,239</u>	<u>42</u>
1760	Investment property, net (notes 6(j) and 8)	158,918	22	160,101	21	Non-current liabilities:					
1780	Intangible assets (notes 6(k) and 8)	25,185	3	29,338	4	2580	Non-current lease liabilities (note 6(n))	2,645	-	6,642	1
1900	Other non-current assets (note 8)	6,613	1	7,593	1	2600	Other non-current liabilities	906	-	891	-
		<u>319,945</u>	<u>44</u>	<u>344,310</u>	<u>45</u>			<u>3,551</u>	<u>-</u>	<u>7,533</u>	<u>1</u>
Total assets		\$ 720,523	100	770,953	100		Total liabilities	<u>311,924</u>	<u>43</u>	<u>339,772</u>	<u>43</u>
						Equity attributable to owners of parent: (note 6(s))					
						3110	Common stock	552,186	77	545,326	71
						3200	Capital surplus	30,302	4	29,328	4
							Retained earnings:				
						3310	Legal reserve	52,704	7	52,704	7
						3320	Special reserve	79,510	11	79,510	10
						3350	Accumulated deficits	(176,380)	(24)	(146,560)	(19)
								<u>(44,166)</u>	<u>(6)</u>	<u>(14,346)</u>	<u>(2)</u>
						3400	Other equity interest	(111,773)	(16)	(116,038)	(15)
						3500	Treasury shares	(24,831)	(3)	(24,831)	(3)
							Total equity attributable to owners of parent:	<u>401,718</u>	<u>56</u>	<u>419,439</u>	<u>55</u>
						3600	Non-controlling interests	6,881	1	11,742	2
							Total equity	<u>408,599</u>	<u>57</u>	<u>431,181</u>	<u>57</u>
							Total liabilities and equity	\$ 720,523	100	770,953	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues, net (note 6(v)):				
4110	Sales revenue	\$ 505,377	99	589,219	99
4310	Rental income (note 6(p))	5,210	1	5,203	1
		<u>510,587</u>	<u>100</u>	<u>594,422</u>	<u>100</u>
5000	Operating costs (notes 6(d), 6(q) and 12)	312,110	61	405,439	68
5950	Gross profit from operations	<u>198,477</u>	<u>39</u>	<u>188,983</u>	<u>32</u>
	Operating expenses (notes 6(q) and 12):				
6100	Selling expenses (note 6(n))	126,699	25	125,028	21
6200	Administrative expenses (notes 6(n) and 6(t))	76,087	15	74,097	12
6300	Research and development expenses	36,901	7	26,207	4
6450	Expected credit losses (Note 6(c))	82	-	21	-
		<u>239,769</u>	<u>47</u>	<u>225,353</u>	<u>37</u>
	Net operating loss	<u>(41,292)</u>	<u>(8)</u>	<u>(36,370)</u>	<u>(5)</u>
	Non-operating income and expenses:				
7100	Interest income	697	-	593	-
7190	Other income	464	-	461	-
7225	Gains on disposals of investments (note 6(e))	-	-	3,687	1
7230	Foreign exchange gains, net (note 6(x))	2,738	-	3,692	1
7235	(Losses) gains on financial assets at fair value through profit or loss	(1,890)	-	7,117	1
7510	Interest expense (notes 6(n) and 7)	(7,215)	(1)	(6,072)	(1)
7590	Other losses	(2,546)	(1)	-	-
7610	Loss on disposal of property, plant and equipment	(14)	-	-	-
7670	Impairment loss (notes 6(h) and 6(k))	(6,839)	(1)	-	-
7770	Share of losses of associates and joint ventures accounted for using the equity method (Note 6(e))	-	-	(3,557)	(1)
		<u>(14,605)</u>	<u>(3)</u>	<u>5,921</u>	<u>1</u>
7900	Loss before tax	<u>(55,897)</u>	<u>(11)</u>	<u>(30,449)</u>	<u>(4)</u>
7950	Less: Income tax expenses (note 6(r))	876	-	484	-
	Net loss	<u>(56,773)</u>	<u>(11)</u>	<u>(30,933)</u>	<u>(4)</u>
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	7,726	2	9,259	2
8300	Other comprehensive income, net	<u>7,726</u>	<u>2</u>	<u>9,259</u>	<u>2</u>
8500	Total comprehensive loss	<u>\$ (49,047)</u>	<u>(9)</u>	<u>(21,674)</u>	<u>(2)</u>
	Total net income, attributable to:				
8610	Loss, attributable to owners of parent	\$ (29,820)	(6)	(13,759)	(1)
8620	Loss, attributable to non-controlling interests (note 6(g))	<u>(26,953)</u>	<u>(5)</u>	<u>(17,174)</u>	<u>(3)</u>
		<u>\$ (56,773)</u>	<u>(11)</u>	<u>(30,933)</u>	<u>(4)</u>
	Comprehensive loss attributable to:				
8710	Comprehensive loss, attributable to owners of parent	\$ (22,094)	(4)	(4,500)	-
8720	Comprehensive loss, attributable to non-controlling interests (note 6(g))	<u>(26,953)</u>	<u>(5)</u>	<u>(17,174)</u>	<u>(2)</u>
		<u>\$ (49,047)</u>	<u>(9)</u>	<u>(21,674)</u>	<u>(2)</u>
	Earnings per share (note 6(u))				
9750	Basic earnings (losses) per share (NT dollars)	<u>\$ (0.59)</u>		<u>(0.27)</u>	
9850	Diluted earnings (losses) per share (NT dollars)	<u>\$ (0.59)</u>		<u>(0.27)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity interest		Unearned employee benefits	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Accumulated deficits		Unrealized losses from financial assets measured at fair value through other comprehensive income							
