

OFCO Industrial Corp. and Subsidiaries  
Consolidated Financial Statements and  
Independent Auditor's Review Report  
For the Six Months Ended June 30, 2022 and 2021  
Stock Code: 5011

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## Independent Auditors' Review Report Translated From Chinese

### Foreword

We have reviewed the accompanying consolidated balance sheets of OFCO Industrial Corp. and subsidiaries (hereinafter collectively referred to as "OFCO Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the related statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The preparation of consolidated financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission, is the responsibility of the Company's management. Our responsibility is to express the conclusion of the financial statements based on our review.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards NO. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and six months ended June 30, 2022 and 2021, and its consolidated cash flows for the six months ended June 30, 2022 and 2021 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.

PwC Taiwan

Tzu-Yu Lin

Certified Public Accountant

Tzu-Meng Liu

August 11, 2022

**OFCO Industrial Corp. and Subsidiaries**  
**Consolidated Balance Sheets**  
**June 30, 2022 and December 31 and June 30, 2021**

(The accompanying consolidated balance sheets as of June 30 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

								Unit: NT\$ thousand
Assets		Notes	June 30, 2022		December 31, 2021		June 30, 2021	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 818,546	21	\$ 675,014	19	\$ 365,759	13
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		55,188	1	27,206	1	27,850	1
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income or loss - current		190,196	5	232,459	6	130,324	5
1136	Financial Assets Carried at Cost-	6(1)(4)&						
	Current	8	155,016	4	234,552	6	224,100	8
1140	Current contract assets	6(24)	12,325	-	-	-	-	-
1150	Notes receivable net	6(5)	9	-	361	-	367	-
1152	Others notes receivable	6(5)(9)	23,000	1	52,775	1	55,200	2
1170	Accounts receivable net	6(5)	387,328	10	397,710	11	440,771	16
1180	Accounts receivable net - related	6(5)&7						
	parties		130,620	3	128,935	4	73,756	3
1200	Other receivables		14,820	-	18,309	-	16,418	1
1220	Current tax assets	6(31)	3	-	-	-	-	-
130X	Inventories	6(6)	411,208	10	391,079	11	324,142	12
1410	Pre-payments	6(7)	316,882	8	172,221	5	115,950	4
11XX	Total current assets		2,515,141	63	2,330,621	64	1,774,637	65
Non-current assets								
1535	Financial Assets Carried at Cost-	6(1)(4)&						
	Non-current	8	100,525	2	25,511	1	22,500	1
1550	Investments accounted for under	6(8)						
	the equity method		20,872	1	21,636	1	-	-
1600	Property, Plant and Equipment	6(9)(13)						
	、7&8		1,067,438	27	828,418	23	640,214	24
1755	Right-of-use assets	6(10)	95,638	2	99,429	3	98,669	4
1760	Investment property amount net	6(11)&8	32,452	1	32,452	1	31,002	1
1780	Intangible Assets	6(12)	20,012	-	19,976	-	19,397	1
1840	Deferred tax assets	6(31)	58,977	1	71,493	2	79,407	3
1915	Prepayments for equipment	6(9)	44,369	1	158,339	4	5,570	-
1920	Refundable deposits		20,560	1	28,060	1	9,860	-
1930	Long-term notes and accounts	6(9)						
	receivable		-	-	-	-	23,000	1
1975	Net defined benefit assets - non-	6(19)						
	current		7,025	-	7,009	-	8,320	-

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

June 30, 2022 and December 31 and June 30, 2021

(The accompanying consolidated balance sheets as of June 30 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

1990	Other non-current assets - others	7	<u>21,657</u>	<u>1</u>	<u>13,075</u>	<u>-</u>	<u>8,234</u>	<u>-</u>
15XX	<b>Total non-current assets</b>		<u>1,489,525</u>	<u>37</u>	<u>1,305,398</u>	<u>36</u>	<u>946,173</u>	<u>35</u>
1XXX	<b>Total Assets</b>							10
			<u>\$ 4,004,666</u>	<u>100</u>	<u>\$ 3,636,019</u>	<u>100</u>	<u>\$ 2,720,810</u>	<u>0</u>

(Continued)

OFCO Industrial Corp. and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2022 and December 31 and June 30, 2021

(The accompanying consolidated balance sheets as of June 30 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

