

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
For the Six-Month Periods Ended
June 30, 2024 and 2023

Table of Contents

| Contents | Page |
|--|-------|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2~3 |
| 3. Independent Auditors' Review Report | 4~5 |
| 4. Consolidated Balance Sheets | 6 |
| 5. Consolidated Statements of Comprehensive Income | 7 |
| 6. Consolidated Statements of Changes in Equity | 8~9 |
| 7. Consolidated Statements of Cash Flows | 10 |
| 8. Notes to the Consolidated Financial Statements | 10~11 |
| (1) Company History | 11~14 |
| (2) Approval Date and Procedures of the Financial Statements | 15 |
| (3) New Standards, Amendments and Interpretations Adopted | 15~35 |
| (4) Summary of Significant Accounting Policies | 35~37 |
| (5) Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty | 37 |
| (6) Contents of Significant Accounts | 37 |
| (7) Related-Party Transactions | 37 |
| (8) Assets Pledged as Collateral | 37 |
| (9) Significant Contingencies and Unrecognized Contract Commitments | 37 |
| (10) Significant Disasters Loss | 37 |
| (11) Significant Subsequent Events | 37 |
| (12) Others | 37~38 |
| (13) Other Disclosure | 37~38 |
| A. Information of significant transactions | 37~38 |
| B. Information on investee | 38 |
| C. Information of investment in Mainland China | 38 |
| D. Information of major shareholders | 38~39 |
| (14) Segment Information | 38~39 |

Independent Auditors' Review Report

To the Board of Directors of Shuang-Bang Industrial Corporation:

Introduction

We have reviewed the consolidated financial statements of Shuang-Bang Industrial Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the six-month periods ended, and notes to the consolidated financial statements, including the summary of accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Opinion

As described in note 4(3) to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the aforementioned consolidated financial statements for the same period were not reviewed. As of June 30, 2024, and June 30, 2023, the total assets of these non-significant subsidiaries amounted to NT\$220,894 thousand and NT\$185,606 thousand, respectively, constituting 8.37% and 7.36% of the consolidated total assets. The total liabilities amounted to NT\$96,728 thousand and NT\$72,361 thousand, respectively, constituting 7.13% and 5.77% of the consolidated total liabilities. The total comprehensive income for the three-month and six-month periods ended June 30, 2024, and 2023, was NT\$(10,296) thousand, NT\$(20,525) thousand, NT\$(3,292) thousand and NT\$(25,303) thousand, respectively, constituting (41.36)%, 110.64%, (5.73)% and 255.70% of the consolidated total comprehensive income. Additionally, the information related to these subsidiaries disclosed in note 13 to the consolidated financial statements was also not reviewed.

Qualified Conclusion

Based on our reviews, except for the possible impact on the consolidated financial statements if the financial statements of the non-significant subsidiaries, as described in the Basis for Qualified Opinion, had been reviewed. Nothing has come to our attention that causes us to believe that the

accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2024 and 2023, and its consolidated financial performance and cash flows for the three-month and six-month periods ended June 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

The engagement partners on the audits resulting in this independent auditors’ report are Jim Chen Ko and Lin Hui Fen.

Weyong International CPAs&Co.
Taichung, Taiwan
Republic of China
Aug 12, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2024, December 31, 2023 and June 30, 2023
(Expressed in thousands of New Taiwan Dollars)

| Codes | Assets | Notes | June 30, 2024 | | December 12, 2023 | | June 30, 2023 | |
|-------|--|---------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | | | Amount | % | Amount | % | Amount | % |
| | Current Assets | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 108,835 | 4.13 | \$ 120,866 | 4.83 | \$ 242,571 | 9.62 |
| 1137 | Financial assets at amortized cost -current | 6(2) | 56,900 | 2.16 | 43,500 | 1.74 | 20,801 | 0.82 |
| 1150 | Notes receivables, net | 6(3) | 107,316 | 4.07 | 68,623 | 2.74 | 81,118 | 3.22 |
| 1152 | Other notes receivables | 6(3) | 310 | 0.01 | - | - | - | - |
| 1170 | Accounts receivables, net | 6(3) | 366,601 | 13.90 | 306,277 | 12.24 | 236,545 | 9.38 |
| 1180 | Accounts receivables from related parties, net | 6(3), 7 | 19,440 | 0.74 | 22,508 | 0.90 | 7,510 | 0.30 |
| 1200 | Other receivables | | 880 | 0.03 | 1,354 | 0.05 | 1,062 | 0.04 |
| 1210 | Other receivables from related parties | 7 | - | - | - | - | 94 | - |
| 1220 | Current tax assets | | 38 | - | 31 | - | 21 | - |
| 130X | Inventories | 6(4) | 277,581 | 10.52 | 262,453 | 10.48 | 292,137 | 11.59 |
| 1470 | Other current assets | | 22,654 | 0.86 | 16,181 | 0.65 | 36,702 | 1.46 |
| 11XX | Total current assets | | <u>960,555</u> | <u>36.42</u> | <u>841,793</u> | <u>33.63</u> | <u>918,561</u> | <u>36.43</u> |
| | Noncurrent Assets | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss -non-current | 6(5) | 38,452 | 1.46 | 38,452 | 1.54 | 39,169 | 1.55 |
| 1600 | Property, plant and equipment | 6(6) | 1,426,553 | 54.08 | 1,413,721 | 56.47 | 1,363,036 | 54.06 |
| 1755 | Right-of-use assets | 6(7) | 21,800 | 0.83 | 26,709 | 1.07 | 23,493 | 0.93 |
| 1780 | Intangible assets | 6(8) | 2,883 | 0.11 | 3,520 | 0.14 | 4,762 | 0.19 |
| 1840 | Deferred income tax assets | | 48,257 | 1.83 | 51,201 | 2.04 | 37,387 | 1.49 |
| 1900 | Other noncurrent assets | 6(9), 7 | 139,045 | 5.27 | 127,906 | 5.11 | 134,960 | 5.35 |
| 15XX | Total noncurrent assets | | <u>1,676,990</u> | <u>63.58</u> | <u>1,661,509</u> | <u>66.37</u> | <u>1,602,807</u> | <u>63.57</u> |
| 1XXX | Total assets | | <u>\$ 2,637,545</u> | <u>100.00</u> | <u>\$ 2,503,302</u> | <u>100.00</u> | <u>\$ 2,521,368</u> | <u>100.00</u> |

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2024, December 31, 2023 and June 30, 2023
(Expressed in thousands of New Taiwan Dollars)

| Codes | Liabilities and Equity | Notes | June 30, 2024 | | December 12, 2023 | | June 30, 2023 | |
|-------|--|---------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | | | Amount | % | Amount | % | Amount | % |
| | Current Liabilities | | | | | | | |
| 2100 | Short-term loans | 6(10) | \$ 123,267 | 4.67 | \$ 64,535 | 2.58 | \$ 104,576 | 4.15 |
| 2151 | Notes payables | 6(11) | 6,599 | 0.25 | 4,052 | 0.16 | 5,233 | 0.21 |
| 2152 | Other notes payables | 6(11) | 6,579 | 0.25 | 15,562 | 0.62 | 44,013 | 1.74 |
| 2170 | Accounts payables | 6(11) | 194,402 | 7.37 | 172,492 | 6.89 | 105,694 | 4.19 |
| 2180 | Accounts payables from related parties | 6(11),7 | 348 | 0.01 | 1,403 | 0.06 | - | - |
| 2200 | Other accounts payables | 6(12) | 157,327 | 5.97 | 69,476 | 2.78 | 213,965 | 8.48 |
| 2220 | Other accounts payables from related parties | 6(12),7 | 113 | 0.01 | - | - | - | - |
| 2230 | Income tax payables | | 4,730 | 0.18 | 5,694 | 0.23 | 10,545 | 0.42 |
| 2250 | Provision for warranty obligations-current | 6(13) | 16,597 | 0.63 | 8,817 | 0.35 | 13,778 | 0.55 |
| 2281 | Lease liabilities from third parties | 6(7) | 11,453 | 0.43 | 11,152 | 0.45 | 8,770 | 0.35 |
| 2282 | Lease liabilities from related parties | 6(7), 7 | 1,088 | 0.04 | 1,081 | 0.04 | 1,075 | 0.04 |
| 2300 | Other current liabilities | 6(14) | 6,239 | 0.24 | 4,800 | 0.19 | 13,842 | 0.55 |
| 2322 | Current portion of long-term loans payable | 6(15) | 99,743 | 3.78 | 99,493 | 3.97 | 81,476 | 3.23 |
| 21XX | Total current Liabilities | | <u>628,485</u> | <u>23.83</u> | <u>458,557</u> | <u>18.32</u> | <u>602,967</u> | <u>23.91</u> |
| | Noncurrent Liabilities | | | | | | | |
| 2540 | Long-term loans | 6(15) | 693,934 | 26.31 | 745,816 | 29.79 | 612,515 | 24.29 |
| 2570 | Deferred income tax payable | | 1,521 | 0.06 | 3,959 | 0.16 | 2,340 | 0.09 |
| 2581 | Lease liabilities from third parties-non current | 6(7) | 8,910 | 0.34 | 13,625 | 0.55 | 12,299 | 0.49 |
| 2582 | Lease liabilities from related parties-non current | 6(7),7 | 549 | 0.02 | 1,095 | 0.04 | 1,638 | 0.07 |
| 2630 | Long-term deferred revenue | | 852 | 0.03 | 1,193 | 0.05 | 1,534 | 0.06 |
| 2640 | Net defined benefit liability -non current | 6(17) | 21,692 | 0.82 | 21,731 | 0.87 | 19,392 | 0.77 |
| 2645 | Guarantee deposits | | 727 | 0.03 | 1,021 | 0.04 | 1,021 | 0.04 |
| 25XX | Total noncurrent liabilities | | <u>728,185</u> | <u>27.61</u> | <u>788,440</u> | <u>31.50</u> | <u>650,739</u> | <u>25.81</u> |
| 2XXX | Total Liabilities | | <u>1,356,670</u> | <u>51.44</u> | <u>1,246,997</u> | <u>49.82</u> | <u>1,253,706</u> | <u>49.72</u> |
| | Equity Attributable to Shareholders of the Parent | | | | | | | |
| 3100 | Capital Stock | 6(18)1 | | | | | | |
| 3110 | Common stock | | 823,608 | 31.23 | 823,608 | 32.90 | 823,608 | 32.66 |
| 3200 | Capital surplus | 6(18)2 | 10,586 | 0.40 | 10,557 | 0.42 | 10,557 | 0.42 |
| 3300 | Retained earnings | | | | | | | |
| 3310 | Appropriated as legal capital reserve | | 169,093 | 6.41 | 169,093 | 6.75 | 169,093 | 6.71 |
| 3350 | Unappropriated earnings | 6(18)3 | 244,003 | 9.25 | 219,708 | 8.78 | 222,020 | 8.81 |
| 31XX | Equity Attributable to shareholders of the Parent | | <u>1,247,290</u> | <u>47.29</u> | <u>1,222,966</u> | <u>48.85</u> | <u>1,225,278</u> | <u>48.60</u> |
| 36XX | Non-Controlling Interests | | <u>33,585</u> | <u>1.27</u> | <u>33,339</u> | <u>1.33</u> | <u>42,384</u> | <u>1.68</u> |
| 3XXX | Total Equity | | <u>1,280,875</u> | <u>48.56</u> | <u>1,256,305</u> | <u>50.18</u> | <u>1,267,662</u> | <u>50.28</u> |
| | Total Liabilities and Equity | | <u>\$ 2,637,545</u> | <u>100.00</u> | <u>\$ 2,503,302</u> | <u>100.00</u> | <u>\$ 2,521,368</u> | <u>100.00</u> |