Balance at January 1, 2022	\$ 546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585	-	420,585	
Loss for the year ended December 31, 2022	-	-	-	-	(13,759)	-	-	-	-	-	(13,759)	(17,174)	(30,933)	
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,259	-	-	9,259	-	9,259	-	9,259	
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(13,759)	9,259	-	-	9,259	-	(4,500)	(17,174)	(21,674)	
Other changes in capital surplus:														
Share-based payment transactions	(920)	79	-	-	-	-	-	4,195	4,195	-	3,354	-	3,354	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	28,916	28,916	
Balance at December 31, 2022	545,326	29,328	52,704	79,510	(146,560)	(79,626)	(33,710)	(2,702)	(116,038)	(24,831)	419,439	11,742	431,181	
Loss for the year ended December 31, 2023	-	-	-	-	(29,820)	-	-	-	-	-	(29,820)	(26,953)	(56,773)	
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	7,726	-	-	7,726	-	7,726	-	7,726	
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(29,820)	7,726	-	-	7,726	-	(22,094)	(26,953)	(49,047)	
Other changes in capital surplus:														
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	372	-	-	-	-	-	-	-	-	372	-	372	
Share-based payment transactions	6,860	602	-	-	-	-	-	(3,461)	(3,461)	-	4,001	-	4,001	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	22,092	22,092	
Balance at December 31, 2023	\$ 552,186	30,302	52,704	79,510	(176,380)	(71,900)	(33,710)	(6,163)	(111,773)	(24,831)	401,718	6,881	408,599	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Loss before tax	\$ (55,897)	(30,449)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	14,440	13,165
Amortization expense	7,231	5,284
Expected credit loss	82	21
Losses on financial assets or liabilities at fair value through profit or loss	1,890	-
Interest expense	7,215	6,072
Interest income	(697)	(593)
Share-based payments transactions cost	4,001	3,354
Share of loss of associates and joint ventures accounted for using the equity method	-	3,557
Loss on disposal of property, plant and equipment	14	-
Gain on disposal of investments	-	(3,687)
Impairment loss on non-financial assets	6,839	-
Others	2,905	-
Total adjustments to reconcile loss	<u>43,920</u>	<u>27,173</u>
Changes in operating assets and liabilities:		
Decrease in current financial liabilities at fair value through profit or loss	262	2,842
Decrease in notes and accounts receivable	15,748	4,426
(Increase) decrease in other receivables	(237)	96
Decrease in inventories	17,561	30,266
Decrease in prepayments	1,884	3,252
Decrease in other current assets	1,279	3,721
Decrease (increase) in other operating assets	777	(282)
Increase in contract liabilities	1,110	3,021
Increase (decrease) in notes and accounts payable	48,800	(59,976)
Increase (decrease) in other payables	1,091	(9,474)
Increase in provisions	407	356
Increase in other current liabilities	415	1,021
Total changes in operating assets and liabilities	<u>89,097</u>	<u>(20,731)</u>
Total adjustments	<u>133,017</u>	<u>6,442</u>
Cash inflows (outflows) generated from operations	77,120	(24,007)
Interest received	697	1,062
Interest paid	(7,095)	(6,050)
Income taxes paid	(2,516)	(4,676)
Net cash flows from (used in) operating activities	<u>68,206</u>	<u>(33,671)</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(916)	(6,034)
Decrease (increase) in refundable deposits	262	(3,119)
Acquisition of intangible assets	(3,995)	(2,923)
(Increase) decrease in prepayments for equipment	(752)	4,000
Net cash flows used in investing activities	<u>(5,401)</u>	<u>(8,076)</u>
Cash flows (used in) from financing activities:		
(Decrease) increase in short-term borrowings	(49,673)	34,227
Increase in bonds payable	-	17,099
Increase in guarantee deposits received	15	-
Payment of lease liabilities	(9,746)	(8,471)
Net cash flows (used in) from financing activities	<u>(59,404)</u>	<u>42,855</u>
Effect of exchange rate changes on cash and cash equivalents	<u>7,693</u>	<u>9,105</u>
Net increase in cash and cash equivalents	<u>11,094</u>	<u>10,213</u>
Cash and cash equivalents at beginning of period	<u>101,579</u>	<u>91,366</u>
Cash and cash equivalents at end of period	<u>\$ 112,673</u>	<u>101,579</u>