				June 30, 2022		December 31, 2021		Unit: NT\$ thousand June 30, 2021	
Liabilities and Equity	Notes	Amount	%	Amount	%	Amount	%		
<b>Current liabilities</b>									
2100	Short-term loans	6(14)&8	\$ 431,978	11	\$ 428,783	12	\$ 522,559	19	
2110	Short-term notes and bills payable	6(15)&8	152,223	4	88,766	2	60,000	2	
2130	Contract liability - current	6(24)	138,836	4	179,154	5	10,748	-	
2150	Notes payable		26,859	1	33,325	1	22,770	1	
2160	Notes Payable - Related Parties	7	29,474	1	26,486	1	5,846	-	
2170	Accounts payable		323,905	8	298,457	8	264,284	10	
2180	Accounts payable - Related parties	7	136,400	3	133,318	4	89,912	3	
2200	Other payables	6(16)&7	200,293	5	144,116	4	120,944	5	
2230	Current tax liabilities	6(31)	7,006	-	11,478	-	4,987	-	
2280	Lease liabilities - Current	6(10)	13,424	-	11,748	-	11,386	1	
2320	Current portion of long-term liabilities	6(17) (18)(20) (21)&8	38,341	1	27,335	1	37,346	1	
21XX	<b>Total current liabilities</b>		<u>1,498,739</u>	<u>38</u>	<u>1,382,966</u>	<u>38</u>	<u>1,150,782</u>	<u>42</u>	
<b>Non-current liabilities</b>									
2540	Long-term loans	6(18)&8	154,962	4	84,287	2	27,568	1	
2570	Deferred tax liabilities	6(31)	19,317	-	19,401	1	19,487	1	
2580	Lease liabilities – Non-current	6(10)	83,835	2	88,504	2	87,328	3	
2645	Guarantee deposits received		34,973	1	21,334	1	-	-	
2670	Other non-current liabilities - other		564	-	564	-	-	-	
25XX	<b>Total Non-Current Liabilities</b>		<u>293,651</u>	<u>7</u>	<u>214,090</u>	<u>6</u>	<u>134,383</u>	<u>5</u>	
2XXX	<b>Total liabilities</b>		<u>1,792,390</u>	<u>45</u>	<u>1,597,056</u>	<u>44</u>	<u>1,285,165</u>	<u>47</u>	
<b>Equity attributed to the stockholders of the parent</b>									
	Share capital	6(17) (20)							
3110	Common stock		894,101	23	885,218	24	755,774	28	
3130	Bond for Equity Certificates		-	-	5,278	-	4,444	-	
3200	Additional paid-in capital	4(3) 、6 (17)(20) (21) (22)	932,769	23	884,951	25	686,286	26	
	Retained earnings	6(23)							
3310	Legal reserve		12,997	-	-	-	-	-	
3320	Special reserve		38,566	1	7,745	-	7,745	-	
3350	Unappropriated earnings		130,143	3	129,968	4	16,332	(1)	
3400	Other equity interest	6(3)	(80,829)	(2)	(38,566)	(1)	(19,333)	(1)	
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,927,747</u>	<u>48</u>	<u>1,874,594</u>	<u>52</u>	<u>1,418,584</u>	<u>52</u>	
36XX	<b>Non-controlling interest</b>	4(3)	<u>284,529</u>	<u>7</u>	<u>164,369</u>	<u>4</u>	<u>17,061</u>	<u>1</u>	
3XXX	<b>Total equity</b>		<u>2,212,276</u>	<u>55</u>	<u>2,038,963</u>	<u>56</u>	<u>1,435,645</u>	<u>53</u>	
	<b>Significant contingent liabilities and unrecognized contract commitments</b>	9							

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together. °

Chairman:Norman Sun

President:Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

June 30, 2022 and December 31 and June 30, 2021

(The accompanying consolidated balance sheets as of June 30 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

**Significant events after the balance sheet date**

3X2X	<b>Total liabilities and equity</b>	\$	<u>4,004,666</u>	<u>100</u>	\$	<u>3,636,019</u>	<u>100</u>	\$	<u>2,720,810</u>	<u>100</u>
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The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together. °

Chairman:Norman Sun

President:Yen Wu

Accounting Director: Mei-Yu Wang

**OFCO Industrial Corp. and Subsidiaries**  
**Consolidated Statement of Comprehensive Income**  
**January 1 to June 30, 2022 and 2021**

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ thousand  
(In addition to the loss per share of NT\$)