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month and six-month periods ended June 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars, Except for Earnings per Share)

| Codes | Items | Notes | For the three-month periods ended June 30, | | | | For the six-month periods ended June 30, | | | |
|-------|---|-----------|--|---------|-------------|---------|--|---------|-------------|---------|
| | | | 2024 | | 2023 | | 2024 | | 2023 | |
| | | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 | Operating revenues | 6(19), 7 | \$ 488,954 | 100.00 | \$ 338,451 | 100.00 | \$ 976,832 | 100.00 | \$ 812,303 | 100.00 |
| 5000 | Cost of revenues | 7 | (414,579) | (84.79) | (326,862) | (96.58) | (817,126) | (83.65) | (741,926) | (91.34) |
| 5900 | Gross profit | | 74,375 | 15.21 | 11,589 | 3.42 | 159,706 | 16.35 | 70,377 | 8.66 |
| | Operating expenses | | | | | | | | | |
| 6100 | Sales and marketing | | (20,015) | (4.09) | (16,269) | (4.81) | (37,881) | (3.88) | (34,052) | (4.19) |
| 6200 | General and administrative | | (23,349) | (4.78) | (16,026) | (4.73) | (45,845) | (4.69) | (41,203) | (5.07) |
| 6300 | Research and development | | (10,490) | (2.14) | (7,978) | (2.36) | (17,624) | (1.80) | (14,990) | (1.85) |
| 6450 | Expected credit (loss) gain | | (1,118) | (0.23) | (498) | (0.15) | (1,718) | (0.18) | (1,115) | (0.14) |
| 6000 | Total operating expenses | | (54,972) | (11.24) | (40,771) | (12.05) | (103,068) | (10.55) | (91,360) | (11.25) |
| 6900 | Operating income (loss) | | 19,403 | 3.97 | (29,182) | (8.63) | 56,638 | 5.80 | (20,983) | (2.59) |
| | Non-operating income and expenses | | | | | | | | | |
| 7010 | Other income | 6(20)1 | 10,631 | 2.17 | 2,524 | 0.75 | 13,220 | 1.35 | 5,202 | 0.64 |
| 7020 | Other gains and loss | 6(20)2 | 2,646 | 0.54 | 2,493 | 0.74 | 7,581 | 0.78 | 8,431 | 1.04 |
| 7050 | Finance costs | 6(20)4, 7 | (4,183) | (0.85) | (2,401) | (0.71) | (7,956) | (0.81) | (4,238) | (0.52) |
| 7100 | Interest income | | 697 | 0.14 | 553 | 0.16 | 848 | 0.08 | 630 | 0.08 |
| 7000 | Total non-operating income and expenses | | 9,791 | 2.00 | 3,169 | 0.94 | 13,693 | 1.40 | 10,025 | 1.24 |
| 7900 | Profit before tax | | 29,194 | 5.97 | (26,013) | (7.69) | 70,331 | 7.20 | (10,958) | (1.35) |
| 7950 | Less: Income tax expense | 6(21) | (4,302) | (0.88) | 7,462 | 2.21 | (12,845) | (1.32) | 1,063 | 0.13 |
| 8200 | Net (Loss) Income | 6(20) | 24,892 | 5.09 | (18,551) | (5.48) | 57,486 | 5.88 | (9,895) | (1.22) |
| | Other comprehensive income (loss) | | | | | | | | | |
| 8360 | Items that may be reclassified subsequently to profit or loss | | - | - | - | - | - | - | - | - |
| 8361 | Exchange differences on translation of foreign operations | | - | - | - | - | - | - | - | - |
| 8300 | Other comprehensive income (loss) | | - | - | - | - | - | - | - | - |
| 8500 | Total comprehensive income | | \$ 24,892 | 5.09 | \$ (18,551) | (5.48) | \$ 57,486 | 5.88 | \$ (9,895) | (1.22) |
| 8600 | Net income attribute to: | | | | | | | | | |
| 8610 | Shareholders of the parent | | \$ 24,511 | 5.01 | \$ (14,333) | (4.23) | \$ 57,729 | 5.90 | \$ 1,046 | 0.13 |
| 8620 | Non-controlling interests | | \$ 381 | 0.08 | \$ (4,218) | (1.25) | \$ (243) | (0.02) | \$ (10,941) | (1.35) |
| 8700 | Total comprehensive income attribute to: | | | | | | | | | |
| 8710 | Shareholders of the parent | | \$ 24,511 | 5.01 | \$ (14,333) | (4.23) | \$ 57,729 | 5.90 | \$ 1,046 | 0.13 |
| 8720 | Non-controlling interests | | \$ 381 | 0.08 | \$ (4,218) | (1.25) | \$ (243) | (0.02) | \$ (10,941) | (1.35) |
| | Earnings per share | 6(25) | | | | | | | | |
| 9750 | Basic earnings per share | | \$ 0.30 | | \$ (0.17) | | \$ 0.70 | | \$ 0.01 | |
| 9850 | Diluted earnings per share | | \$ 0.30 | | \$ (0.17) | | \$ 0.70 | | \$ 0.01 | |

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the six-month periods ended June 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

| | | Equity attribute to the parent company | | | | | | | | |
|---|-------|--|-----------------|---------------|-----------------|----------------------------------|------------|---|---------------------------|--------------|
| | | Retained earnings | | | | | | Subtotal of equity attributable to the shareholders of the parent | Non-controlling interests | Total equity |
| | | Capital Stock-Common stock | Capital Surplus | Legal reserve | Special Reserve | Unappropriated retained earnings | Total | | | |
| Items | Notes | 3110 | 3200 | 3310 | 3320 | 3350 | 3300 | 31XX | 36XX | 3XXX |
| Balance on January 1, 2023 | A1 | \$ 823,608 | \$ 10,552 | \$ 141,662 | \$ 4,369 | \$ 345,726 | \$ 491,757 | \$ 1,325,917 | \$ 45,918 | \$ 1,371,835 |
| Appropriations of earnings of legal reserve | B1 | - | - | 27,431 | - | (27,431) | - | - | - | - |
| Cash dividends | B5 | - | - | - | - | (98,833) | (98,833) | (98,833) | - | (98,833) |
| Special surplus reserve reversed | B17 | - | - | - | (4,369) | 4,369 | - | - | - | - |
| Changes in capital surplus | C17 | - | 5 | - | - | - | - | 5 | - | 5 |
| Net income for the period | D1 | - | - | - | - | 1,046 | 1,046 | 1,046 | (10,941) | (9,895) |
| Other comprehensive income(loss) for the period | D3 | - | - | - | - | - | - | - | - | - |
| Total comprehensive income(loss) for the period | D5 | - | - | - | - | 1,046 | 1,046 | 1,046 | (10,941) | (9,895) |
| Changes in ownership equity of subsidiaries | M7 | - | - | - | - | (2,857) | (2,857) | (2,857) | 2,857 | - |
| Non-controlling Interest | O1 | - | - | - | - | - | - | - | 4,550 | 4,550 |
| Balance on June 30, 2023 | Z1 | \$ 823,608 | \$ 10,557 | \$ 169,093 | \$ - | \$ 222,020 | \$ 391,113 | \$ 1,225,278 | \$ 42,384 | \$ 1,267,662 |
| Balance on January 1, 2024 | A1 | \$ 823,608 | \$ 10,557 | \$ 169,093 | \$ - | \$ 219,708 | \$ 388,801 | \$ 1,222,966 | \$ 33,339 | \$ 1,256,305 |
| Cash dividends | B5 | - | - | - | - | (32,945) | (32,945) | (32,945) | - | (32,945) |
| Changes in capital surplus | C17 | - | 29 | - | - | - | - | 29 | - | 29 |
| Net income for the period | D1 | - | - | - | - | 57,729 | 57,729 | 57,729 | (243) | 57,486 |
| Other comprehensive income(loss) for the period | D3 | - | - | - | - | - | - | - | - | - |
| Total comprehensive income(loss) for the period | D5 | - | - | - | - | 57,729 | 57,729 | 57,729 | (243) | 57,486 |
| Changes in ownership equity of subsidiaries | M7 | - | - | - | - | (489) | (489) | (489) | 489 | - |
| Balance on June 30, 2024 | Z1 | \$ 823,608 | \$ 10,586 | \$ 169,093 | \$ - | \$ 244,003 | \$ 413,096 | \$ 1,247,290 | \$ 33,585 | \$ 1,280,875 |

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the six-month periods ended June 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

| Codes | Items | Six-Month periods Ended June 30, | |
|--------|---|----------------------------------|------------------|
| | | 2024 | 2023 |
| AAAA | Cash flows from operating activities | | |
| A10000 | Profit before income tax | \$ 70,331 | \$ (10,958) |
| A20000 | Adjustments for: | | |
| A20010 | Adjustments to reconcile profit (loss) | | |
| A20100 | Depreciation expense | 55,452 | 46,037 |
| A20200 | Amortization expenses | 952 | 1,678 |
| A20300 | Expected credit loss | 1,718 | 1,115 |
| A20900 | Interest expense | 7,758 | 4,147 |
| A21200 | Interest income | (848) | (630) |
| A22500 | Gain on disposal or retirement of property, plant and equipment | 142 | (4,499) |
| A23800 | Reversal of impairment loss on non-financial assets | - | (2,601) |
| A24100 | Unrealized loss (gain) on foreign exchange | (1,034) | (1,708) |
| A29900 | Others (government grants) | (341) | (341) |
| A29900 | Others | 905 | 64 |
| A20010 | Total adjustments to reconcile profit (loss) | 64,704 | 43,262 |
| A30000 | Changes in operating assets and liabilities: | | |
| A31000 | Changes in operating assets | | |
| A31130 | Decrease (Increase) in notes receivable | (38,693) | 11,360 |
| A31150 | Decrease (Increase) in accounts receivable | (57,936) | 121,982 |
| A31180 | (Increase) Decrease in other receivables | 210 | (394) |
| A31200 | Decrease (Increase) in inventories | (15,128) | 40,954 |
| A31240 | Increase in other current assets | (6,473) | (12,038) |
| A31990 | Decrease in other operating assets | 222 | 257 |
| A31000 | Total changes in operating assets | (117,798) | 162,121 |
| A32000 | Changes in operating liabilities | | |
| A32130 | Increase in notes payable | 2,547 | 942 |
| A32150 | Increase (Decrease) in accounts payable | 20,833 | (74,587) |
| A32180 | Increase (Decrease) in other payables | 53,164 | (35,301) |
| A32200 | Increase in provisions | 7,780 | 1,289 |
| A32230 | Increase in other current liabilities | 1,421 | 1,715 |
| A32240 | Decrease in net defined benefit liability | (39) | (67) |
| A32000 | Total changes in operating liabilities | 85,706 | (106,009) |
| A30000 | Total changes in operating assets and liabilities | (32,092) | 56,112 |
| A20000 | Total adjustments | 32,612 | 99,374 |
| A33000 | Cash flow generated from operations | 102,943 | 88,416 |
| A33100 | Interest received | 848 | 630 |
| A33300 | Interest paid | (8,995) | (6,908) |
| A33500 | Income tax paid | (13,310) | (18,315) |
| AAAA | Net cash flows generated by operating activities | 81,486 | 63,823 |

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the six-month periods ended June 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

| Codes | Items | Six-Month periods Ended June 30, | |
|-------------|--|----------------------------------|-------------------|
| | | 2024 | 2023 |
| | (Continued) | | |
| BBBB | Cash flows from investing activities | | |
| B00040 | Proceeds from disposal of financial assets at fair value through other comprehensive incon | (13,400) | (19,601) |
| B02700 | Acquisition of property, plant and equipment | (18,399) | (39,203) |
| B02800 | Proceeds from disposal of property, plant and equipment | 32 | 7,100 |
| B03700 | Increase in refundable deposits | (160) | - |
| B03800 | Decrease in refundable deposits | - | 3,090 |
| B04500 | Acquisition of intangible assets | (315) | (50) |
| B06700 | Increase in other noncurrent assets | - | (1,693) |
| B06800 | Decrease in other noncurrent assets | 284 | - |
| B07100 | Increase in prepayments for business facilities | (62,183) | (86,855) |
| BBBB | Net cash used in investing activities | <u>(94,141)</u> | <u>(137,212)</u> |
| CCCC | Cash flows from financing activities | | |
| C00100 | Increase in short-term loans | 334,825 | 297,930 |
| C00200 | Decrease in short-term loans | (276,093) | (311,933) |
| C01600 | Proceeds from long-term bank loans | - | 320,000 |
| C01700 | Repayment of long-term bank loans | (51,632) | (123,238) |
| C03000 | Increase in guaranteed deposits received | - | 168 |
| C03100 | Decrease in guaranteed deposits received | (294) | - |
| C04020 | Repayment of the principal portion of lease liabilities | (6,245) | (6,331) |
| C05800 | Changes from non-controlling Interest | - | 4,550 |
| C09900 | Others | 29 | 5 |
| CCCC | Net cash generated by financing activities | <u>590</u> | <u>181,151</u> |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | <u>34</u> | <u>573</u> |
| EEEE | Net (decrease) increase in cash and cash equivalents | <u>(12,031)</u> | <u>108,335</u> |
| E00100 | Cash and cash equivalents, beginning of the year | 120,866 | 134,236 |
| E00200 | Cash and cash equivalents, end of the year | <u>\$ 108,835</u> | <u>\$ 242,571</u> |
| E00210 | Cash and cash equivalents on consolidated balance sheets | <u>\$ 108,835</u> | <u>\$ 242,571</u> |

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

Shuang Bang Industrial Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the three-month periods ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Shuang Bang Industrial Corporation (the Company) was incorporated on November 17, 1989. The Company is mainly engaged in manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) as well as the sales of photoinitiators. The Company's stock has been listed on the Taipei Exchange (TPEX) since May 3, 2011. The registered address main operational base of the Company is located at No. 3, Yongxing Road, Nantou City, Nantou County. The principal operating activities of the Group and its subsidiaries (herein after referring to as the "Group") are described in note 14.