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors of Associated Industries China, Inc.:

Opinion

We have audited the financial statements of Associated Industries China, Inc.("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), which represented the investment in accounted for using equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The balance of investment in tBPC accounted for using equity method constituted 1.14% and 0.59% of total assets as of December 31, 2023 and 2022, respectively, and the absolute amount of the related share of profit and loss of associates accounted for using equity method constituted 101.46% and 102.86% of the absolute amount of total loss before tax for the years then ended, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key and it matters to be communicated in our report.

Inventory valuation

Please refer to Note 4(g) Inventories and Note 5 of the financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the financial statements.

Description of key audit matters:

Inventories are measured at the lower of cost or net realizable value. The major business activities of the Company are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to market vulnerability. Therefore, inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Company are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company' s financial reporting process.

Auditor' s Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Kuo, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 31,435	4	60,733	8	2100	Short-term borrowings (note 6(j))	\$ 188,000	24	214,000	27
1170	Notes and accounts receivable, net (note 6(c))	4,086	-	2,081	-	2130	Current contract liabilities (notes 6(r) and 7)	128,243	16	144,414	18
1200	Other receivables	1,680	-	1,660	-	2170	Notes and accounts payable	56,296	7	12,699	2
1300	Inventories, net (note 6(d))	178,794	23	175,610	22	2200	Other payables	15,242	2	11,514	1
1410	Prepayments	12,076	2	9,061	1	2250	Current provisions (note 6(k))	3,449	-	3,042	-
1470	Other current assets	1,011	-	463	-	2300	Other current liabilities	282	-	299	-
		<u>229,082</u>	<u>29</u>	<u>249,608</u>	<u>31</u>			<u>391,512</u>	<u>49</u>	<u>385,968</u>	<u>48</u>
Non-current assets:						Non-current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 7)	30,000	4	31,600	4	2600	Other non-current liabilities	891	-	891	-
1551	Investments accounted for using equity method (notes 6(e) and 7)	257,152	32	245,246	30		Total liabilities	<u>392,403</u>	<u>49</u>	<u>386,859</u>	<u>48</u>
1600	Property, plant and equipment (notes 6(g) and 8)	115,757	15	116,902	15		Equity (note 6(o))				
1760	Investment property, net (notes 6(h) and 8)	158,918	20	160,101	20	3110	Common stock	552,186	70	545,326	68
1780	Intangible assets, net (note 6(i))	873	-	195	-	3200	Capital surplus	30,302	4	29,328	4
1900	Other non-current assets (note 8)	2,339	-	2,646	-		Retained earnings:				
		<u>565,039</u>	<u>71</u>	<u>556,690</u>	<u>69</u>	3310	Legal reserve	52,704	7	52,704	6
Total assets		<u>\$ 794,121</u>	<u>100</u>	<u>806,298</u>	<u>100</u>	3320	Special reserve	79,510	10	79,510	10
						3350	Accumulated deficits	(176,380)	(23)	(146,560)	(18)
								<u>(44,166)</u>	<u>(6)</u>	<u>(14,346)</u>	<u>(2)</u>
						3400	Other equity	(111,773)	(14)	(116,038)	(15)
						3500	Treasury shares	(24,831)	(3)	(24,831)	(3)
							Total equity	<u>401,718</u>	<u>51</u>	<u>419,439</u>	<u>52</u>
							Total liabilities and equity	<u>\$ 794,121</u>	<u>100</u>	<u>806,298</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues, net (notes 6(r) and 7):				
4110	Sales revenue	\$ 296,512	98	346,252	99
4310	Rental income (note 6(l))	5,210	2	5,203	1
		301,722	100	351,455	100
5000	Cost of sales (notes 6(d) and 12)	226,301	75	284,002	81
5950	Gross profit	75,421	25	67,453	19
	Operating expenses (notes 6(m), 6(p), 6(s) and 12):				
6100	Selling expenses	30,002	10	28,754	8
6200	Administrative expenses	30,702	10	32,316	9
6300	Research and development expenses	12,913	4	12,228	3
		73,617	24	73,298	20
6900	Net operating income (loss)	1,804	1	(5,845)	(1)
	Non-operating income and expenses:				
7100	Interest income	2,833	1	1,835	1
7190	Other income	132	-	227	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net	(30,320)		(18,275)	(5)
			(10)		
7230	Foreign exchange gains, net (note 6(t))	560	-	8,032	2
7510	Interest expense	(4,824)	(2)	(3,420)	(1)
7590	Miscellaneous expenditures	(5)	-	-	-
7225	Gains on disposals of investments (note 6(f))	-	-	3,687	1
		(31,624)	(11)	(7,914)	(2)
7900	Loss from continuing operations before tax	(29,820)	(10)	(13,759)	(3)
7950	Less: Income tax expenses (note 6(n))	-	-	-	-
8200	Net loss	(29,820)	(10)	(13,759)	(3)
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	7,726	3	9,259	3
8300	Other comprehensive income, net	7,726	3	9,259	3
8500	Total comprehensive loss	\$ (22,094)	(7)	(4,500)	
	Earnings per share: (note 6(q))				
9750	Basic earnings (losses) per share (NT dollars)	\$ (0.59)		(0.27)	
9850	Diluted earnings (losses) per share (NT dollars)	\$ (0.59)		(0.27)	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity interest		Total other equity	Treasury shares	Total equity
			Legal reserve	Special reserve	Accumulated deficits		Unrealized losses from financial assets measured at fair value through other comprehensive income	Unearned employee benefits			
Balance at January 1, 2022	\$ 546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585
Appropriation and distribution of retained earnings:											
Loss for the year ended December 31, 2022	-	-	-	-	(13,759)	-	-	-	-	-	(13,759)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,259	-	-	9,259	-	9,259
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(13,759)	9,259	-	-	9,259	-	(4,500)
Other changes in capital surplus:											
Share-based payments transactions	(920)	79	-	-	-	-	-	4,195	4,195	-	3,354
Balance at December 31, 2022	545,326	29,328	52,704	79,510	(146,560)	(79,626)	(33,710)	(2,702)	(116,038)	(24,831)	419,439
Loss for the year ended December 31, 2023	-	-	-	-	(29,820)	-	-	-	-	-	(29,820)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	7,726	-	-	7,726	-	7,726
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(29,820)	7,726	-	-	7,726	-	(22,094)
Other changes in capital surplus:											
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	372	-	-	-	-	-	-	-	-	372
Share-based payments transactions	6,860	602	-	-	-	-	-	(3,461)	(3,461)	-	4,001
Balance at December 31, 2023	\$ 552,186	30,302	52,704	79,510	(176,380)	(71,900)	(33,710)	(6,163)	(111,773)	(24,831)	401,718