Items	Notes	April 1 to June 30, 2022		April 1 to June 30, 2021		January 1 to June 30, 2022		January 1 to June 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(24)、7&12	\$ 1,167,157	100	\$ 996,740	100	\$ 2,319,275	100	\$ 1,704,655	100
5000 Operating costs	6(6)(19)(29)(30)、7&12	( 1,068,270)	( 92)	( 952,838)	( 95)	( 2,096,208)	( 91)	( 1,638,157)	( 96)
5900 Gross profit		<u>98,887</u>	<u>8</u>	<u>43,902</u>	<u>5</u>	<u>223,067</u>	<u>9</u>	<u>66,498</u>	<u>4</u>
Operating Expenses	6(19)(29)(30)、7&12								
6100 Marketing expenses		( 10,407)	( 1)	( 9,146)	( 1)	( 20,356)	( 1)	( 16,614)	( 1)
6200 Administrative Expenses		( 38,402)	( 3)	( 21,631)	( 2)	( 75,200)	( 3)	( 43,926)	( 3)
6300 R&D Expenses		( 90)	-	( 481)	-	( 234)	-	( 1,160)	-
6000 Total operating expenses		( 48,899)	( 4)	( 31,258)	( 3)	( 95,790)	( 4)	( 61,700)	( 4)
6900 Operating income		<u>49,988</u>	<u>4</u>	<u>12,644</u>	<u>2</u>	<u>127,277</u>	<u>5</u>	<u>4,798</u>	<u>-</u>
Non-operating income & expenses									
7100 Interest income	6(4)(25)	199	-	142	-	277	-	214	-
7010 Other income	6(26)	6,625	1	2,717	-	8,209	-	3,117	-
7020 Other gains or losses	6(2)(27)、7&12	( 7,865)	( 1)	22,151	2	13,032	1	21,820	1
7050 Financial costs	6(10)(17)(28)	( 3,331)	-	( 2,809)	-	( 6,479)	-	( 5,494)	-
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(8)	( 821)	-	-	-	( 764)	-	-	-
7000 Total non-operating income and expenses		( 5,193)	-	22,201	2	14,275	1	19,657	1
7900 Net income(loss) before tax		<u>44,795</u>	<u>4</u>	<u>34,845</u>	<u>4</u>	<u>141,552</u>	<u>6</u>	<u>24,455</u>	<u>1</u>
7950 Income tax benefits	6(31)	( 6,148)	( 1)	13,439	1	( 26,179)	( 1)	18,081	1
8200 Net income		<u>\$ 38,647</u>	<u>3</u>	<u>\$ 48,284</u>	<u>5</u>	<u>\$ 115,373</u>	<u>5</u>	<u>\$ 42,536</u>	<u>2</u>
<b>Other comprehensive income</b>									
<b>Items that will not be re-classified into profit and loss</b>									
8316 Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)	( \$ 36,909)	( 3)	( \$ 6,293)	( 1)	( \$ 42,263)	( 2)	( \$ 4,620)	-
8300 Other comprehensive income(net)		( \$ 36,909)	( 3)	( \$ 6,293)	( 1)	( \$ 42,263)	( 2)	( \$ 4,620)	-
8500 Total comprehensive income		<u>\$ 1,738</u>	<u>-</u>	<u>\$ 41,991</u>	<u>4</u>	<u>\$ 73,110</u>	<u>3</u>	<u>\$ 37,916</u>	<u>2</u>
Net profit (loss) attributed to: :									
8610 Stockholders of the parent company		\$ 47,750	4	\$ 48,067	5	\$ 128,933	6	\$ 42,239	2
8620 Non-controlling interes		( 9,103)	( 1)	217	-	( 13,560)	( 1)	297	-
		<u>\$ 38,647</u>	<u>3</u>	<u>\$ 48,284</u>	<u>5</u>	<u>\$ 115,373</u>	<u>5</u>	<u>\$ 42,536</u>	<u>2</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.  
Please read together.

Chairman: Norman Sun

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to June 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ thousand  
(In addition to the loss per share of NT\$)

Total comprehensive income attributed to: :															
8710	Stockholders of the parent company	\$	10,841	1	\$	41,774	4	\$	86,670	4	\$	37,619	2		
8720	Non-controlling interest	(	9,103	(	1	)	217	-	(	13,560	(	1	)	297	-
		<u>\$</u>	<u>1,738</u>	<u>-</u>	<u>\$</u>	<u>41,991</u>	<u>4</u>	<u>\$</u>	<u>73,110</u>	<u>3</u>	<u>\$</u>	<u>37,916</u>	<u>2</u>		
Earnings per share		6(33)													
9750	Basic	\$	0.54		\$	0.65		\$	1.45		\$	0.63			
9850	Diluted	\$	0.53		\$	0.64		\$	1.44		\$	0.61			

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.  
Please read together.

Chairman: Norman Sun

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Changes Equity  
January 1 to June 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital		Retained earnings			Other components of equity						
								The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income				
Note		Common stock	Bond for Equity Certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings			Treasury stocks	Total	Non-controlling interest	Total equity
<u>January 1 to June 30, 2021</u>													
		\$ 423,793	\$ 96,561	\$ 203,088	\$ -	\$ 7,745	(\$ 58,571 )	\$ 373	(\$ 15,086 )	\$ -	\$ 657,903	\$ 1,822	\$ 659,725
		-	-	-	-	-	42,239	-	-	-	42,239	297	42,536
Other comprehensive income for January to June 2021	6(3)	-	-	-	-	-	-	-	( 4,620 )	-	( 4,620 )	-	( 4,620 )
Total consolidated profit and loss for January to June 2021		-	-	-	-	-	42,239	-	( 4,620 )	-	37,619	297	37,916
Increase of common stock for cash	6(20)(21)	200,000	-	448,350	-	-	-	-	-	-	648,350	-	648,350
Conversion of bonds into capital stock	6(17)(20)(21)	131,981	( 92,117 )	30,950	-	-	-	-	-	-	70,814	-	70,814
Employee Stock Options Compensation Costs	6(21)(22)(30)	-	-	2,158	-	-	-	-	-	-	2,158	-	2,158
Changes in ownership interests in subsidiaries recognized	4(3)&6(21)	-	-	1,740	-	-	-	-	-	-	1,740	( 1,740 )	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	16,682	16,682
Balance as of June 30, 2021		<u>\$ 755,774</u>	<u>\$ 4,444</u>	<u>\$ 686,286</u>	<u>\$ -</u>	<u>\$ 7,745</u>	<u>(\$ 16,332)</u>	<u>\$ 373</u>	<u>(\$ 19,706)</u>	<u>\$ -</u>	<u>\$ 1,418,584</u>	<u>\$ 17,061</u>	<u>\$ 1,435,645</u>
<u>January 1 to June 30, 2022</u>													
January 1 to June 30, 2022		<u>\$ 885,218</u>	<u>\$ 5,278</u>	<u>\$ 884,951</u>	<u>\$ -</u>	<u>\$ 7,745</u>	<u>\$ 129,968</u>	<u>\$ 373</u>	<u>(\$ 38,939)</u>	<u>\$ -</u>	<u>\$ 1,874,594</u>	<u>\$ 164,369</u>	<u>\$ 2,038,963</u>
Net income for January to June 2022		-	-	-	-	-	128,933	-	-	-	128,933	( 13,560 )	115,373
Other comprehensive income for January to June 2022	6(3)	-	-	-	-	-	-	-	( 42,263 )	-	( 42,263 )	-	( 42,263 )
Total consolidated profit and loss for January to June 2022		-	-	-	-	-	128,933	-	( 42,263 )	-	86,670	( 13,560 )	73,110
Appropriation of 2021 earnings :													
Legal reserve		-	-	-	12,997	-	( 12,997 )	-	-	-	-	-	-
Special reserve		-	-	-	-	30,821	( 30,821 )	-	-	-	-	-	-
Cash dividends to shareholders	6(23)	-	-	-	-	-	( 84,940 )	-	-	-	( 84,940 )	-	( 84,940 )
Cash dividends from capital surplus to** shareholders	6(21)	-	-	( 31,294 )	-	-	-	-	-	-	( 31,294 )	-	( 31,294 )
Conversion of bonds into capital stock	6(17)(20)(21)	8,883	( 5,278 )	2,671	-	-	-	-	-	-	6,276	-	6,276
Employee Stock Options Compensation Costs	6(21)(22)(30)	-	-	1,890	-	-	-	-	-	-	1,890	2,949	4,839