The consolidated financial statements are presented in the functional currency of the Group, which is New Taiwan Dollars.

2. Approval Date and Procedures of the Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on Aug 12, 2024.

3. New Standards, Amendments and Interpretations Adopted

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation and its subsidiaries (collectively as the "Group").

- (2) The IFRSs Endorsed by the FSC for 2025

| New, Amended and Revised Standards and Interpretations | Effective Date issued by IASB |
|--|--|
| Lack of Exchangeability – Amendments to IAS 21 | January 1, 2025 (Note 1) |
| Note 1: Applicable to annual reporting periods beginning on January 1, 2025. Upon initial application of the amendment, restatement of comparative periods is not permitted. And the impact should be recognized in retained earnings or in the foreign currency translation reserve under equity (as appropriate) as of the date of initial application, as well as in the related affected assets and liabilities. | |

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

| New, Amended and Revised Standards and Interpretations | Effective Date issued by IASB (Note 1) |
|--|---|
| Annual Improvements to IFRS Accounting Standards – Volume 11 | January 1, 2026 |
| Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |

| New, Amended and Revised Standards and Interpretations | Effective Date issued by IASB (Note 1) |
|---|---|
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information” | January 1, 2023 |
| Amendments to IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| Amendments to IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

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

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed and issued into effect by the FSC (collectively, the “Taiwan-IFRS Accounting Standards”).

(2) Basis of preparation

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

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

- A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2023.

B. List of subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

| Name of Investor | Name of Investee | Main Business and Products | Percentage of Ownership | | |
|-------------------------|------------------------------------|---------------------------------|-------------------------|-------------------|---------------|
| | | | June 30, 2024 | December 31, 2024 | June 30, 2023 |
| Shuang Bang Corporation | Miracle textile industry Co., Ltd. | Manufacturing of coatings | 44.50 | 44.50 | 44.50 |
| Shuang Bang Corporation | Shoetex Corporation | Manufacturing of finished shoes | 80.20 | 68.87 | 68.87 |

Shoetex Corporation increased its authorized share capital by approval of board of directors on March 13, 2023. The effective date was March 21, 2023, and had registered in Ministry of Economic Affairs on April 7, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of the ownership increased from 62.47% to 68.87%.

Shoetex Corporation decreased and increased its authorized share capital and by approval of board of directors, resolved to reduce capital to offset losses and to implement a cash capital increase on March 19, 2023. The effective date was March 25 and March 26, 2023, respectively, and had registered in Ministry of Economic Affairs on April 12, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of the ownership increased from 68.87% to 80.20%.

The aforementioned subsidiary included in the consolidated financial statements is not considered a significant subsidiary. Furthermore, the company's management believes that the investment has a minimal impact on the financial statements. Therefore, its financial statements as of June 30, 2024, and June 30, 2023, were not reviewed.

As of June 30, 2024, December 31, 2023, and June 30, 2023, there were no subsidiaries excluded from the consolidated financial statements. Additionally, there were no significant restrictions on the ability of the consolidated company to access or use the group's assets and settle the group's liabilities.

C. Subsidiaries with non-controlling interests that are material to the consolidated company were as follows:

| Name of subsidiary | Ownership (%) | Non-controlling interest | | |
|-----------------------------------|---------------|--------------------------|-------------------|------------------|
| | | June 30, 2024 | December 31, 2023 | June 30, 2023 |
| Miracle textile industry Co. Ltd. | 55.50 | \$ 19,129 | \$ 17,010 | \$ 21,659 |
| Shoetex Corporation | 19.80 | 14,456 | 16,329 | 20,725 |
| | | <u>\$ 33,585</u> | <u>\$ 33,339</u> | <u>\$ 42,384</u> |

| Name of subsidiary | Ownership (%) | Profit (Loss) Allocated to Non-controlling Interests | | | |
|-----------------------------------|---------------|--|-------------------|----------------------------------|--------------------|
| | | For the three-month ended June 30, | | For the six-month ended June 30, | |
| | | 2024 | 2023 | 2024 | 2023 |
| Miracle textile industry Co. Ltd. | 55.50 | \$ 1,352 | \$ (1,784) | \$ 2,119 | \$ (4,997) |
| Shoetex Corporation | 19.80 | (971) | (2,434) | (2,362) | (5,944) |
| | | <u>\$ 381</u> | <u>\$ (4,218)</u> | <u>\$ (243)</u> | <u>\$ (10,941)</u> |

(A) For the main business and products, location, and registration information of the above subsidiaries, refer to Table 3 in note 13.

(B) The financial information was summarized as follows:

a. Balance sheets

| Miracle textile industry Co. Ltd. | | | |
|---|------------------|----------------------|------------------|
| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
| Current assets | \$ 66,961 | \$ 53,776 | \$ 47,445 |
| Non-current assets | 23,477 | 29,020 | 31,857 |
| Current liabilities | (34,621) | (27,858) | (32,995) |
| Non-current liabilities | (21,350) | (24,290) | (7,282) |
| Equity | \$ 34,467 | \$ 30,648 | \$ 39,025 |
| Equity attributable to shareholders of the parent | \$ 15,338 | \$ 13,638 | \$ 17,366 |
| Equity attributable to non-controlling interests | \$ 19,129 | \$ 17,010 | \$ 21,659 |

| Shoetex Corporation | | | |
|---|------------------|----------------------|------------------|
| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
| Current assets | \$ 103,518 | \$ 77,482 | \$ 86,687 |
| Non-current assets | 35,770 | 37,521 | 28,406 |
| Current liabilities | (30,938) | (21,906) | (41,858) |
| Non-current liabilities | (35,340) | (40,640) | (6,658) |
| Equity | \$ 73,010 | \$ 52,457 | \$ 66,577 |
| Equity attributable to shareholders of the parent | \$ 58,554 | \$ 36,128 | \$ 45,852 |
| Equity attributable to non-controlling interests | \$ 14,456 | \$ 16,329 | \$ 20,725 |

b. Comprehensive income statements

| Miracle textile industry Co. Ltd. | | | | |
|---|--|--|--|--|
| | For the three-month ended June 30, 2024 | For the three-month ended June 30, 2023 | For the six-month ended June 30, 2024 | For the six-month ended June 30, 2023 |
| Operating revenue | \$ 33,632 | \$ 23,401 | \$ 63,281 | \$ 43,838 |
| Net income (loss) | \$ 2,436 | \$ (3,214) | \$ 3,819 | \$ (9,003) |
| Other comprehensive income (loss), after tax | - | - | - | - |
| Total comprehensive income (loss) | \$ 2,436 | \$ (3,214) | \$ 3,819 | \$ (9,003) |
| Net income (loss) attributable to shareholders of the parent | \$ 1,084 | \$ (1,430) | \$ 1,700 | \$ (4,006) |
| Net income (loss) attributable to non-controlling interests | \$ 1,352 | \$ (1,784) | \$ 2,119 | \$ (4,997) |
| Total comprehensive income (loss) attributable to owners of parent | \$ 1,084 | \$ (1,430) | \$ 1,700 | \$ (4,006) |
| Total comprehensive income (loss) attributable to non-controlling interests | \$ 1,352 | \$ (1,784) | \$ 2,119 | \$ (4,997) |
| Dividends paid to non-controlling interests | \$ - | \$ - | \$ - | \$ - |

| Shoetex Corporation | | | | |
|--|--|--|--|--|
| | For the three-month ended June 30, 2024 | For the three-month ended June 30, 2023 | For the six-month ended June 30, 2024 | For the six-month ended June 30, 2023 |
| Operating revenue | \$ 12,555 | \$ 9,553 | \$ 28,942 | \$ 17,183 |
| Net income (loss) | \$ (4,903) | \$ (7,819) | \$ (9,447) | \$ (17,348) |
| Other comprehensive income (loss), after tax | - | - | - | - |
| Total comprehensive income (loss) | \$ (4,903) | \$ (7,819) | \$ (9,447) | \$ (17,348) |
| Net income (loss) attributable to shareholders of the parent | \$ (3,932) | \$ (5,385) | \$ (7,085) | \$ (11,404) |

| | Shoetex Corporation | | | |
|---|--|--|--|--|
| | For the three-month ended June 30, 2024 | For the three-month ended June 30, 2023 | For the six-month ended June 30, 2024 | For the six-month ended June 30, 2023 |
| Net income (loss) attributable to non-controlling interests | \$ (971) | \$ (2,434) | \$ (2,362) | \$ (5,944) |
| Total comprehensive income (loss) attributable to owners of parent | \$ (3,932) | \$ (5,385) | \$ (7,085) | \$ (11,404) |
| Total comprehensive income (loss) attributable to non-controlling interests | \$ (971) | \$ (2,434) | \$ (2,362) | \$ (5,944) |
| Dividends paid to non-controlling interests | \$ - | \$ - | \$ - | \$ - |

C. Cash flows statements

| | Miracle textile industry Co. Ltd. | |
|--|--|--|
| | For the six-month ended June 30, 2024 | For the six-month ended June 30, 2023 |
| Cash flows from (used in) operating activities | \$ 14,132 | \$ (5,858) |
| Cash flows used in investing activities | - | (126) |
| Cash flows used in financing activities | (2,873) | (4,287) |
| Net Increase (Decrease) in cash and cash equivalents | 11,259 | (10,271) |
| Cash and cash equivalents, beginning of the year | 7,544 | 26,014 |
| Cash and cash equivalents, end of the year | \$ 18,803 | \$ 15,743 |

| | Shoetex Corporation | |
|--|--|--|
| | For the six-month ended June 30, 2024 | For the six-month ended June 30, 2023 |
| Cash flows from (used in) operating activities | \$ 3,439 | \$ (36,815) |
| Cash flows used in investing activities | (26,761) | (2,389) |
| Cash flows from financing activities | 24,883 | 27,881 |
| Net Increase (Decrease) in cash and cash equivalents | 1,561 | (11,323) |
| Cash and cash equivalents, beginning of the year | 11,661 | 32,284 |
| Cash and cash equivalents, end of the year | \$ 13,222 | \$ 20,961 |

(4) Other material accounting policy information

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

A. Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year. And for the significant market fluctuations during the period, as well as for significant revisions, settlements, or other major one-time items, adjustments have been made.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Cash | \$ 312 | \$ 312 | \$ 305 |
| Checking accounts and demand deposits | 108,523 | 120,554 | 242,266 |
| | <u>\$ 108,835</u> | <u>\$ 120,866</u> | <u>\$ 242,571</u> |

The details of the interest rate for bank deposits were as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---------------------|---------------|-------------------|---------------|
| Demand deposits (%) | 0.001~1.450 | 0.001~1.450 | 0.001~1.350 |

(2) Financial assets at amortized costs — current

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------|------------------|-------------------|------------------|
| Pledged time deposits | \$ 900 | \$ 3,900 | \$ 1,201 |
| Time deposits | 56,000 | 39,600 | 19,600 |
| | <u>\$ 56,900</u> | <u>\$ 43,500</u> | <u>\$ 20,801</u> |
| Interests rate (%) | 0.455~1.690 | 0.530~1.565 | 0.455~1.565 |

The details of loss allowance of financial assets at amortized costs — current were as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------------------------|------------------|-------------------|------------------|
| Total of carrying amount | \$ 56,900 | \$ 43,500 | \$ 20,801 |
| Loss allowance | - | - | - |
| Financial assets at amortized costs | <u>\$ 56,900</u> | <u>\$ 43,500</u> | <u>\$ 20,801</u> |

The Group's financial assets at amortized costs — current comprised custom duty deposits, bank loans with a specific purpose and bank deposits with originally due over three months and within one year which cannot be transferred to other category.

The Group's financial assets at amortized costs were pledged as collateral; please refer to note 8.

(3) Accounts and notes receivables, net

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|-------------------|-------------------|-------------------|
| Notes receivables | | | |
| From operating activities | \$ 107,316 | \$ 68,623 | \$ 81,118 |
| Not from operating activities | 310 | - | - |
| | <u>\$ 107,626</u> | <u>\$ 68,623</u> | <u>\$ 81,118</u> |
| Accounts receivables | \$ 374,805 | \$ 312,763 | \$ 238,361 |
| Less: loss allowance | (8,204) | (6,486) | (1,816) |
| | <u>\$ 366,601</u> | <u>\$ 306,277</u> | <u>\$ 236,545</u> |
| Accounts receivables from related parties | <u>\$ 19,440</u> | <u>\$ 22,508</u> | <u>\$ 7,510</u> |

The credit term on sales to the customers is 30 to 120 days.