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ASSOCIATED INDUSTRIES CHINA, INC.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	\$ (29,820)	(13,759)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	2,544	2,554
Amortization expense	1,086	1,356
Expected credit loss	5	1
Interest expense	4,824	3,420
Interest income	(2,833)	(1,835)
Share-based payments transactions cost	4,001	3,354
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	30,320	18,275
Gain on disposal of investments	-	(3,687)
Total adjustments to reconcile loss	39,947	23,438
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(2,010)	(556)
(Increase) decrease in other receivables	(2,624)	126
(Increase) decrease in inventories	(3,184)	34,571
Increase in prepayments	(3,015)	(1,219)
(Increase) decrease in other current assets	(720)	1,063
Decrease in contract liabilities	(16,171)	(33,895)
Increase (decrease) in notes and accounts payable	43,597	(52,009)
Increase (decrease) in other payables	3,728	(6,757)
Increase in provisions	407	422
Decrease in other operating liabilities	(17)	(26)
Total changes in operating assets and liabilities	19,991	(58,280)
Total adjustments	59,938	(34,842)
Cash inflows (outflows) generated from operations	30,118	(48,601)
Interest received	2,909	976
Interest paid	(4,824)	(3,362)
Income taxes refunded (paid)	172	(12)
Net cash flows from (used in) operating activities	28,375	(50,999)
Cash flows from (used in) investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(30,000)	(31,600)
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	10,800
Acquisition of investments accounted for using equity method	-	(30,435)
Acquisition of property, plant and equipment	(216)	(1,331)
Decrease (increase) in refundable deposits	307	(2,315)
Acquisition of intangible assets	(1,764)	(701)
Net cash flows used in investing activities	(31,673)	(55,582)
Cash flows (used in) from financial activities:		
(Decrease) increase in short-term borrowings	(26,000)	100,000
Net cash flows (used in) from financing activities	(26,000)	100,000
Net decrease in cash and cash equivalents	(29,298)	(6,581)
Cash and cash equivalents at beginning of period	60,733	67,314
Cash and cash equivalents at end of period	\$ 31,435	60,733

See accompanying notes to financial statements.

Deficit Compensation Table

2023

Unit: NT\$

Item	Amount
Deficit to be made up at the beginning of the period	(146,559,666)
Less: net loss after tax for 2023	(29,820,068)
Ending of period accumulated deficit	(176,379,734)

Chairman, Hua-Chung Pi

General Manager, Hsin-Yuan Chao

Accounting Director, Wan-Wei Lu

Associated Industries China, Inc.
List of candidates for directors (including independent directors)

Attachment 8

Job title Category	Name	Academic background	Experience	Current position	Number of shares held (shares)	Reasons for nomination of independent directors who have served three terms
Director	Hua-Chung Pi	Executive Master of Business Administration, National Chiao Tung University	Chairman, Associated Industries China, Inc. Chairman, tBPC Director, Huasyn Biomedical Co., Ltd.	Chairman, Associated Industries China, Inc. Chairman, tBPC Supervisor, Huasyn Biomedical Co., Ltd.	3,502,541	N/A
Director	ShiueDing Investment Consultant Co., Ltd. Representative: Hsin-Yuan Chao	Master of Accounting, Texas Tech University	Director, Associated Industries China, Inc. President, Associated Industries China, Inc.	Director/President, Associated Industries China, Inc. Director/President of tBPC Chairman, ShiueDing Investment Consultant Co., Ltd.	2,000	N/A
Director	ShiueDing Investment Consultant Co., Ltd. Representative: Yun Yu	Department of Mechanical Engineering, National Cheng Kung University	Chairman, Associated Industries China, Inc. Chairman, tBPC	Director, Associated Industries China, Inc. Director of Taiwan Biophotonic Corporation	2,000	N/A
Director	Hung-Chun Yu	Bachelor, Business School, the University of Queensland, Australia	Director, Associated Industries China, Inc. President, ASSOCIATED INDUSTRIES CHINA, INC. TECHNOLOGY BV	Director, Associated Industries China, Inc. President, ASSOCIATED INDUSTRIES CHINA, INC. TECHNOLOGY BV	400,000	N/A
Independent Director	Chen Kuo-Hua	Master of Laws (LL.M.), Boston University Bachelor of Law, Department of Law, National Taiwan University (LL.B.)	Attorney-in-charge, C & A Law Firm Partner of Chien Yeh Law Offices Arbitrator of Chinese Arbitration Association, Taipei Taiwan Patent Attorney	Independent Director, Associated Industries China, Inc. Attorney-in-charge, C & A Law Firm Independent Director, SunMax Biotechnology Co. Ltd. Independent Director, Hotel Royal Chihpen Group Director, United Medical Foundation Taiwan Director, Chia Nan University of Pharmacy and Science Director, Chia Yi Investment Co., Ltd.	0	No
Independent Director	Chien Yang	PhD in Computer Science, University of Washington	Professor and Director, Institute of Business and Management, National Chiao Tung University Independent Director, Acter Group Corporation Limited Supervisor, Chia Chang Co., Ltd.	Independent Director, Associated Industries China, Inc. Independent Director, Acter Group Corporation Limited Independent Director, Aspeed Technology Inc. Independent Director of Nextchip Co., Ltd. Director, Chia Chang Co., Ltd.	0	No
Independent Director	Chang Sha-Wei	Department of Accounting, National Taiwan University	CPA, Mingjia Accounting Firm Senior auditor, KPMG Assistant Vice President of Sales, Yuanta-Jinghua Securities Co., Ltd. Assistant Vice President of Sales at Fus Hwa Securities Investment Trust Co., Ltd.	Independent Director, Associated Industries China, Inc. CPA, Ming Chia Accounting Firm Independent Director, Iron Force Industrial Co., Ltd.	0	No