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: Norman Sun

President : Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Changes Equity  
January 1 to June 30, 2022 and 2021  
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital		Retained earnings				Other components of equity					
								The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Note		Common stock	Bond for Equity Certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings						
Changes in ownership interests in subsidiaries recognized	4(3)&6(21)		-	-	74,551	-	-	-	-	-	74,551	( 74,551 )	-
Changes in non-controlling interests			-	-	-	-	-	-	-	-	-	205,322	205,322
Balance as of June 30, 2022		\$ 894,101	\$ -	\$ 932,769	\$ 12,997	\$ 38,566	\$ 130,143	\$ 373	(\$ 81,202)	\$ -	\$ 1,927,747	\$ 284,529	\$ 2,212,276

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

	Note	January 1 to June 30, 2022	Unit: NT\$ thousand January 1 to June 30, 2021
<u>Cash flows from operating activities</u>			
Net income before tax		\$ 141,552	\$ 24,455
Adjustments			
Adjustments to reconcile profit (loss)			
Loss(gain) on financial assets and liabilities measured at fair value through profit or loss		4,808	( 536 )
Provision for decline in value of inventories	6(6)	2,350	3,746
Share of profit of associates and joint ventures accounted for under the equity method	6(8)		
		764	-
Depreciation expense	6(9)(10)		
	(29)	48,852	32,144
Amortization expense	6(12)		
	(29)	149	51
Net loss on disposal of property, plant and equipment	6(27)&7		
		116	339
Option compensation cost of employee stock	6(21)		
	(23)(30)	4,839	2,158
Interest income	6(25)	( 277 )	( 214 )
Interest expense	6(28)	6,479	5,494
Exchange loss		-	8,761
Changes in assets/liabilities related to operating activities			
Changes in assets relating to operating activities net			
Financial assets at fair value through profit or loss - current		( 32,790 )	( 27,850 )
Contract asset - current		( 12,325 )	-
Notes receivable		952	( 213 )
Accounts receivable		10,382	( 167,119 )
Accounts receivable-related parties		( 1,685 )	( 35,802 )
Other receivables		3,489	( 4,978 )
Inventories		( 22,479 )	( 78,682 )
Pre-payments		( 144,661 )	( 30,762 )
Net defined benefit assets - non-current		( 16 )	( 11 )
Changes in liabilities relating to operating activities net			
Contract liability - current		( 40,318 )	( 4,976 )
Notes payable		( 6,466 )	6,459
Notes Payable - Related Parties		( 1,127 )	3,744
Accounts payable		25,448	80,091
Accounts payable- Related Parties		3,082	26,910
Other payables		13,059	29,082
Other non-current liabilities - other		-	( 10,579 )
Cash (outflow) inflow of business operations		4,177	( 138,288 )

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: Norman Sun

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

	Note	January 1 to June 30, 2022	Unit: NT\$ thousand January 1 to June 30, 2021
Interest receivable		277	214
Interest paid		( 6,497 )	( 5,667 )
Income tax paid		( 18,222 )	( 4,271 )
Net Cash Inflow(outflow) from Operating Activities		( 20,265 )	( 148,012 )
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income - current		\$ -	( \$ 70,421 )
Reduction in Financial Assets Carried at Cost- Current		79,536	69,003
Increase in financial Assets Carried at Cost- Non- current		( 75,014 )	( 22,500 )
Cash paid for acquisition of property, plant and equipment	6(33)	( 82,054 )	( 40,582 )
Cash receipts from disposal of property, plant and equipment	6(33)	29,855	25,157
Acquisition of intangible assets	6(12)	( 185 )	( 26 )
Increase in prepayments for equipment		( 69,504 )	( 52,484 )
Refundable deposits reduction (increment)		7,500	( 5,745 )
Cash receipts from disposal of other non-current assets	6(33)	-	2,793
Other non-current assets - other decreases		( 8,582 )	9,031
Net cash flows from (used in) investing activities		( 118,448 )	( 85,774 )
<u>Cash flows from financial activities</u>			
Short-term borrowings	6(34)	974,014	1,173,436
Repayment of short-term loans	6(34)	( 970,819 )	( 1,198,166 )
Short-term bills payable	6(34)	63,600	-
Repayments of lease principal	6(34)	( 6,502 )	( 5,671 )
Payment of convertible bonds due	6(34)	( 507 )	-