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The abovementioned notes receivables which were not from operating were compensation payments by installments for the equipment was recognized as notes receivables and long-term accounts receivables of other noncurrent liabilities, respectively.

Details of allowance of accounts receivables were as follows:

June 30, 2024

| | Current | Overdue 1-60 days | Overdue more than 61 days | Total |
|------------------------------|------------|----------------------|------------------------------|------------|
| Total carrying amount | \$ 489,887 | \$ 4,943 | \$ 7,041 | \$ 501,871 |
| Provision for loss allowance | (287) | (960) | (6,957) | (8,204) |
| Cost after amortization | \$ 489,600 | \$ 3,983 | \$ 84 | \$ 493,667 |

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0% to 0.080%, rates of due over 1 to 60 days were 0% to 53.824% and rates of due over 61 days were 86.822% to 100%.

December 31, 2023

| | Current | Overdue 1-60 days | Overdue more than 61 days | Total |
|------------------------------|------------|----------------------|------------------------------|------------|
| Total carrying amount | \$ 395,458 | \$ 2,339 | \$ 6,097 | \$ 403,894 |
| Provision for loss allowance | (360) | (29) | (6,097) | (6,486) |
| Cost after amortization | \$ 395,098 | \$ 2,310 | \$ - | \$ 397,408 |

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.120%, rates of due over 1 to 60 days were 0% to 41.501% and rates of due over 61 days were 65.892% to 100%.

June 30, 2023

| | Current | Overdue 1-60 days | Overdue more than 61 days | Total |
|------------------------------|------------|----------------------|------------------------------|------------|
| Total carrying amount | \$ 318,234 | \$ 7,552 | \$ 1,203 | \$ 326,989 |
| Provision for loss allowance | (162) | (553) | (1,101) | (1,816) |
| Cost after amortization | \$ 318,072 | \$ 6,999 | \$ 102 | \$ 325,173 |

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.007% to 0.072%, rates of due over 1 to 60 days were 0.106% to 9.214% and rates of due over 61 days were 16.667% to 100%.

Information of changes in impairments of notes and accounts receivables were as follows:

| | For the six-month periods ended June 30, | |
|--|--|-----------------|
| | 2024 | 2023 |
| Balance on January 1 | \$ 6,486 | \$ 701 |
| Add: Impairment loss for the current period, net | 1,718 | 1,115 |
| Balance on June 30 | <u>\$ 8,204</u> | <u>\$ 1,816</u> |

(4) Inventories

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------------|-------------------|-------------------|-------------------|
| Merchandises | \$ 5,149 | \$ 3,820 | \$ 6,475 |
| Finished goods | 111,956 | 113,834 | 129,526 |
| Semi-finished goods | 18,096 | 13,492 | 17,423 |
| Work in process | 23,547 | 11,831 | 15,848 |
| Raw materials | 97,662 | 102,277 | 95,245 |
| Manufacturing materials | 21,171 | 17,199 | 27,620 |
| | <u>\$ 277,581</u> | <u>\$ 262,453</u> | <u>\$ 292,137</u> |

The operating costs relating to inventories amounted to \$817,126 thousand and \$741,926 thousand for the six-month periods ended June 30, 2024 and 2023, respectively.

The information of write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value which were included in the cost of revenue:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|--------|--|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Reversal of inventory obsolescence for the period (gains) | \$ (487) | \$ 573 | \$ 2,076 | \$ (2,551) |

(5) Financial assets at fair value through profit or loss, non-current

| | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | |
|--|-------------------|------------|-------------------|------------|-------------------|------------|
| | Amount | Ownership% | Amount | Ownership% | Amount | Ownership% |
| Financial assets at fair value through profit or loss, non-current | | | | | | |
| Stock: | | | | | | |
| Nanyang Cooperatives for common labors | \$ 20 | 0.42 | \$ 20 | 0.42 | \$ 20 | 0.42 |
| Loyal Splendor Int'l Ltd. (Seychelles) | 10,678 | 18.00 | 10,678 | 18.00 | 14,306 | 18.00 |
| Grand and Great Corp. (Samoa) | 27,754 | 3.33 | 27,754 | 3.33 | 24,843 | 3.33 |
| Total | <u>\$,38,452</u> | | <u>\$,38,452</u> | | <u>\$,39,169</u> | |

The Group's financial assets at fair value through profit or loss were not pledged as collateral.

For the purpose of expanding overseas market of TPU, the Group set up a joint venture (Loyal Splendor Int'l Ltd. (Seychelles)) with others. This decision was approved in 2017, with the intention of setting up another new company. As of June 30, 2024, the Group had paid a total of USD 540,000 in investment funds.

For the purposes of vertical integration and expanding overseas market, the Group set up a joint venture (Grand and Great Corporation Limited (SAMOA)) with others. This decision was approved in 2015, with the intention of setting up another new company. The Group resolved to make a capital injection of USD 10.5 million on August 19, 2022, with the reference date for the capital injection being January 4, 2023. The Group did not subscribe according to its shareholding ratio. Resulting in a decrease in its shareholding percentage from 4.44% to 3.33%.

As of June 30, 2024, the Group had paid a total of USD 1.4 million in investment funds.

(6) Property, plant and equipment

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------------|---------------------|---------------------|---------------------|
| Owner occupation | \$ 1,411,956 | \$ 1,390,252 | \$ 1,339,285 |
| Operating leases | 14,597 | 23,469 | 23,751 |
| | <u>\$ 1,426,553</u> | <u>\$ 1,413,721</u> | <u>\$ 1,363,036</u> |

A. Owner occupation

| Carrying amount | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---------------------|---------------------|---------------------|
| Land | \$ 645,954 | \$ 645,954 | \$ 645,954 |
| Buildings, net | 450,071 | 446,185 | 433,073 |
| Machinery equipment, net | 233,776 | 208,661 | 156,431 |
| Testing equipment, net | 6,096 | 5,862 | 6,837 |
| Pollution control equipment, net | 22,866 | 26,773 | 27,320 |
| Transportation | 5,624 | 6,167 | 547 |
| Office equipment | 69 | 105 | 152 |
| Other equipment | 47,500 | 49,640 | 52,831 |
| Construction in progress and inspection equipment | - | 905 | 16,104 |
| | <u>\$ 1,411,956</u> | <u>\$ 1,390,252</u> | <u>\$ 1,339,285</u> |

| Cost | January 1, 2024 | Additions | Disposals | Prepaid | Reclassification | June 30, 2024 |
|---|---------------------|------------------|--------------------|------------------|------------------|---------------------|
| Land | \$ 645,954 | \$ - | \$ - | \$ - | \$ - | \$ 645,954 |
| Buildings | 558,001 | 106 | (1,822) | 4,313 | 9,258 | 569,856 |
| Equipment | 399,662 | 4,714 | (10,563) | 43,874 | - | 437,687 |
| Testing equipment | 14,637 | 1,021 | (1,531) | 126 | - | 14,253 |
| Pollution control equipment | 87,750 | - | (2,997) | 675 | - | 85,428 |
| Transportation | 17,963 | - | - | - | - | 17,963 |
| Office equipment | 548 | - | - | - | - | 548 |
| Other | 126,876 | 5,415 | (11,188) | 2,917 | - | 124,020 |
| Construction in progress and inspection equipment | 905 | - | - | - | (905) | - |
| | <u>\$ 1,852,296</u> | <u>\$ 11,256</u> | <u>\$ (28,101)</u> | <u>\$ 51,905</u> | <u>\$ 8,353</u> | <u>\$ 1,895,709</u> |

| Accumulated depreciation and impairment | January 1, 2024 | Depreciation | Disposals | Prepaid | Reclassification | June 30, 2024 |
|---|-------------------|------------------|--------------------|---------------|------------------|-------------------|
| Buildings | \$ 111,816 | \$ 9,154 | \$ (1,822) | \$ - | \$ 637 | \$ 119,785 |
| Machine equipment | 191,001 | 23,299 | (10,389) | - | - | 203,911 |
| Testing equipment | 8,775 | 913 | (1,531) | - | - | 8,157 |
| Pollution control equipment | 60,977 | 4,582 | (2,997) | - | - | 62,562 |
| Transportation | 11,796 | 543 | - | - | - | 12,339 |
| Office equipment | 443 | 36 | - | - | - | 479 |
| Other equipment | 77,236 | 10,472 | (11,188) | - | - | 76,520 |
| | <u>\$ 462,044</u> | <u>\$ 48,999</u> | <u>\$ (27,927)</u> | <u>\$, -</u> | <u>\$, 637</u> | <u>\$ 483,753</u> |

| Cost | January 1, 2023 | Additions | Disposals | Prepaid | Reclassification | June 30, 2023 |
|---|---------------------|------------------|--------------------|------------------|-------------------|---------------------|
| Land | \$ 645,954 | \$ - | \$ - | \$ - | \$ - | \$ 645,954 |
| Buildings | 336,906 | 2,728 | (1,977) | 18,350 | 187,945 | 543,952 |
| Equipment | 341,665 | 3,298 | (55,913) | 43,523 | - | 332,573 |
| Testing equipment | 13,627 | 211 | - | 2,135 | - | 15,973 |
| Pollution control equipment | 86,761 | 400 | (2,055) | 2,939 | - | 88,045 |
| Transportation | 11,938 | - | - | - | - | 11,938 |
| Office equipment | 1,207 | - | (433) | - | - | 747 |
| Other | 116,964 | 13,122 | (7,786) | 6,013 | - | 128,313 |
| Construction in progress and inspection equipment | 187,493 | 20,748 | - | - | (192,101) | 16,140 |
| | <u>\$ 1,742,515</u> | <u>\$ 40,507</u> | <u>\$ (68,164)</u> | <u>\$ 72,960</u> | <u>\$ (4,156)</u> | <u>\$ 1,783,662</u> |

| Accumulated depreciation and impairment | January 1, 2023 | Depreciation | Disposals | Prepaid | Reclassification | June 30, 2023 |
|---|-------------------|------------------|--------------------|-------------------|------------------|-------------------|
| Buildings | \$ 107,941 | \$ 5,086 | \$ (1,977) | \$ - | \$ (171) | \$ 110,879 |
| Machine equipment | 213,702 | 18,353 | (53,312) | (2,601) | - | 176,142 |
| Testing equipment | 8,067 | 1,069 | - | - | - | 9,136 |
| Pollution control equipment | 58,181 | 4,599 | (2,055) | - | - | 60,725 |
| Transportation | 10,986 | 405 | - | - | - | 11,391 |
| Office equipment | 937 | 118 | (433) | - | - | 622 |
| Other equipment | 73,450 | 9,817 | (7,785) | - | - | 75,482 |
| | <u>\$ 473,264</u> | <u>\$ 39,447</u> | <u>\$ (65,562)</u> | <u>\$ (2,601)</u> | <u>\$ (171)</u> | <u>\$ 444,377</u> |

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| Item | Useful lives | Item | Useful lives |
|-----------------------------|---------------|------------------|---------------|
| Buildings | 2 to 50 years | Transportation | 3 to 13 years |
| Machine equipment | 2 to 16 years | Office equipment | 5 to 6 years |
| Testing equipment | 5 to 10 years | Other equipment | 1 to 25 years |
| Pollution control equipment | 2 to 25 years | | |

B. Operating leases

| Carrying amount | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------|------------------|-------------------|------------------|
| Buildings | <u>\$ 14,597</u> | <u>\$ 23,469</u> | <u>\$ 23,751</u> |

| Cost | January 1, 2024 | Additions | Disposals | Prepaid | Reclassification | June 30, 2024 |
|-----------|------------------|-------------|-------------|-------------|-------------------|------------------|
| Buildings | <u>\$ 25,257</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (9,258)</u> | <u>\$ 15,999</u> |

| Accumulated depreciation and impairment | January 1, 2024 | Depreciation | Disposals | Prepaid | Reclassification | June 30, 2024 |
|---|-----------------|---------------|-------------|-------------|------------------|-----------------|
| Buildings | <u>\$ 1,788</u> | <u>\$ 251</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (637)</u> | <u>\$ 1,402</u> |

| Cost | January 1, 2023 | Additions | Disposals | Prepaid | Reclassification | June 30, 2023 |
|-----------|------------------|-------------|-------------|-------------|------------------|------------------|
| Buildings | <u>\$ 21,101</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,156</u> | <u>\$ 25,257</u> |

| Accumulated depreciation and impairment | January 1, 2023 | Depreciation | Disposals | Prepaid | Reclassification | June 30, 2023 |
|---|-----------------|---------------|-------------|-------------|------------------|-----------------|
| Buildings | <u>\$ 1,051</u> | <u>\$ 284</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 171</u> | <u>\$ 1,506</u> |