Associated Industries China, Inc.
Table of Contents of Director Candidates' Competitive Behaviors

Attachment 9

Type of candidate	Name	Name of the company and job title held concurrently
Director	Hua-Chung Pi	Chairman, tBPC
Representative of corporate director	ShiueDing Investment Consultant Co., Ltd. Representative: Hsin-Yuan Chao	Director, tBPC Chairman, ShiueDing Investment Consultant Co., Ltd.
Representative of corporate director	ShiueDing Investment Consultant Co., Ltd. Representative: Yun Yu	Director, tBPC
Independent Director	Chen Kuo-Hua	Independent Director, SunMax Biotechnology Co. Ltd. Independent Director, Hotel Royal Chihpen Group Director, United Medical Foundation Taiwan Director, Chia Nan University of Pharmacy and Science Director, Chia Yi Investment Co., Ltd.
Independent Director	Chien Yang	Independent Director, Acter Group Corporation Limited Independent Director, Aspeed Technology Inc. Independent Director, Nextchip Co., Ltd. Director, Chia Chang Co., Ltd.
Independent Director	Chang Sha-Wei	Independent Director, Iron Force Industrial Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

Article 1 The Company shall be incorporated under the Company Act, and its name shall be Associated Industries China, Inc.

Article 2 The scope of business of the Company shall be as follows:

- (I) CC01120 Data Storage Media Manufacturing and Duplicating
- (II) CC01110 Computer and Peripheral Equipment Manufacturing
- (III) CC01080 Electronics Components Manufacturing
- (IV) CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
- (V) JA02990 Other Repair
- (VI) H701050 Investment, Development and Construction in Public Construction
- (VII) JE01010 Rental and Leasing
- (VIII) F113020 Wholesale of Electrical Appliances
- (IX) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (X) F118010 Wholesale of Computer Software
- (XI) F119010 Wholesale of Electronic Materials
- (XII) F218010 Retail Sale of Computer Software
- (XIII) F219010 Retail Sale of Electronic Materials
- (XIV) E603050 Automatic Control Equipment Engineering
- (XV) E605010 Computer Equipment Installation
- (XVI) I301010 Information Software Services
- (XVII) I301020 Data Processing Services
- (XVIII) I301030 Electronic Information Supply Services
- (XIX) F108031 Wholesale of Medical Devices
- (XX) F208031 Retail Sale of Medical Apparatus
- (XXI) F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- (XXII) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company shall be allowed to provide guarantee for an external party. For procedures for providing guarantee for an external party, the Board of Director shall determine by resolution.

The total investment of the Company in other companies shall not be restricted by Article 13, the Company Act, which provides that the total amount of its investments shall not exceed 40% of the amount of its own paid-up capital.

Article 4 The Company shall have its head office in Taipei City, and may establish branches domestically or overseas when necessary by resolution of the Board of Directors.

Chapter 2 Shares

Article 5 The total capital stock of the Company shall be in the amount of 2,000,000,000 New Taiwan Dollars. The Board of Directors shall be authorized to issue the unissued stocks in batches according to business needs. Of which, 100,000,000 New Taiwan Dollars or 10,000,000 shares with 10 New Taiwan Dollars per share are reserved for the issuance of employee stock warrants.

Article 5-1 The Company may, with the consent of the shareholders' meeting attended by a majority of the total number of issued shares and at least two-thirds of the voting rights of the shareholders present, transfer the shares to employees at a price lower than the average price of the actual repurchased shares, or issue employee stock warrants at a price lower than the market closing price for common stocks as at the issue date.

- Article 6 Shareholders shall submit their names, residential addresses, samples of their seals to the Company for documentation and verification purposes. The same procedures shall be followed when there is any changes. To receive dividend or exercise other rights, the Company shall undertake procedures based on the samples of seals on record. Transfer, inheritance, gifting, loss or damage of stocks, and other stock matters shall be undertaken in accordance with the Company Act and other law and regulations.
- Article 7 The Company shall be exempted from printing any share certificate for the shares issued. However, a centralized securities depository enterprise shall be contracted for registration or custody.
- Article 8 Registration for transfer of shares shall be suspended sixty (60) days prior to a convening date of a regular shareholders' meeting, or thirty (30) days prior to a convening date of a special shareholders' meeting, or five (5) days prior to the record date scheduled by the Company for distribution of dividends, bonuses, or other benefits.