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: Norman Sun

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

	Note	January 1 to June 30, 2022	Unit: NT\$ thousand January 1 to June 30, 2021
Proceeds from long-term debt	6(34)	115,355	-
Repayment of long-term loans	6(34)	( 26,917 )	( 296,113 )
Guarantee deposits Increase	6(34)	13,639	-
Increase of common stock for cash	6(20)	-	648,350
Cash dividend	6(22)	( 84,940 )	-
Changes in non-controlling interests		<u>205,322</u>	<u>16,682</u>
Net cash inflows (outflows) from financing activities		<u>282,245</u>	<u>338,518</u>
Increase/(decrease) in cash and cash equivalents		143,532	104,732
Cash and cash equivalents at beginning of period	6(1)	<u>675,014</u>	<u>261,027</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 818,546</u>	<u>\$ 365,759</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: Norman Sun

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Notes to consolidated financial statements  
For the Six Months Ended June 30, 2022 and 2021  
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)  
Unit: NT\$ thousand  
(Unless otherwise specified)

1. Organization and operations

(1) OFCO Industrial Corp. (hereinafter referred to as "the Company") was established on November 21, 1984 in accordance with the provisions of the Company Act. The main business scope includes the manufacturing of fastener screws and related products, metal heat treatment OEM and trading. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as "the Group"), please refer to Note 4, (3) for the description of the basis of consolidation.

(2) The Company's shares have been traded on the Taipei Exchange (TPEX) since May 1999.

2. The Authorization of Financial Statements

This consolidated financial statements were submitted to the Board of Directors and issued on August 11, 2022.

3. Application of New and Revised International Financial Reporting Standards

(1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission in 2022:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
IFRS 3 amendment, "Reference to Conceptual Framework"	January 1, 2022
Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts cost of fulfilling a contract"	January 1, 2022
Annual improvements to 2018 - 2020 cycle	January 1, 2022

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission in 2023:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendment to IAS 1 - " Disclosure of Accounting Policies "	January 1, 2023
Amendment to IAS 8 - " Definition of Accounting Estimates "	January 1, 2023
Amendments to IAS 12, " Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction "	January 1, 2023

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

### (3) IFRSs issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28	
" Sales or contributions of assets between an investor and its associate/joint venture "	To be determined by the IASB
IFRS 17 - " Insurance contracts"	January 1, 2023
Amendment to IFRS 17 - " Insurance contracts "	January 1, 2023
Amendment to IFRS 17 - " Initial application of IFRS 17 and IFRS 9 - Comparative information "	January 1, 2023
Amendment to IAS 1 " Classification of Liabilities as Current or Non-Current "	January 1, 2023

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

## 4.Summary of significant accounting policies

Except for the declaration of compliance, basis of preparation, basis of consolidation and applicable parts of interim financial statements, the major accounting policies are the same as those in Note 4 to the consolidated financial statements in 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### (1) Statement of compliance

A.The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS34 "Interim Financial Reporting", as approved by the FSC.

B. This consolidated financial report should be read together with the 2021 Consolidated Financial Report.

### (2) Basis of preparation

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

- ① Financial assets at fair value through profit or loss (including derivatives).

- ② Financial assets at fair value through other comprehensive income.
- ③ The defined benefit asset is recognized as the net of the present value of the defined benefit obligation of the pension fund.

B. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations and Interpretative Pronouncements (IFRSs) as endorsed by the FSC requires the use of certain critical accounting estimates. The application of the Company's accounting policies also requires management to exercise its judgment in the process of applying those policies that involve a higher degree of judgment or complexity, or items that involve significant assumptions and estimates in the consolidated financial statements. Please refer to Note 5 for a description of significant accounting judgments, estimates and key sources of assumption uncertainty.

### (3) Basis of consolidation

#### A. The basis for preparation of consolidated financial statements

The preparation principle of this consolidated financial report is the same as that of the consolidated financial report of the 2021.

#### B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
OFCO Industrial Corp.	TSG Transport Corp.	Container rental, transportation and packing services	100.00	100.00	100.00	—
OFCO Industrial Corp.	TSG Environmental Technology Corp.	Recycling of materials, waste disposal services, etc. Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	100.00	100.00	100.00	—
OFCO Industrial Corp.	Yung Fu Co., Ltd.	management services and Small and medium-sized incineration furnace project planning, design turnkey services	67.15	79.22	95.06	(Note)

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
TSG Transport Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	0.34	0.40	—	(Note)
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	0.51	0.61	—	(Note)
Yung Fu Co., Ltd.	TSG POWER Corp.	Energy technology services	100.00	100.00	100.00	—

(Note) In order to cooperate with Yung Fu Co., Ltd.'s future application for stock listing (counter) plan, Yung Fu Co., Ltd. handled the cash capital increase case from January to June, 2022 and Year 2021. Neither the company nor its subsidiaries subscribed according to the shareholding ratio, resulting in a decrease in its shareholding ratio. From January to June in 2022 and 2021, the adjusted Capital-Reserves (relative to the subject " Non-controlling interests ") were \$74,551 and \$1,740, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustment and treatment of different accounting periods of subsidiaries: None.