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| Item | Useful lives |
|-----------|----------------|
| Buildings | 10 to 48 years |

The Group's property, plant and equipment were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(7) Leases

Lessee

A. Right-of-use assets

| Carrying amount | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------|------------------|-------------------|------------------|
| Buildings | \$ 14,162 | \$ 18,914 | \$ 14,227 |
| Transportation | 7,638 | 7,795 | 9,266 |
| | <u>\$ 21,800</u> | <u>\$ 26,709</u> | <u>\$ 23,493</u> |

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|-------------------------------------|---|-----------------|---|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Additions of right-of-use assets | \$ 1,293 | \$ 1,722 | \$ 1,293 | \$ 4,966 |
| Depreciation of right-of-use assets | | | | |
| Buildings | \$ 2,377 | \$ 2,394 | \$ 4,753 | \$ 4,788 |
| Transportation | 713 | 754 | 1,449 | 1,518 |
| | <u>\$ 3,090</u> | <u>\$ 3,148</u> | <u>\$ 6,202</u> | <u>\$ 6,306</u> |

B. Lease liabilities

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------|---------------|-------------------|---------------|
| Current | \$ 12,541 | \$ 12,233 | \$ 9,845 |
| Noncurrent | \$ 9,459 | \$ 14,720 | \$ 13,937 |

The discount rates of lease liabilities were as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--------------------|---------------|-------------------|---------------|
| Buildings (%) | 1.272~1.926 | 1.250~1.926 | 1.250~1.720 |
| Transportation (%) | 0.967~1.846 | 0.967~4.248 | 0.967~4.248 |

C. Significant leasing activities and requirements

The underlying assets leased by the Group include land, houses and buildings, company cars and photocopiers. The periods of the lease contract vary from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions.

D. Profit and loss items associated with lease contracts are as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---------------------------------------|--|---------------|--|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Items that affect profit or loss | | | | |
| Items that affect profit or loss | \$ 95 | \$ 88 | \$ 198 | \$ 189 |
| Interest expense on lease liabilities | 649 | 470 | 1,107 | 2,573 |
| | <u>\$ 744</u> | <u>\$ 558</u> | <u>\$ 1,305</u> | <u>\$ 2,762</u> |

E. The Group's total lease cash outflows from January 1 to June 30, 2024, and 2023 were NT\$6,443 thousand and NT\$6,520 thousand, respectively.

Lessor

A. Rental agreements

| Objective | Lease period | Monthly rental revenue and method | Guarantee Deposits |
|-----------------------|--|--|--------------------|
| Buildings in Taoyuan | 2020/09/01~2025/08/31 | Monthly rental fees \$100 thousand. | \$100 thousand |
| Buildings (dormitory) | 2021/06/01~2024/06/01 2024/06/01~2026/06/01 | Monthly rental fees \$14 thousand. | - |
| Buildings (warehouse) | 2022/02/26~2027/05/16 | Actual amount of the rental fees, according to number of buckets and weight. | - |
| Buildings (warehouse) | 2022/07/01~2023/06/30 | Actual amount of the rental fees, according to number of buckets and weight. | - |
| Buildings (plant) | 2021/07/01~2027/06/30 | Monthly rental fees \$149 thousand. | \$448 thousand |
| Buildings (plant) | 2022/05/01~2025/04/30 | First year, monthly rental fees \$140 thousand. Starting from the second year, monthly rental fees \$147 thousand. (Note 1) | - |
| Buildings (plant) | 2022/08/31~ 2025/04/30 | Monthly rental fees \$6 thousand. Starting from July 2023, monthly rental fees \$8 thousand. (Note 1) | - |
| Buildings (plant) | 2023/01/01~2027/06/30 | Monthly rental fees \$55 thousand. | \$166 thousand |
| Buildings (plant) | 2023/02/01~2024/03/31 2024/04/01~2025/03/31 | Monthly rental fees \$13 thousand. Starting from the April 2024, the monthly rental fees \$14 thousand. Rental fees are collected monthly. | \$13 thousand |

Note 1 : The company has terminated the contract early in May 2024.

B. The information on gains from operating lease rental contracts for the six-month periods ended June 30, 2024 and 2023, respectively, is as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|----------------|--|----------|--|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Rental revenue | \$ 1,156 | \$ 1,455 | \$ 2,620 | \$ 2,913 |

C. Non-cancellable operating lease contracts

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------------|---------------|-------------------|---------------|
| Within one year | \$ 3,950 | \$ 5,604 | \$ 5,741 |
| More than 1 year to 3 years | 5,267 | 6,332 | 7,844 |
| Over 3 years | - | 1,227 | 2,455 |

(8) Intangible assets

| Carrying amounts | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------------|---------------|-------------------|---------------|
| Computer software | \$ 2,883 | \$ 3,353 | \$ 4,302 |
| Professional technology | - | 167 | 460 |
| | \$ 2,883 | \$ 3,520 | \$ 4,762 |

| Costs | January 1, 2024 | Additions | Disposals | June 30, 2024 |
|-------------------------|-----------------|-----------|-----------|---------------|
| Computer software | \$ 8,887 | \$ 315 | \$ (195) | \$ 9,007 |
| Professional technology | 2,000 | - | - | 2,000 |
| | \$ 10,887 | \$ 315 | \$ (195) | \$ 11,007 |

| Accumulated amortization and impairment | January 1, 2024 | Additions | Disposals | June 30, 2024 |
|---|-----------------|---------------|-----------------|-----------------|
| Computer software | \$ 5,534 | \$ 785 | \$ (195) | \$ 6,124 |
| Professional technology | 1,833 | 167 | - | 2,000 |
| | <u>\$ 7,367</u> | <u>\$ 952</u> | <u>\$ (195)</u> | <u>\$ 8,124</u> |

| Costs | January 1, 2023 | Additions | Disposals | June 30, 2023 |
|-------------------------|------------------|--------------|-------------|------------------|
| Computer software | \$ 9,805 | \$ 50 | \$ - | \$ 9,855 |
| Professional technology | 6,803 | - | - | 6,803 |
| | <u>\$ 16,608</u> | <u>\$ 50</u> | <u>\$ -</u> | <u>\$ 16,658</u> |

| Accumulated amortization and impairment | January 1, 2023 | Additions | Disposals | June 30, 2023 |
|---|------------------|-----------------|-------------|------------------|
| Computer software | \$ 4,456 | \$ 1,097 | \$ - | \$ 5,553 |
| Professional technology | 5,762 | 581 | - | 6,343 |
| | <u>\$ 10,218</u> | <u>\$ 1,678</u> | <u>\$ -</u> | <u>\$ 11,896</u> |

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

| Item | Useful lives | Item | Useful lives |
|-------------------|--------------|-------------------------|--------------|
| Computer software | 1 to 6 years | Professional technology | 5 years |

(9) Other noncurrent assets

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------------|-------------------|-------------------|-------------------|
| Prepayments for equipment | \$ 132,901 | \$ 121,372 | \$ 129,730 |
| Refundable deposits | 3,047 | 2,887 | 1,892 |
| Long-term notes receivables | 843 | 1,109 | 1,375 |
| Other | 2,254 | 2,538 | 1,963 |
| | <u>\$ 139,045</u> | <u>\$ 127,906</u> | <u>\$ 134,960</u> |

The abovementioned long-term notes receivables were for the compensation payment with installments for the machine equipment, please refer to note 6(3).

(10) Short-term loans

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--------------------|-------------------|-------------------|-------------------|
| Secured loans | | | |
| L/C loans | \$ 28,543 | \$ 19,367 | \$ 1,376 |
| Unsecured loans | | | |
| Operating deposits | 31,050 | 31,050 | 41,050 |
| L/C loans | 63,683 | 14,118 | 62,150 |
| | <u>\$ 123,267</u> | <u>\$ 64,535</u> | <u>\$ 104,576</u> |
| Loan rate (%) | 1.880~6.600 | 1.750~6.800 | 1.675~2.720 |
| Due date | Before 2024/12/22 | Before 2024/09/04 | Before 2023/12/11 |

The abovementioned loans were all bank loans.

The Group's short-term loans were pledged as collateral, please refer to note 8.

(11) Notes and accounts payables

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------------|---------------|-------------------|---------------|
| Arising from operation: | | | |
| Notes payables | \$ 6,599 | \$ 4,052 | \$ 5,233 |
| Accounts payables | 194,750 | 173,895 | 105,694 |
| Not arising from operation: | | | |
| Other notes payables | 6,579 | 15,562 | 44,013 |

Other notes payables were mainly used for the purchase of equipment.

(12) Other payables

| | June 30, 2024 | December 30, 2023 | June 30, 2023 |
|----------------------------------|-------------------|-------------------|-------------------|
| Third-party transaction | | | |
| Salary and bonus payables | \$ 36,666 | \$ 30,742 | \$ 36,596 |
| Employee compensation payables | 5,582 | - | 10,463 |
| Insurance payables | 5,062 | 4,663 | 4,902 |
| Equipment payables | 3,013 | 1,173 | 6,530 |
| Directors' remuneration payables | 2,392 | - | 198 |
| Dividends payables | 32,944 | - | 98,833 |
| Other accounts payables | 71,668 | 32,898 | 56,443 |
| | <u>\$ 157,327</u> | <u>\$ 69,476</u> | <u>\$ 213,965</u> |
| Related parties | <u>\$ 113</u> | <u>\$ -</u> | <u>\$ -</u> |

(13) Provision

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------------|------------------|-------------------|------------------|
| Employees benefits | \$ 10,180 | \$ 8,557 | \$ 8,973 |
| Returns and discounts | 6,417 | 260 | 2,000 |
| Sales rebates | - | - | 2,805 |
| | <u>\$ 16,597</u> | <u>\$ 8,817</u> | <u>\$ 13,778</u> |

| | Employees benefits | Returns and discounts | Sales rebates | Total |
|----------------------------|--------------------|-----------------------|---------------|------------------|
| Balance on January 1, 2024 | \$ 8,557 | \$ 260 | \$ - | \$ 8,817 |
| Provision for the period | 4,643 | 6,157 | - | 10,800 |
| Payments for the period | (52) | - | - | (52) |
| Write-off for the period | (2,968) | - | - | (2,968) |
| Balance on June 30, 2024 | <u>\$ 10,180</u> | <u>\$ 6,417</u> | <u>\$ -</u> | <u>\$ 16,597</u> |

| | Employees benefits | Returns and discounts | Sales rebates | Total |
|----------------------------|--------------------|-----------------------|-----------------|------------------|
| Balance on January 1, 2023 | \$ 8,189 | \$ 2,000 | \$ 2,255 | \$ 12,444 |
| Provision for the period | 4,566 | - | 550 | 5,116 |
| Payments for the period | (33) | - | - | (33) |
| Write-off for the period | (3,749) | - | - | (3,749) |
| Balance on June 30, 2023 | <u>\$ 8,973</u> | <u>\$ 2,000</u> | <u>\$ 2,805</u> | <u>\$ 13,778</u> |

The Group's provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on the historical information, management judgements and other known factors.

(14) Other current liabilities

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|----------------------------|-----------------|-------------------|------------------|
| Contract liabilities | \$ 3,891 | \$ 2,727 | \$ 11,885 |
| Temporary receipts | 486 | 251 | 187 |
| Receipts under custody | 1,180 | 1,140 | 1,088 |
| Deferred revenue — current | 682 | 682 | 682 |
| | <u>\$ 6,239</u> | <u>\$ 4,800</u> | <u>\$ 13,842</u> |

(15) Long-term loans

| Category | Due year | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--|----------|-------------------|-------------------|-------------------|
| Secured borrowings | 2024 | \$ - | \$ - | \$ 151,680 |
| Secured borrowings | 2028 | 195,833 | 220,834 | 245,833 |
| Secured borrowings | 2034 | 260,122 | 273,237 | 286,353 |
| Secured borrowings | 2038 | 282,722 | 292,759 | - |
| Unsecured borrowings | 2025 | - | 229 | 6,125 |
| Unsecured borrowings | 2026 | - | 3,250 | 4,000 |
| Unsecured borrowings | 2028 | 55,000 | 55,000 | - |
| | | <u>\$ 793,677</u> | <u>\$ 845,309</u> | <u>\$ 693,991</u> |
| Current portion of long-term loans payable | | \$ 99,743 | \$ 99,493 | \$ 81,476 |
| Non-current | | 693,934 | 745,816 | 612,515 |
| | | <u>\$ 793,677</u> | <u>\$ 845,309</u> | <u>\$ 693,991</u> |
| Interest rate of loans (%) | | 0.500~2.100 | 1.800~2.595 | 1.800~2.479 |

Some of the abovementioned loans had been paid in advance.