Chapter 3 Shareholders' Meeting

- Article 9 There are two types of shareholders' meetings for the Company, namely: (1) regular meeting and (2) extraordinary meeting. Regular meeting shall be convened, by the Board of Directors in accordance with the law and regulations, within six (6) months after the close of each fiscal year. Extraordinary meeting shall be convened in accordance with the law and regulations when necessary.
- Article 9-1. The Company may hold a Shareholders Meeting using a visual communication network or other methods as promulgated by the central competent authority. For the conditions, operating procedures and other matters concerning Shareholders' Meeting held by means of visual communication network, the competent authority of securities affairs has promulgated other regulations thereof.
- Article 10 In the event that a shareholder is unable to attend the shareholders' meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring the power of attorney printed by the Company, signed and sealed, to the proxy. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If such percentage is exceeded, the voting rights in excess of such percentage shall not be included in the calculation.
- Article 11 Unless otherwise provided by regulations, a shareholder shall be entitled to one vote for each share held.
- Article 12 Unless otherwise provided by the Company Act, the resolutions of the shareholders' meeting shall be adopted if the meeting are attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and the resolutions receiving the concurrence of a majority of votes held by shareholders present at the meeting.
- Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The Company may distribute the meeting minutes of the preceding paragraph by public announcement. The meeting minutes shall accurately record the date, and venue of the meeting, the chairperson's full name, and the methods by which resolutions were adopted. The minutes shall be retained for the duration of the existence of the Company.

Chapter 4 Directors and Audit Committee

Article 13 The Company shall have five to seven directors. The election of directors shall adopt the candidate nomination system. Directors shall be elected by the shareholders' meeting from among the list of candidates. The term of office for directors shall be three (3) years, and all directors shall be eligible for re-election. For the aforementioned Board seats, the number of independent directors shall not be less than three persons, or one fifth of the total number of directors. The qualifications, nomination and other compliance matters for the independent directors of the Company shall be undertaken in accordance with the regulations promulgated by the competent authority of securities affairs. The number of shares held by the total directors shall not be lower than the amount provided in the regulations promulgated by the competent authority.

The Company shall purchase liability insurance for directors during their term of office and for the scope of their duties in accordance with the law and regulations.

Article 13-1 Pursuant to the Securities and Exchange Act, the Company has established the Audit Committee, comprising independent directors. The Audit Committee or its members shall undertake duties of supervisor, as provided in the Company Act, Securities and Exchange Act and other regulations.

Article 14 The Board of Directors shall be organized by directors. The chairman shall be elected from the directors to represent the Company with the consent of a majority of the directors in a Board meeting with more than two-thirds of the directors present. The vice chairman shall be elected from the directors with the consent of a majority of the directors in a Board meeting with more than two-thirds of the directors present.

Article 14-1 To convene the Board of Directors meeting, the Company shall state the purpose of convening the meeting clearly and notify directors seven (7) days prior to the meeting. In case of emergency, the Company may convene the Board of Directors meeting at any time.

The notification to the directors for convening the Board of Directors meeting may be issued by written correspondences, facsimile or e-mails.

Article 15 Unless otherwise provided, the management policy and other important matters of the Company shall be determined by the Board meetings that are attended by a majority of directors, and approved by resolution by a majority of director present. In the event that the director is unable to attend the Board meeting in person, he or she may appoint a proxy to attend on his or her behalf by conferring the power of attorney that documents the scope of authority to the proxy. Any director attending the meeting via video conference shall be deemed attending the meeting in person. The minutes shall be signed and stamped by the chairperson and kept in the Company.

Article 16 In the event that the chairman of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman. In the event that the vice chairperson is also on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the directors to act as the chairperson to preside at the meeting. Where the chairperson does not make such a designation, the directors shall select one person among themselves to serve as chairperson to preside at the meeting.

Chapter 5 Managers

Article 17 The Company shall appoint chief executive officer, general manager, chief operating officer, deputy general manager, assistant manager and other managers to meet the operational and management needs of the Company. The appointment, termination and remuneration of managers shall be undertaken in accordance with the provisions of Article 29, the Company Act.

Chapter 6 Accounting

Article 18 After the close of each fiscal year, the Board of Directors shall prepare and submit (I) Business Report; (II) Financial Statements; and (III) Deficit Appropriation Proposal to the regular shareholders' meeting for ratification.

Article 19 Earnings concluded in a year are first subject to taxation and offsetting of accumulated deficit, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to paid-up capital. In addition, the legal reserve shall be allocated or reversed according to laws and regulations or regulations provided by the competent authority. For any remaining amount, along with the accumulated undistributed earnings, the Board of Directors shall make the dividend distribution proposal and submit to the Shareholders' Meeting for approval by resolution.

The Company shall adopt the residual dividend policy, whereby the distribution of dividend for the year shall take into consideration the operational development scale and cash flow needs in the future, whilst maintaining an appropriate amount of accumulated distributable earning that is not lower than 50% of the distributed dividend. Furthermore, at least 10% of the dividend distributed shall be in the form of cash dividend.