E. Significant limitations: None.

F. Subsidiaries with non - controlling interests that are significant to the Group:

① The total non-controlling interests of the Group as of June 30, 2022, December 31, 2021

and June 30, 2021 were \$284,529, \$164,369 and \$17,061, respectively. Information about non-controlling interests and subsidiaries that are material to the Group is as follows :

Name of Subsidiary	Main place of business	Non-controlling interests			
		June 30, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$284,529	32.00%	\$164,369	19.77%

Name of Subsidiary	Main place of business	Non-controlling interests	
		June 30, 2021	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$17,061	4.94%

② Subsidiary - Yung Fu Co., Ltd. summary financial information :

Balance Sheet

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 683, 805	\$ 604, 395	\$ 305, 911
Non-current assets	748, 040	582, 001	285, 184
Current liabilities	( 414, 966)	( 387, 189)	( 134, 389)
Non-current liabilities	( 138, 527)	( 84, 225)	( 145)
Total net assets	<u>\$ 878, 352</u>	<u>\$ 714, 982</u>	<u>\$ 456, 561</u>

Statement of Comprehensive Income

	April to June of 2022	April to June of 2021
Revenue	<u>\$ 194, 674</u>	<u>\$ 96, 192</u>
Net income before tax	(\$ 36, 020)	\$ 5, 623
Income tax (expense) benefit	7, 156	( 657)
Net income	( 28, 864)	4, 966
Total comprehensive income	<u>(\$ 28, 864)</u>	<u>\$ 4, 966</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 9, 103)</u>	<u>\$ 217</u>
	January to June of 2022	January to June of 2021
Revenue	<u>\$ 337, 288</u>	<u>\$ 168, 512</u>
Net income before tax	(\$ 56, 773)	\$ 7, 475
Income tax (expense) benefit	11, 307	1, 579
Net income	( 45, 466)	9, 054
Total comprehensive income	<u>(\$ 45, 466)</u>	<u>\$ 9, 054</u>
Total comprehensive income attributed	<u>(\$ 13, 560)</u>	<u>\$ 297</u>

to non-controlling interest

Statements of Cash Flows

	January to June of 2022	January to June of 2021
Net Cash In-Flow (Out-Flow) from Operation Activities	(\$ 40,412)	(\$ 36,568)
Net Cash In-Flow (Out-Flow) from Investing Activities	( 134,259)	( 89,631)
Net Cash In-Flow (Out-Flow) from Financing Activities	266,823	164,012
Increase (Reduction) in cash and cash equivalents	92,152	37,813
Balance of cash and cash equivalents, beginning of period	281,168	92,884
Balance of cash and cash equivalents, end of period	<u>\$ 373,320</u>	<u>\$ 130,697</u>

(4) Employee benefits

Pension - Defined Benefit Plan

The pension cost for the interim period is calculated using the actuarially determined pension cost rate from the beginning of the year to the end of the current period as of the end of the previous financial year. If there are significant market changes and material curtailments, liquidations or other significant one-time events after such closing, they will be adjusted and the relevant information will be disclosed in accordance with the aforementioned policy.

(5) Income tax

Income tax expense for the interim period is calculated by applying the estimated average annual effective tax rate to the income before income tax for the interim period and disclosing the related information in accordance with the accounting policies.

5. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

There is no significant change in the current period, please refer to Note 5 to the consolidated financial statements in 2021.

6. Summary of Significant Accounting Items

(1) Cash and Cash Equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash:			
Cash on hand	\$ 529	\$ 455	\$ 383
Checking accounts and demand deposits	818,017	674,559	365,376
	<u>\$ 818,546</u>	<u>\$ 675,014</u>	<u>\$ 365,759</u>

- A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group transferred demand deposits, time deposits and repurchase bonds which items are the pledged collateral, \$255,541, \$260,063 and \$246,600 on June 30, 2022, December 31, 2021 and June 30, 2021 respectively under the headings of "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current".
- C. The Group pledged cash and cash equivalents as collateral (listed as "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current"), please refer to Note 8 statements on pledged assets.

(2) Financial Assets at Fair Value through Profit or Loss - Current

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets mandatorily at FVTPL			
Shares of listed and OTC company	\$ 29,059	\$ 7,777	\$ 15,760
Beneficiary certificates	26,624	15,116	12,090
	55,683	22,893	27,850
Valuation adjustment	( 495)	4,313	-
	<u>\$ 55,188</u>	<u>\$ 27,206</u>	<u>\$ 27,850</u>

- A. The Group recognized net income(loss) of (\$484) and \$27,938 and \$110 and \$28,755 for April to June of 2022 and 2021 and January to June of 2022 and 2021, respectively. (listed as "Other Gains and Losses")
- B. The Group has not pledged any financial assets at fair value through profit or loss.
- C. For related credit risk information, please refer to Note 12, (2) Financial Instruments.