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(24).

The Group's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(16) Government grants

The Group purchased pollution control equipment in 2015 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Department of Environmental Protection in Taoyuan and obtained \$5,000 thousand of the exemption. As of June 30, 2024, the remaining amounted to \$216 thousand.

The Group purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained \$5,000 thousand of the exemption. As of June 30, 2024, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance the useful lives of the equipment.

The Group had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of December 31, 2023, the Group obtained the government grants amounted to \$14,595 thousand and recognized under other revenue.

(17) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Group recognized as expenses under consolidated comprehensive income statement amounts to \$2,805 thousand, \$2,668 thousand, \$5,581 thousand and \$5,350 thousand for the periods from April 1 to June 30, 2024, and 2023, from January 1 to June 30, 2024, and 2023, respectively. As of June 30, 2024, December 31, 2023 and June 30, 2023, the unpaid amounts of define benefit plans amounted to \$2,899 thousand, 2,765 thousand and \$2,584 thousand, respectively.

B. Defined benefit plans

The Group has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. According to the law, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Group contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of June of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

(a) Expenses through profit or loss

The pension cost under the defined benefit retirement plan, determined by actuarial valuation as of December 31, 2024, and 2023, was recognized in the comprehensive income statement in the following periods.

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|-------------------------------------|---|--------------|---|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Operating costs | \$ 61 | \$ 55 | \$ 123 | \$ 111 |
| Selling expenses | 6 | 6 | 12 | 11 |
| General and administrative expenses | 25 | 23 | 50 | 45 |
| Research and development expenses | 3 | 2 | 5 | 5 |
| | <u>\$ 95</u> | <u>\$ 86</u> | <u>\$ 190</u> | <u>\$ 172</u> |

(b) The Group plans to allocate \$1,321 thousand to the defined benefit plan in 2024.

(18) Equity

A. Common stocks

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---------------------|---------------------|---------------------|
| Amount of shares authorized (\$10 per share) | <u>\$ 1,200,000</u> | <u>\$ 1,200,000</u> | <u>\$ 1,200,000</u> |
| Amount of shares issued | <u>\$ 823,608</u> | <u>\$ 823,608</u> | <u>\$ 823,608</u> |
| Numbers of shares authorized (in thousand of shares) | 120,000 | 120,000 | 120,000 |
| Numbers of shares issued (in thousand of shares) | 82,361 | 82,361 | 82,361 |

Each share has the same voting rights equal to the number of Directors to be elected and dividends receives.

B. Capital surplus

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|------------------------|------------------|-------------------|------------------|
| Capital surplus | \$ 983 | \$ 983 | \$ 983 |
| Employee share options | 9,506 | 9,506 | 9,506 |
| Expired dividends | 97 | 68 | 68 |
| | <u>\$ 10,586</u> | <u>\$ 10,557</u> | <u>\$ 10,557</u> |

According to regulation, the Group may not use capital surplus to cover capital losses unless the earnings reserve is insufficient to make up for the losses.

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Group's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose. The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Group's reconciliation of outstanding common stocks and capital surplus were as follows:

| | Capital | | Capital surplus | | |
|-------------------------------|-------------------------|------------|-------------------|------------------------------|----------------------|
| | Shares (in thousand) | Amount | Share premiums | Employee share options | Expired dividends |
| Balance on January 1, 2024 | 82,361 | \$ 823,608 | \$ 983 | \$ 9,506 | \$ 68 |
| Others | - | - | - | - | 29 |
| Balance on June 30, 2024 | 82,361 | \$ 823,608 | \$ 983 | \$ 9,506 | \$ 97 |
| Balance on January 1, 2023 | 82,361 | \$ 823,608 | \$ 983 | \$ 9,506 | \$ 63 |
| Others | - | - | - | - | 5 |
| Balance on June 30, 2023 | 82,361 | \$ 823,608 | \$ 983 | \$ 9,506 | \$ 68 |

C. Appropriation of earnings and dividend policy

According to the Group Act, A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The appropriation for legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

Pursuant to existing regulations, the Group is required to set aside additional special capital reserve equivalent to the net debit balance of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

When allocating the profits for each fiscal year, the following order shall be followed:

- pay all taxes and dues.
 - offset accumulated deficits.
 - set aside 10 percent of earning as legal reserve
 - set aside special capital reserve in accordance with relevant laws or regulations.
- The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Group is in a highly developing industry, the Group has to adapt its dividend policy to meet the Group's long-term development and capital requirement, along with the shareholders' demand of cash. Therefore, the Group is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholder's meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 12, 2024, and March 17, 2023, the Group held board of directors resolved to distribute cash dividends for the fiscal year 2023 and 2022, respectively. The remaining items of earnings distribution were also approved by the shareholders' meetings on May 31, 2024, and June 20, 2023, with the distribution details as follows:

| Items | Appropriation of earnings | | Dividends per share (NTD) | |
|----------------|---------------------------|-------------------|---------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Legal reserve | \$ - | \$ 27,431 | | |
| Cash dividends | 32,945 | 98,833 | \$ 0.4 | \$ 1.2 |
| | <u>\$ 32,945</u> | <u>\$ 126,264</u> | | |

(19) Sales revenue

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---------------------------------------|---|-------------------|---|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue from contracts with customers | | | | |
| Sales revenue | \$ 484,314 | \$ 334,373 | \$ 970,726 | \$ 792,371 |
| Service revenue | 4,640 | 4,078 | 6,106 | 19,932 |
| | <u>\$ 488,954</u> | <u>\$ 338,451</u> | <u>\$ 976,832</u> | <u>\$ 812,303</u> |

Balance of the contracts

| | June 30, 2024 | December 31, 2023 | June 30, 2023 | January 1, 2023 |
|---|-------------------|-------------------|-------------------|-------------------|
| Notes receivables, net (including related parties) | <u>\$ 107,316</u> | <u>\$ 68,623</u> | <u>\$ 81,118</u> | <u>\$ 92,478</u> |
| Accounts receivables, net (including related parties) | <u>\$ 386,041</u> | <u>\$ 328,785</u> | <u>\$ 244,055</u> | <u>\$ 365,576</u> |
| Contract liabilities — current (Recognized as other current liabilities) | <u>\$ 3,891</u> | <u>\$ 2,727</u> | <u>\$ 11,885</u> | <u>\$ 9,689</u> |

Changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|------------------------|--|-------------|--|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Sales revenue of goods | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,721</u> | <u>\$ 1,104</u> |

(20) Net income

The Group's net income included the following items:

A. Other revenue

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|----------------|--|-----------------|--|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Rental revenue | \$ 1,156 | \$ 1,455 | \$ 2,620 | \$ 2,913 |
| Other income | 9,475 | 1,069 | 10,600 | 2,289 |
| | <u>\$ 10,631</u> | <u>\$ 2,524</u> | <u>\$ 13,220</u> | <u>\$ 5,202</u> |

B. Other profit and loss

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|--|--|------|--|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Gains (loss) on disposal of plant, property and equipment | \$ - | \$ - | \$ (143) | \$ 4,499 |
| Gain on reversal of impairment (loss) of plant, property and equipment | - | - | - | 2,601 |

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|----------------------------------|--|-----------------|--|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Gains (loss) on foreign exchange | 2,681 | 2,510 | 8,556 | 1,348 |
| Gain on Lease Modification | - | (17) | - | (17) |
| Others | (35) | - | (832) | - |
| | <u>\$ 2,646</u> | <u>\$ 2,493</u> | <u>\$ 7,581</u> | <u>\$ 8,431</u> |

C. Depreciation and amortization

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|------------------|--|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Depreciation of plant, property and equipment | \$ 24,561 | \$ 19,737 | \$ 49,250 | \$ 39,731 |
| Depreciation of right-of-use assets | 3,090 | 3,148 | 6,202 | 6,306 |
| Amortization of intangible assets | 440 | 783 | 952 | 1,678 |
| | <u>\$ 28,091</u> | <u>\$ 23,668</u> | <u>\$ 56,404</u> | <u>\$ 47,715</u> |
| Depreciation expenses were summarized by functions: | | | | |
| Operating costs | \$ 24,902 | \$ 19,992 | \$ 49,815 | \$ 40,286 |
| Operating expenses | 2,749 | 2,893 | 5,637 | 5,751 |
| Amortization expenses were summarized by functions: | | | | |
| Operating costs | 113 | 234 | 257 | 468 |
| Operating expenses | 327 | 549 | 695 | 1,210 |
| | <u>\$ 28,091</u> | <u>\$ 23,668</u> | <u>\$ 56,404</u> | <u>\$ 47,715</u> |

D. Financial cost

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|-----------------|--|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Bank loans | \$ 3,958 | \$ 2,281 | \$ 7,560 | \$ 3,958 |
| Interests from lease liabilities | 95 | 88 | 198 | 189 |
| Handling fees | 130 | 32 | 198 | 91 |
| | <u>\$ 4,183</u> | <u>\$ 2,401</u> | <u>\$ 7,956</u> | <u>\$ 4,238</u> |
| Amount of capitalized borrowing costs | \$,633 | \$ 1,238 | \$ 1,252 | \$ 2,821 |
| Rate of capitalized borrowing costs (%) | 1.284~2.052 | 1.284~1.932 | 1.284~2.052 | 1.284~1.932 |

E. Gains (loss) on foreign exchange

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|-----------------|--|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Total of gains on foreign exchange | \$ 3,456 | \$ 3,230 | \$ 10,151 | \$ 4,423 |
| Total of loss on foreign exchange | (775) | (720) | (1,595) | (3,075) |
| Net of gains (loss) on foreign exchange | <u>\$ 2,681</u> | <u>\$ 2,510</u> | <u>\$ 8,556</u> | <u>\$ 1,348</u> |

F. Employees benefits

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|--------------------------------|--|------------------|--|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Salary | \$ 88,083 | \$ 66,675 | \$ 174,049 | \$ 150,568 |
| Employee insurance | 7,571 | 6,934 | 14,925 | 14,993 |
| Post-employment benefits plans | | | | |
| Defined contribution plans | 2,805 | 2,668 | 5,581 | 5,350 |
| Defined benefit plans | 95 | 86 | 190 | 172 |
| Directors' remuneration | 270 | 290 | 628 | 620 |
| Other benefits | 2,996 | 3,968 | 5,760 | 7,556 |
| | <u>\$ 101,820</u> | <u>\$ 80,621</u> | <u>\$ 201,133</u> | <u>\$ 179,259</u> |

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|----------------------|--|------------------|--|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Summary by function: | | | | |
| Operating costs | \$ 72,705 | \$ 59,421 | \$ 143,316 | \$ 128,897 |
| Operating expenses | 29,115 | 21,200 | 57,817 | 50,362 |
| | <u>\$ 101,820</u> | <u>\$ 80,621</u> | <u>\$ 201,133</u> | <u>\$ 179,259</u> |

G. Employees' compensation and remuneration of directors

According to the Group's Articles of Incorporation, the Group shall allocate compensation to directors and profit-sharing bonus to employees of the Group as follows:

If there is any profit for the current fiscal year, the Group shall allocate 5% to 10% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Group's accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Group's net income before income taxes without the remunerations to employees and directors for each period. The employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Group estimated the employees' compensation and directors' remuneration were as follows:

Percentage of estimate

| | For the six-month periods ended June 30, | |
|-------------------------|--|-------|
| | 2024 | 2023 |
| Employees' compensation | 7.00% | 7.00% |
| Directors' remuneration | 3.00% | 3.00% |

Amount

| | For the six-month periods ended June 30, | |
|-------------------------|--|--------|
| | 2024 | 2023 |
| Employees' compensation | \$ 5,582 | \$ 463 |
| Directors' remuneration | \$ 2,392 | \$ 198 |

The estimated amount of employees' compensation and directors' remuneration were recognized as an operating cost or operating expense. If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

If the board of directors decided to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the share is based on the closing price of the day before the resolution date of the shareholders' meeting.

The 2023 and 2022 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 12, 2024 and March 17, 2023 as follows:

| | 2023 | 2022 |
|-------------------------|------|-----------|
| Employees' compensation | \$ - | \$ 20,000 |
| Directors' remuneration | \$ - | \$ 8,500 |

There is no difference between the 2023 and 2022 employee's compensation and director's and supervisor's remuneration and the Group's 2023 and 2022 recognized fee estimates.