Article 19-1 Depending on the profitability of the year, the Company shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration. However, profits must first be used to offset accumulated deficit. The aforementioned "profitability of the year" refers to the remaining profit from pre-tax profit less employee compensation and director remuneration.

The distribution of the aforementioned employee compensation, whether in the form of stocks or cash, shall be determined by the Board of Directors by resolution. The recipients of the employee compensation include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The distribution of employee compensation and director remuneration shall be authorized by the Board meetings that are attended by two-thirds of directors, and approved by resolution by a majority of director present.

Article 20 The recipients of treasury stock bought back by the Company in accordance with the Company Act include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The recipients of employee stock warrants include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The employees subscribing to new shares issued by the Company include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The employees conferred restricted employee new shares issued by the Company include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

Article 21 Regardless of whether the Company is profitable or otherwise, the Company shall disburse salary or honorarium to directors for their participation and contribution value to the operations of the Company, which are in line with the industry standard.

Chapter 7 Supplementary Provisions

Article 22 These Articles, and any amendments hereto, shall be implemented after approval by Shareholders' Meeting.

Article 23 The Articles of Incorporation were established on April 14, 1978. The 1st amendment was made on May 3, 1978. The 2nd amendment was made on October 15, 1978. The 3rd amendment was made on February 15, 1979. The 4th amendment was made on May 8, 1979. The 5th amendment was made on October 1, 1979. The 6th amendment was made on October 1, 1980. The 7th amendment was made on April 13, 1981. The 8th amendment was made on January 19, 1984. The 9th amendment was made on May 6, 1985. The 10th amendment was made on July 20, 1985. The 11th amendment was made on October 5, 1985. The 12th amendment was made on May 18, 1987. The 13th amendment was made on October 15, 1987. The 14th amendment was made on December 22, 1988. The 15th amendment was made on March 25, 1989. The 16th amendment was made on April 20, 1989. The 17th amendment was made on July 27, 1989. The 18th amendment was made on February 19, 1990. The 19th amendment was made on February 26, 1991. The 20th amendment was made on March 12, 1992. The 21st amendment was made on May 12, 1993. The 22nd amendment was made on April 12, 1994. The 23rd amendment was made on May 12, 1995. The 24th amendment was made on June 12, 1996. The 25th amendment was made on May 7, 1997. The 26th amendment was made on June 29, 1998. The 27th amendment was made on June 16, 1999. The 28th amendment was made on June 9, 2000. The 29th amendment was made on June 12, 2002. The 30th amendment was made on June 23, 2005. The 31st amendment was made on June 15, 2006. The 32nd amendment was made on May 30, 2008. The 33rd amendment was made on June 19, 2009. The 34th amendment was made on June 12, 2012. The 35th amendment was made on June 25, 2014. The 36th amendment was made on June 24, 2016. The 37th amendment was made on June 14, 2017. The 38th amendment was made on June 13, 2018. The 39th amendment was made on June 19, 2019. The 40th amendment was made on June 17, 2020. The 41st amendment was made on June 22, 2022.

Rules and Procedures of Shareholder Meetings

- I. Shareholders' Meeting of the Company shall be conducted in accordance with these Rules and Procedures.
- II. The Company shall furnish the attending shareholders (or proxies) with an attendance book to sign, or attending shareholders (or proxies) may hand in a sign-in card in lieu of signing in. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance book or attendance cards submitted by the shareholders.
- III. The attendance and voting of shareholders shall be calculated based on the number of shares represented.
- IV. Except as otherwise provided by the Company Act, the chairperson of the Shareholders' Meetings shall be assumed by the Chairman of the Company. In case where the Chairman is on leave or cannot exercise his power and authority for any cause, the Vice Chairman shall act in place of the Chairman. In the event that there is no Vice Chairman or the Vice Chairman also is on leave or cannot exercise his power and authority for any cause, the Chairperson shall appoint one of the Managing Directors to act as the chairman to preside at the meeting, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chairperson. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select one person among themselves to serve as chairperson to preside at the meeting.
- V. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- VI. The Company shall make an uninterrupted audio and video recording of the entire proceedings of the Meeting. The recorded materials shall be retained for at least 1 year.
- VII. If the number of shares represented by the shareholders (or proxies) present at the Meeting has constituted the quorum, the chairperson shall call the Meeting to order. If the number of shares represented by the shareholders present at the Meeting has yet to constitute the quorum at the time scheduled for the meeting, the chairperson may postpone the time for the meeting. The postponements shall be limited to two times at the most. If no quorum can yet be constituted but the shareholders (or proxies) present at the meeting representing more than one third of the total outstanding shares, tentative resolutions may be passed by a majority of those present. If during the process of the meeting the number of outstanding shares represented by the shareholders (or proxies) present becomes sufficient to constitute the quorum, the chairperson may submit the tentative resolutions to the meeting for ratification.
- VIII. The meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting. The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding paragraphs (including extraordinary motions), except by a resolution of the Shareholders' Meeting. If the chairperson violates the Rules and Procedures and declares the meeting adjourned, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting. Once the meeting is declared adjourned, shareholders may not elect a new chairperson in the original meeting venue or resume the meeting at another venue.
- IX. Before speaking, an attending shareholder (or proxy) must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.
A shareholder (or proxy) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

X. Except with the consent of the chairperson, a shareholder (or proxy) may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

In the event that the shareholder's speech violates the preceding provision or exceeds the scope of the agenda item, the chairperson may suspend the speech.