(3) Financial Assets at Fair Value through other Comprehensive Income or Loss - Current

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity instrument			
Shares of listed and OTC company	\$ 271,401	\$ 271,401	\$ 150,030
Financial asset valuation adjustment	( 81,205)	( 38,942)	( 19,706)
	<u>\$ 190,196</u>	<u>\$ 232,459</u>	<u>\$ 130,324</u>

- A. The Group has chosen to invest in equity instruments that are strategic investments. Investments are classified as financial assets measured at fair value through other comprehensive income or loss. The Group's maximum exposure to credit risk is its book value without taking into account collateral held or other credit enhancements.
- B. The breakdown of FVOCI recognized in profit or loss and comprehensive income or loss is as follows:

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$ <u>36,909</u> )	(\$ <u>6,293</u> )

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$ <u>42,263</u> )	(\$ <u>4,620</u> )

C. The Group not pledged financial assets measured at fair value through other comprehensive income.

D. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (2) Financial Instruments.

(4) Financial Assets Carried at Cost

<u>Item</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current items:			
Pledged demand deposits	\$ 142, 977	\$ 88, 278	\$ 73, 964
Pledged time deposits	6, 039	140, 274	141, 136
Pledged repurchase bond	6, 000	6, 000	9, 000
	<u>\$ 155, 016</u>	<u>\$ 234, 552</u>	<u>\$ 224, 100</u>
Non-current items:			
Pledged demand deposits	<u>\$ 100, 525</u>	<u>\$ 25, 511</u>	<u>\$ 22, 500</u>

A. The Group interest income recognized in profit or loss due to financial assets measured by amortized cost from April to June of 2022 and 2021 and January to June of 2022 and 2021 were \$42 and \$22 and \$89 and \$78, respectively. (listed as “interest income”)

B. Financial assets held at amortized cost that best represent the Group, without regard to collateral held or other credit enhancements, as at June 30 2022, and December 31 2021 and June 30, 2021, the amount of the risk exposure with the largest credit risk was its book value.

C. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group provided financial assets measured by amortized cost as pledge guarantees. Please refer to Note 8 illustrate.

D. For information on credit risk of financial assets measured by amortized cost, please refer to Note 12, (2) Description of Financial Instruments. The Group's investment in time deposit

certificates is a financial institution with good credit quality, and the possibility of default is expected to be low.

(5) Notes and Accounts Receivable - Net

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes Receivable	<u>\$ 9</u>	<u>\$ 361</u>	<u>\$ 367</u>
Other Installment Notes Receivable	<u>\$ 23,000</u>	<u>\$ 52,775</u>	<u>\$ 55,200</u>
Accounts Receivable	\$ 387,351	\$ 397,733	\$ 440,794
Less: Loss Allowance	( 23)	( 23)	( 23)
	<u>\$ 387,328</u>	<u>\$ 397,710</u>	<u>\$ 440,771</u>

A. The aging analysis of Notes and Accounts Receivable (including related parties) is as follows:

	<u>June 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 23,009	\$ 482,889	\$ 53,136	\$ 485,237
Within 60 days past due	-	35,082	-	41,148
61-180 days past due	-	-	-	283
	<u>\$ 23,009</u>	<u>\$ 517,971</u>	<u>\$ 53,136</u>	<u>\$ 526,668</u>

	<u>June 30, 2021</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 55,567	\$ 448,234
Within 60 days past due	-	66,316
	<u>\$ 55,567</u>	<u>\$ 514,550</u>

The above is an aging analysis based on the number of overdue days.

- B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balances of Notes Receivable and Accounts Receivable were generated from customer contracts, and the balance of accounts receivable from customer contracts was \$366,983 as of January 1, 2021.
- C. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group did not hold any collaterals as guarantees for Notes and Accounts Receivable.
- D. Please refer to Note 12, (2) for the credit risk information of the related Notes and Accounts Receivable.
- E. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had not pledged any Notes and Accounts Receivable as collateral.

(6) Inventories

June 30, 2022			
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 86,796	(\$ 17,231)	\$ 69,565
Work in Process	297,276	( 17,131)	280,145
Finished Goods	<u>65,606</u>	<u>( 4,108)</u>	<u>61,498</u>
	<u>\$ 449,678</u>	<u>(\$ 38,470)</u>	<u>\$ 411,208</u>
December 31, 2021			
	Cost	Allowance to reduce inventory to market	Carrying Value
Raw Materials	\$ 83,049	(\$ 14,132)	\$ 68,917
Supplies and spare parts	1,724	-	1,724
Work in Process	239,392	( 18,333)	221,059
Finished Goods	<u>103,034</u>	<u>( 3,655)</u>	<u>99,379</u>
	<u>\$ 427,199</u>	<u>(\$ 36,120)</u>	<u>\$ 391,079</u>
June 30, 2021			
	Cost	Allowance to reduce Inventory to market s	Carrying Value
Raw Materials	\$ 71,829	(\$ 10,175)	\$ 61,654
Supplies and spare parts	2,022	-	2,022
Work in Process	200,874	( 17,558)	183,316
Finished Goods	<u>80,211</u>	<u>( 3,061)</u>	<u>77,150</u>
	<u>\$ 354,936</u>	<u>(\$ 30,794)</u>	<u>\$ 324,142</u>

The cost of inventories recognized as losses by the Corporate Group.