The information about appropriations of the Group's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(21) Income tax

A. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|------------|--|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Current tax | \$ (1,347) | \$ (2,492) | \$ 4,730 | \$ 2,931 |
| Current year | | | | |
| Income tax on unappropriated earnings | - | - | - | 7,621 |
| Adjustments for prior year | 7,609 | (2,195) | 7,609 | (7,179) |
| Deferred tax | | | | |
| Current year | (1,960) | (2,775) | 506 | (4,436) |
| Income tax expense recognized in profit or loss | \$ 4,320 | \$ (7,462) | \$ 12,845 | \$ (1,063) |

B. Income tax assessment

As of Aug 12, 2024, the income tax returns of the Group through 2022 and its subsidiaries, including Miracle Textile Industry Co., Ltd. and Shoetex Corporation, have been examined by the tax authorities.

(22) Explanation of seasonal or periodic in interim operations

The Group operates in the coating and resin industry, which exhibits a high degree of seasonality. Based on past experiences, its peak sales typically occur in the first half of each year. Consequently, the Group generates higher sales revenue and operating profits in the first half of the year compared to the second half.

(23) Capital management

The coating markets had been affected by the global demands which needs large amount of operating fund in the early of the year. The Group manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Group had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of June 30, 2024, December 31, 2024 and June 30, 2023, respectively were as follows:

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--------------------------|---------------|-------------------|---------------|
| Total of liabilities | \$ 1,356,670 | \$ 1,246,997 | \$ 1,253,706 |
| Total of assets | 2,637,545 | 2,503,302 | 2,521,368 |
| Ratio of liabilities (%) | 51.44 | 49.82 | 49.72 |

(24) Financial instruments

A. Categories of financial instruments

| | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|---|---------------|-------------------|---------------|
| Financial assets | | | |
| Financial assets at amortized cost | | | |
| Cash and cash equivalents | \$ 108,835 | \$ 120,866 | \$ 242,571 |
| Financial assets at amortized cost — current | 56,900 | 43,500 | 20,801 |
| Notes and accounts receivables, net | 493,357 | 397,408 | 325,173 |
| Other notes receivables | 310 | - | - |
| Other accounts receivables | 880 | 1,354 | 1,156 |
| Other current assets | 183 | 132 | 9,919 |
| Other noncurrent assets | 3,890 | 3,996 | 3,267 |
| Financial assets at amortized cost — noncurrent | 38,452 | 38,452 | 39,169 |
| Financial liabilities | | | |
| Financial liabilities at amortized cost | | | |
| Short-term loans | \$ 123,267 | \$ 64,535 | \$ 104,576 |
| Notes and accounts payables | 201,349 | 177,947 | 110,927 |
| Other accounts payables | 6,579 | 15,562 | 44,013 |
| Other payables | 157,440 | 69,476 | 213,965 |
| Guarantee deposits | 727 | 1,021 | 1,021 |
| Long-term loans (including current portion) | 793,677 | 845,309 | 693,991 |

B. Financial risk management objectives

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

(a) Risks of foreign currency exchange rates

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

The Group had not used derivatives financial instruments for the six-month periods ended June 30, 2024 and 2023.

The Group had not hedge certain foreign exchange risks that the Group is exposed to throughout its operating.

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the Group's net income before tax for January 1 to June 30, 2024 and 2023 would have decreased/increased by \$18,708 thousand and \$46,404 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income before tax for January 1 to June 30, 2024

and 2023 would have decreased/increased by \$2 thousand and \$2 thousand, respectively.

The information of financial assets and liabilities with major impact were as follows:

Unit: currency in thousand

| Items | June 30, 2024 | | December 31, 2023 | | June 30, 2023 | |
|-----------------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | Foreign Currencies | Exchange Rate | Foreign Currencies | Exchange Rate | Foreign Currencies | Exchange Rate |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | \$ 8,001 | 32.43 | \$ 6,791 | 30.655 | \$ 19,137 | 31.13 |
| JPY | 106 | 0.2038 | 4,799 | 0.2146 | 106 | 0.2151 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 790 | 32.43 | 190 | 30.655 | 504 | 31.13 |

The Group recognized gains or loss on foreign exchange (including realized and unrealized) of \$8,556 thousand and \$1,348 thousand for the six-month periods ended June 30, 2024 and 2023, respectively.

(b) Interest rate risk

The Group holds assets and liabilities at fixed and floating interest rates which may encounter the risks of future cash flow and from the changes of market rates. The Group is exposed to interest rate risk from floating rates.

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 1% higher/lower, the Group's pre-tax loss for the six months periods ended June 30, 2024 and 2023 would have decreased/increased by \$7,076 thousand and \$6,149 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date were as follows:

| Items | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-------------------------|---------------|-------------------|---------------|
| Fixed rates | | | |
| Financial liabilities | \$ 32,497 | \$ 31,122 | \$ 30,000 |
| Floating rate borrowing | | | |
| Financial assets | 163,565 | 156,952 | 261,595 |
| Financial liabilities | 884,447 | 878,722 | 768,567 |

D. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's ten largest customers accounted for 54%, 55% and % of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of interest bearing.

| June 30, 2023 | On Demand or Less than 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | Over 5 years | Total |
|--|---------------------------------------|-----------------------|----------------------|-----------------------|--------------|-----------|
| Non-derivative financial liabilities | | | | | | |
| Noninterest bearing | \$ 365,367 | \$ 14 | \$ 714 | \$ - | \$ - | \$366,095 |
| Lease liabilities | 5,801 | 6,411 | 8,788 | 834 | - | 21,834 |
| Instruments using floating interests' rate | 140,485 | 50,028 | 212,889 | 169,730 | 311,315 | 884,447 |
| Instruments using fixed interests' rate | 32,497 | - | - | - | - | 32,497 |
| December 31, 2023 | On Demand or Less than 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | Over 5 years | Total |
| Non-derivative financial liabilities | | | | | | |
| Noninterest bearing | \$ 262,997 | \$ - | \$ 395 | \$ 614 | \$ - | \$264,006 |
| Lease liabilities | 6,312 | 6,242 | 13,943 | 1,001 | - | 27,498 |
| Instruments using floating interests' rate | 81,378 | 51,528 | 224,049 | 187,299 | 334,468 | 878,722 |
| Instruments using fixed interests' rate | 31,122 | - | - | - | - | 31,122 |
| June 30, 2023 | On Demand or Less than 6 months | 6 months to 1 year | 1 year to 3 years | 3 years to 5 years | Over 5 years | Total |
| Non-derivative financial liabilities | | | | | | |
| Noninterest bearing | \$ 368,905 | \$ 12 | \$ 395 | \$ 614 | \$ - | \$369,926 |
| Lease liabilities | 5,296 | 4,795 | 11,897 | 1,215 | - | 23,203 |
| Instruments using floating interests' rate | 115,314 | 40,738 | 309,021 | 148,295 | 155,199 | 768,567 |
| Instruments using fixed interests' rate | 30,000 | - | - | - | - | 30,000 |

As of June 30, 2024, December 31, 2023 and June 30, 2023, the unused financing facilities of the Group amounted to \$520,934 thousand, \$615,185 thousand and \$617,474 thousand, respectively.

F. Fair value of financial instrument

(a) Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

(b) Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI are classified into Level 3 and Level 1 fair value respectively.

The listed stocks, beneficiary certificates and global depositary receipts held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Group are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

(c) Fair value measurements recognized in the consolidated balance sheet

| June 30, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|-----------|-----------|
| Assets | | | | |
| <u>Fair value on a recurring basis</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock | \$ - | \$ - | \$ 38,452 | \$ 38,452 |
| December 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| <u>Fair value on a recurring basis</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock | \$ - | \$ - | \$ 38,452 | \$ 38,452 |
| June 30, 2023 | Level 1 | Level 2 | Level 4 | Total |
| Assets | | | | |
| <u>Fair value on a recurring basis</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock | \$ - | \$ - | \$ 39,169 | \$ 39,169 |

There was no transfer of measurements of fair value in the Group for the six-month periods ended June 30, 2024 and 2023, respectively.

(25) Earnings per share

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|-------------|--|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Basic earnings per share | | | | |
| Net income available to common shareholders | \$ 24,511 | \$ (14,133) | \$ 57,729 | \$ 1,046 |
| Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand) | 82,361 | 82,361 | 82,361 | 82,361 |
| Basic earnings per share (dollar) | \$ 0.30 | \$ (0.17) | \$ 0.70 | \$ 0.01 |
| Diluted earnings per share | | | | |
| Net income available to common shareholders | \$ 24,511 | \$ (14,333) | \$ 57,729 | \$ 1,046 |
| Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand) | 82,361 | 82,361 | 82,361 | 82,361 |
| Effects of all dilutive potential common shares (in thousand) | | | | |
| Employees compensation | 124 | (78) | 308 | 24 |

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|--|-----------|--|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Weighted average number of common shares used in the computation of diluted EPS (in thousand) | 82,485 | 82,283 | 82,669 | 82,385 |
| Diluted EPS (in dollars) | \$ 0.30 | \$ (0.17) | \$ 0.70 | \$ 0.01 |

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

(26) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows for the six-month periods ended June 30, 2024 and 2023, respectively were as follows:

A. Investing activities of property, plant and equipment

| | For the six-month periods ended June 30, | |
|---|--|-------------|
| | 2024 | 2023 |
| Additions of property, plant and equipment | \$ (11,256) | \$ (40,507) |
| Changes in other notes payables | (8,983) | (4,246) |
| Changes in other accounts payables | 1,840 | 3,982 |
| Capitalized interests | - | 1,568 |
| Payments for acquisition of property, plant and equipment | \$ (18,399) | \$ (39,203) |

B. Financing activities that will not have effect on cash flows

| | June 30, 2024 | June 30, 2023 |
|--|---------------|---------------|
| Current portion of long-term loans payable | \$ 99,743 | \$ 81,476 |

7. Related-Party Transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related party name and categories

| Related Party Name | Related Party Categories |
|-------------------------------|--------------------------|
| Hor Jing Corp. | Others |
| Htm Material Co., Ltd | Others |
| Wada Technology Co., Ltd | Others |
| Chia Cherng Industry Co., Ltd | Others |
| Lego Stone Co., Ltd. | Others |
| Panel Trading Co., Ltd. | Others |
| VESSI Footwear LTD. | Others |
| Win Tech Worldwide Co. LTD. | Others |
| Wang, Hong-Rong | Others |
| Wu, Li Hsueh | Others |
| Chen Wu, Li Show | Others |

(2) Operating revenue

| Accounts | Category | For the three-month periods ended | | For the six-month periods ended | |
|-------------------|----------|-----------------------------------|----------|---------------------------------|-----------|
| | | June 30, | | June 30, | |
| | | 2024 | 2023 | 2024 | 2023 |
| Operating revenue | Others | \$ 16,005 | \$ 7,696 | \$ 28,909 | \$ 16,629 |

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 30 to 120 days after monthly closing.

(3) Purchases

| | Category | For the three-month periods ended | | For the six-month periods ended | |
|---------------------|----------|-----------------------------------|------|---------------------------------|----------|
| | | June 30, | | June 30, | |
| | | 2024 | 2023 | 2024 | 2023 |
| Other related party | | \$ 1,715 | \$ - | \$ 2,287 | \$ 1,406 |

The purchase prices to related parties was determined based on normal market terms. The payment terms for related parties were 30 to 60 days after monthly closing.

(4) Accounts receivable-related parties

| Accounts | Category | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|----------------------------|----------|---------------|-------------------|---------------|
| Accounts receivables | Others | \$ 19,440 | \$ 22,508 | \$ 7,510 |
| Other accounts receivables | Others | \$ - | \$ - | \$,94 |

The Group had no insurance for those outstanding accounts receivables from related parties.

(5) Accounts payable-related parties

| Accounts | Category | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|----------------------|----------|---------------|-------------------|---------------|
| Notes payables | Others | \$ 348 | \$ 1,403 | \$,- |
| Other notes payables | Others | \$ 113 | \$ - | \$,- |

The Group had no insurance for those outstanding accounts payables from related parties.