XI. When a juristic person is appointed to attend as proxy, it shall designate only one person to represent it in the meeting.

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

XII. After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

XIII. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put to a vote, the chairperson may announce the discussion closed and call for a vote.

XIV. Vote monitoring and counting personnel for the voting on proposals shall be appointed by the chairperson. The results of the voting shall be announced on the spot at the meeting, and a record shall be made of the vote.

XV. When a meeting is in progress, the chairperson may announce a break based on time considerations.

XVI. Except as otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (proxies). The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the Chairperson.

XVII. When there is an amendment or an alternative to a proposal, the chairperson shall determine the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

XVIII. A shareholder shall be entitled to one vote for each share held. With the exception of a trust enterprise or a shareholder services agent approved by the competent authority of securities affairs, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

XIX. The resolutions of the Shareholders' Meeting shall be recorded in the minutes, documenting the date and time, venue, number of outstanding shares represented by the attending shareholders and name of chairperson, as well as summarizing the proceedings and results of the meeting. The minutes shall be signed or stamped by the chairperson.

The aforementioned minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System. The attendance book (sign-in card) of attending shareholders and proxy forms shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189, the Company Act, the ballots shall be retained until the litigation concludes.

XX. The chairperson may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband or other identifiable apparel.

XXI. The Company shall undertake matters not provided by these Rules and Procedures in accordance with the Company Act, Articles of Incorporation and other relevant law and regulations.

XXII. These Rules and Procedures, and any amendments hereto, shall be implemented after approval by a Shareholders' Meeting.

- Article 1 Unless otherwise provided by laws and regulations or the Articles of Incorporation, elections of directors of the Company shall be conducted in accordance with these Procedures.
- Article 2 The qualifications of independent directors shall comply with Articles 2, 3 and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies Article 24 of "Corporate Governance Best-Practice Principles".
- Article 3 Elections of directors of the Company shall be conducted in accordance with the candidate nomination system stipulated in Article 192-1 of the Company Act.
If the number of directors is less than five after directors resign from office, the Company shall hold a by-election at the most recent shareholders' meeting. However, if the vacancy in the Board of Directors reaches one-third of the number specified in the Articles of Incorporation, the Company shall convene an extraordinary shareholders' meeting for by-election within 60 days from the date of occurrence of the fact.
If the number of independent directors falls below that specified in the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act and requirements set forth in the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, the Company shall hold a by-election at the most recent shareholders' meeting. When all independent directors have been dismissed, an extraordinary shareholders' meeting shall be convened within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- Article 4 The single registered cumulative voting method is adopted for the election of the Company's directors. Each share has the same voting rights as the number of directors to be elected, and may be cast for a single candidate or allocated to a number of candidates. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers
- Article 5 During the ballot counting, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 6 The number of directors of the Company is determined by the Articles of Incorporation. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 7 Ballots shall be prepared by the Board of Directors, and shall be distributed to each shareholder in accordance with the number of persons to be elected (subject to one person per vote).
- Article 8 Voters shall indicate the account name and account number at the "Candidate" column on the ballot. However, when the candidate is a governmental organization or corporate shareholder, the name of the governmental organization or corporate shareholder shall be indicated at the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or corporate shareholder and the name of its representative may be indicated. When there are multiple representatives, the names of each respective representative shall be indicated.

Article 9: A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by a person with the right to convene.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot does not conform to the director candidate list.
- V. Other words or marks are entered in addition to the number of voting rights allotted.
- VI. Two or more candidates are entered on the same ballot.

Article 10 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

Article 11 The Board of Directors shall issue notifications to the persons elected as directors.

Article 12 These Procedures shall be implemented after the approval of the shareholders' meeting, and shall be amended in the same manner.

Article 13 Amendment history.

Formulated on June 24, 1989. Amended on April 12, 1994. Amended on June 12, 2002. Amended on June 12, 2012. Revised on June 17, 2015. Revised on June 23, 2018. Amended on July 21, 2021

Associated Industries China, Inc.
Shareholdings of Directors and Independent Directors

Appendix 4

Book closure date: April 22, 2024

Title	Account name	Number of shares held
Chairman	Hua-Chung Pi	3,502,541
Director	Hung-Chun Yu	400,000
Director	Representative of ShiueDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	2,000
Director	Representative of ShiueDing Investment Consultant Co., Ltd., Yun Yu	2,000
Independent Director	Chang Sha-Wei	0
Independent Director	Chien Yang	0
Independent Director	Chen Kuo-Hua	0
Total of all directors:		3,904,541

Note:

1. Total shares issued by the Company: 55,218,569 shares.
2. The Company has elected three Independent Directors according to Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies; the combined shareholding of all Directors should amount to at least 8% of total shares, i.e. 4,417,485 shares.
3. The Company has established the Audit Committee. As such, the provisions on the minimum percentage requirements for the shareholding of Supervisors shall not apply.
4. The representatives of Directors has placed their shares in centralized custody, totaling 1,317,757 shares. The number of shares held by Directors is recorded in accordance with the law and regulations.
5. The shareholding of all Directors of the Company is in line with the regulatory standard.