(6) Lease agreements

| Accounts | Category | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|-----------------|----------|---------------|-------------------|---------------|
| Lease liability | Others | \$ 1,637 | \$ 2,176 | \$ 2,713 |

| Accounts | Category | For the three-month periods ended | | For the six-month periods ended | |
|------------------|----------|-----------------------------------|------|---------------------------------|-------|
| | | June 30, | | June 30, | |
| | | 2024 | 2023 | 2024 | 2023 |
| Interest expense | Others | \$ 6 | \$ 9 | \$ 12 | \$ 19 |

(7) Other

A. Guarantee deposits (recognized as other noncurrent assets)

| Category | June 30, 2024 | December 30, 2023 | June 30, 2023 |
|----------|---------------|-------------------|---------------|
| Others | \$ 220 | \$ 220 | \$ 220 |

B. Operating - commission expenses

| Category | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|----------|---------------|-------------------|---------------|
| Others | \$ 133 | \$ - | \$ - |

(8) Directors, supervisors, and the management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

| | For the three-month periods ended | | For the six-month periods ended | |
|--------------------------|-----------------------------------|-----------------|---------------------------------|------------------|
| | June 30, | | June 30, | |
| | 2024 | 2023 | 2024 | 2023 |
| Short-term benefits | \$ 5,174 | \$ 5,188 | \$ 10,427 | \$ 10,386 |
| Post-employment benefits | 159 | 141 | 495 | 282 |
| | <u>\$ 5,333</u> | <u>\$ 5,329</u> | <u>\$ 10,922</u> | <u>\$ 10,668</u> |

The compensation to directors and other key management personnel were determined by the compensation committee of the Group in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

| Assets | Purposes | June 30, 2024 | December 31, 2023 | June 30, 2023 |
|--|--------------------------------|---------------------|---------------------|---------------------|
| Land | Long-term and short-term loans | \$ 642,154 | \$ 642,154 | \$ 642,154 |
| Buildings | Long-term and short-term loans | 412,234 | 418,705 | 425,302 |
| Machinery equipment | Long-term loans | - | - | 3,432 |
| Financial assets at amortized cost — current | Short-term loans | - | 3,900 | - |
| Financial assets at amortized cost — current | Custom duty deposits | 900 | 39,600 | 1,201 |
| | | <u>\$ 1,055,288</u> | <u>\$ 1,104,359</u> | <u>\$ 1,072,089</u> |

9. Significant Contingencies and Unrecognized Contract Commitments

- (1) For the purpose of purchasing materials, the amounts of the L/C issued by the Group but not yet used were \$23,095 thousand, \$22,399 thousand and \$12,804 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- (2) The Group had signed contracts for the purchase of equipment, the amount which were not yet recognized of \$72,456 thousand, \$94,254 thousand and \$95,421 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.
- (3) The Group had signed an unfinished construction amounted to \$0 thousand, \$ 188 thousand and \$4,858 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

10. Significant Disasters Loss: None

11. Significant Subsequent Events:

For strategic business considerations, the company's board of directors resolved on August 12, 2024, to cease the production and operations of its subsidiary, Shoetex Corporation and to proceed with its dissolution and liquidation. The chairman of the company was authorized to handle the related matters.

12. Others : None

13. Other Disclosures

- (1) Information on significant transactions and (2) investees
 - A. Loans to other parties: None
 - B. Guarantees and endorsements for other parties: None
 - C. Securities held as of June 30, 2024 (excluding investment in subsidiaries): Please refer to Table 1.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding the lower

of NT\$300 million or 20% of the capital stock: None

- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- F. Disposal of real property with transaction amount reaches 20% or more of capital surplus, or NT\$ 300 million: None
- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- I. Trading in derivative instruments: None.
- J. Business relationships and significant intercompany transactions: Please refer to Table 2.
- K. Information of investees: Please refer to Table 3.

(3) Information on investment in Mainland China:

- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 4.
- B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - (c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
 - (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

- (4) Major shareholders: The information on major shareholders who hold 5 percent, please refer to Table 5.

14. Segment Information

(1) Operation

The Group has four segments, including coating and lamination, polymer, TPU and sports. The segment of coating and lamination were mainly for manufacturing; the segment of TPU were mainly for manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) and sales of photo initiators and the main business for production line of finished shoes were mainly from sales of sports shoes and manufacturing.

The Group's unallocated expenses or nonrecurring expenses should allocate to the segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4. The profit or loss for the operating department was measured by operating income or loss before tax and

it is the base to evaluate the performance.

(2) Segment information

The Group's operating segment information and reconciliations were as follows:

| For the three-month periods ended June 30, 2024 | Coatings | Polymer | TPU | Finished goods of shoes | Reconciliation and Elimination | Others | Total |
|---|-------------|------------|-------------|-------------------------------|-----------------------------------|--------|-------------|
| External revenue | \$ 274,601 | \$ 155,915 | \$ 45,895 | \$ 12,543 | \$ - | \$ - | \$ 488,954 |
| Inter-segment revenue | \$ 1,532 | \$ 80,634 | \$ 22,817 | \$ 12 | \$ (104,995) | \$ - | \$ - |
| Reportable segment operating income (loss) | \$ 18,204 | \$ 21,490 | \$ (7,220) | \$ (6,127) | \$ 2,847 | \$ - | \$ 29,194 |
| For the three-month periods ended June 30, 2023 | Coatings | Polymer | TPU | Finished goods of shoes | Reconciliation and Elimination | Others | Total |
| External revenue | \$ 163,372 | \$ 132,457 | \$ 33,119 | \$ 9,503 | \$ - | \$ - | \$ 388,451 |
| Inter-segment revenue | \$,176 | \$ 57,271 | \$ 9,835 | \$ 78 | \$ (67,360) | \$ - | \$ - |
| Reportable segment operating income (loss) | \$ (17,982) | \$ 6,179 | \$ (12,027) | \$ (9,774) | \$ 7,591 | \$ - | \$ (26,013) |
| For the six-month periods ended June 30, 2023 | Coatings | Polymer | TPU | Finished goods of shoes | Reconciliation and Elimination | Others | Total |
| External revenue | \$ 561,049 | \$ 293,974 | \$ 92,884 | \$,28,925 | \$ - | \$ - | \$ 976,832 |
| Inter-segment revenue | \$ 2,541 | \$ 184,467 | \$ 44,246 | \$ 17 | \$ (231,271) | \$ - | \$ - |
| Reportable segment operating income (loss) | \$ 58,285 | \$ 35,716 | \$ (17,455) | \$ (11,600) | \$ 5,385 | \$ - | \$ 70,331 |
| For the six-month periods ended June 30, 2023 | Coatings | Polymer | TPU | Finished goods of shoes | Reconciliation and Elimination | Others | Total |
| External revenue | \$ 416,285 | \$ 284,691 | \$ 94,222 | \$,17,105 | \$ - | \$ - | \$ 812,303 |
| Inter-segment revenue | \$ 1,221 | \$ 163,870 | \$ 30,684 | \$ 78 | \$ (195,853) | \$ - | \$ - |
| Reportable segment operating income (loss) | \$ (3,104) | \$ 16,050 | \$ (18,246) | \$ (21,068) | \$ 15,410 | \$ - | \$ (10,958) |

(3) Information by product and service.

The Group has operating activities only in Taiwan.

(4) Information on major customers

Information of single customers whose revenue comprised up to 10% of the Group's total revenue:

| Customer B | For the six-month periods ended June 30, | |
|------------|--|-----------|
| | 2024 | 2023 |
| | \$ 145,672 | \$ 83,306 |

Table 1

Shuang Bang Industrial Corporation and Subsidiaries
Securities held as of the six-month periods ended June 30, 2024
(excluding investment in subsidiaries)
June 30, 2024

| Name of holder | Category and name of security (note 1) | Relationship with company | Account title | Ending balance (Note 2) | | | | Note |
|------------------------------------|--|---------------------------|---|-------------------------|-----------------|---------------|------------|----------|
| | | | | Shares | Carrying amount | Ownership (%) | Fair value | |
| Shuang Bang Industrial Corporation | Stock-Nangang Cooperatives for common labors | — | Financial assets at fair value through profit or loss — non-current | 200 shares | 20 | 0.42 | 20 | (Note 3) |
| Shuang Bang Industrial Corporation | Stock-LOYAL SPLENDOR INT’L LTD.(Seychelles) | — | Financial assets at fair value through profit or loss — non-current | 540 | 10,678 | 18.00 | 10,678 | (Note 3) |
| Shuang Bang Industrial Corporation | Stock-GRAND AND GREAT CORPORATION LIMITED(Samoa) | — | Financial assets at fair value through profit or loss — non-current | 1,400 | 27,754 | 3.33 | 27,754 | (Note 3) |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments.”

Note 2: Refer to the note 6(5) in consolidated financial statements.

Note 3: The number of shares of securities were not provided as collateral, pledged for loans, or subject to any other contractual restrictions on their use under certain agreements.

Table 2

Shuang Bang Industrial Corporation and Subsidiaries
Business relationship and significant intercompany transactions
For the six-month periods ended June 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

| Number (Note1) | Name of Company | Name of counterparty | Nature of relationship (Note2) | Intercompany transactions | | | |
|-------------------|------------------------------------|------------------------------------|--------------------------------------|--|--------|---------------|---|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets (Note3) |
| 0 | Shuang Bang Industrial Corporation | Miracle textile industry Co., LTD. | 1 | Sales revenue | 19,492 | - | 2.00 |
| | | | | Notes receivables — related party | 11,254 | Net 120 days | 0.43 |
| | | | | Accounts receivables — related party | 2,642 | Net 120 days | 0.10 |
| 0 | Shuang Bang Industrial Corporation | Shoetex Corporation | 1 | Sales revenue | 3,867 | - | 0.40 |
| | | | | Accounts receivables — related party | 3,323 | Net 105 days | 0.13 |
| | | | | Lease receivables — related party | 6,989 | - | 0.26 |
| | | | | Other accounts receivables — related party | 1,452 | Net 105 days | 0.06 |
| | | | | Other accounts payables — related party | 8 | - | - |
| | | | | Operating - entertainment expense | 15 | - | - |
| | | | | Administrative - entertainment expense | 3 | - | - |

Note1: Numbers are filled in as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered from 1.

Note 2: Nature of relationship: 1. From parent to subsidiary. ; 2. From subsidiary to parent. 3. Between subsidiaries. Related party transactions are not separately disclosed.

Note 3: Regarding the percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on ending balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Table 3

Shuang Bang Industrial Corporation and Subsidiaries
Information on investee
For the six-month periods ended June 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

| Investor Company | Investee Company | Location | Main business | Original investment amount | | Balance as of June 30, 2024 | | | Net income (loss) of the investees (Note 1) | Share of Profits/Losses of Investee (Note 1) | Note |
|-------------------------|------------------------------------|----------|---------------------------------|----------------------------|-------------------|-----------------------------|-------------|----------------|---|--|------------|
| | | | | June 30, 2024 | December 31, 2023 | Shares (in thousand) | Ownership % | Carrying value | | | |
| Shuang Bang Corporation | Miracle textile industry Co., LTD. | Taiwan | Manufacturing of coatings | 22,517 | 22,517 | 2,225 | 44.50 | 15,338 | 3,819 | 1,669 | Subsidiary |
| Shuang Bang Corporation | Shoetex Corporation | Taiwan | Manufacturing of finished shoes | 66,130 | 82,650 | 6,613 | 80.20 | 58,673 | (9,447) | (7,084) | Subsidiary |

Note1: Recognized based on the financial statements audited by certified public accountants.

Table 4

Shuang Bang Industrial Corporation and Subsidiaries
Information of investment in Mainland China
For the six-month periods ended June 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

| Investee Company | Main business and products | Total amount of paid-in capital | Method of investment | Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 3) | Investment flows | | Accumulated Outflow of Investment from Taiwan as of June 30, 2024 | Net Income (Losses) of the Investee Company | Percentage of Ownership | Share of Profits/Losses | Carrying Amount as of Balance as of June 30, 2024(Note 2) | Accumulated Inward Remittance of Earnings as of June 30, 2024 |
|------------------|----------------------------|---------------------------------|----------------------|--|------------------|--------|---|---|-------------------------|-------------------------|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| - | - | - | - | - | - | - | - | - | - | - | - | - |

| Accumulated Investment in Mainland China as of S June 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note 1) |
|--|--|------------------------------------|
| 24,849 | 24,849 | 748,374 |

Note1: The net value of the stocks on the balance sheet date by 1,247,290 thousand * 0.6 = 748,374 thousand dollars.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of June 30, 2024, except for the original investment.

Note3: The Group did not have any investments in Mainland China currently.

Shuang Bang Industrial Corporation
Information of major shareholders
June 30, 2024

| Shareholders | Shares | |
|-------------------|--------------------|----------------------|
| | Total shares owned | Ownership percentage |
| Chang, Chung-Tung | 6,700,207 | 8.13% |
| Chen, A-Ming | 4,998,802 | 6.06% |

Note1 : The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Group without physical registration has reached more than 5%. As for the share capital recorded in the Group's financial report and the number of shares actually delivered by the Group without physical registration, there may be differences due to the different calculation basis.