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Cost Of Goods Sold	\$ 600,825	\$ 691,951
Inventory Valuation and Obsolescence Losses	795	2,659
Gain or Loss on Physical Inventory	670 (	119)
Revenue from Sale of Scraps	<u>( 6,336)</u>	<u>( 4,700)</u>
	<u>\$ 595,954</u>	<u>\$ 689,791</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Cost Of Goods Sold	\$ 1,226,558	\$ 1,167,784
Inventory Valuation and Obsolescence	2,350	3,746

Losses

Gain or Loss on Physical Inventory	2,674	2
Revenue from Sale of Scraps	( 11,557)	( 11,120)
	<u>\$ 1,220,025</u>	<u>\$ 1,160,412</u>

(7) Prepaid Expenses

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Supplies inventory	\$ 99,399	\$ 109,711	\$ 67,869
Prepaid expenses	92,958	39,927	6,079
Tax credit	17,323	12,999	7,765
Advance payment	96,021	7,791	13,090
Prepaid insurance	9,846	977	4,012
Others	3,335	816	17,135
	<u>\$ 316,882</u>	<u>\$ 172,221</u>	<u>\$ 115,950</u>

(8) Equity method investment

A. Changes in investments using the equity method are as follows:

	<u>January to June, 2022</u>	<u>January to June, 2021</u>
January 1	\$ 21,636	\$ -
Share of profit(loss) of associates & joint ventures accounted for using equity method	( 764)	-
June 30	<u>\$ 20,872</u>	<u>\$ -</u>

B. The details of investments using the equity method are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Titan Insurance Broker Co., Ltd.	<u>\$ 20,872</u>	<u>\$ 21,636</u>	<u>\$ -</u>

C. The share of the operating results of Titan Insurance Broker Co., Ltd., an individual insignificant affiliate of the Group, is as follows:

	<u>April to June, 2022</u>
Net profit of continuing business units for the current period	(\$ 3,773)
Other comprehensive income (net of tax)	-
Total comprehensive income	<u>(\$ 3,773)</u>
	<u>January to June, 2022</u>
Net profit of continuing business units for the current period	(\$ 3,514)
Other comprehensive income (net of tax)	-
Total comprehensive income	<u>(\$ 3,514)</u>

D. As of June 30, 2022 and December 31, 2021, the Group did not provide the investment using the equity method as a pledge.

(9) Property, Plant and Equipment

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2022</u>									
Cost	\$ 181,182	\$ 154,488	\$ 728,020	\$ 47,577	\$ 18,559	\$ 139,841	\$ 182,476	\$ 13,201	\$ 1,465,344
Accumulated Depreciation	-	( 68,355)	( 321,938)	( 7,498)	( 13,559)	( 91,618)	( 126,468)	-	( 629,416)
Cumulative Impairment	-	-	( 1,395)	-	( 1,022)	( 4,651)	( 442)	-	( 7,510)
	<u>\$ 181,182</u>	<u>\$ 86,153</u>	<u>\$ 404,687</u>	<u>\$ 40,079</u>	<u>\$ 3,978</u>	<u>\$ 43,572</u>	<u>\$ 55,566</u>	<u>\$ 13,201</u>	<u>\$ 828,418</u>
<u>January to June of 2022</u>									
January 1	\$ 181,182	\$ 86,153	\$ 404,687	\$ 40,079	\$ 3,978	\$ 43,572	\$ 55,566	\$ 13,201	\$ 828,418
Add - Cost	-	1,785	44,781	13,409	655	3,200	18,321	15,743	97,894
Transfer In of Prepaid Equipment Cost	-	-	182,010	1,200	-	-	264	-	183,474
Acceptance and transfer	-	-	6,854	-	-	-	-	( 6,854)	-
Depreciation Expense	-	( 2,061)	( 24,983)	( 2,832)	( 432)	( 3,850)	( 7,394)	-	( 41,552)
Disposal-Cost	-	-	( 6,570)	( 618)	-	-	( 51,296)	-	( 58,484)
Disposal- Accumulated Depreciation	-	-	6,415	-	-	-	51,249	-	57,664
Disposal- Cumulative Impairment	-	-	-	-	-	-	24	-	24
June 30	<u>\$ 181,182</u>	<u>\$ 85,877</u>	<u>\$ 613,194</u>	<u>\$ 51,238</u>	<u>\$ 4,201</u>	<u>\$ 42,922</u>	<u>\$ 66,734</u>	<u>\$ 22,090</u>	<u>\$ 1,067,438</u>

June 30, 2022

Cost	\$ 181,182	\$ 156,273	\$ 955,095	\$ 61,568	\$ 19,214	\$ 143,041	\$ 149,765	\$ 22,090	\$ 1,688,228
Accumulated Depreciation	-	( 70,396)	( 340,506)	( 10,330)	( 13,991)	( 95,468)	( 82,613)	-	( 613,304)
Cumulative Impairment	-	-	( 1,395)	-	( 1,022)	( 4,651)	( 418)	-	( 7,486)
	<u>\$ 181,182</u>	<u>\$ 85,877</u>	<u>\$ 613,194</u>	<u>\$ 51,238</u>	<u>\$ 4,201</u>	<u>\$ 42,922</u>	<u>\$ 66,734</u>	<u>\$ 22,090</u>	<u>\$ 1,067,438</u>

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2021</u>									
Cost	\$ 166,931	\$ 147,841	\$ 524,967	\$ 16,437	\$ 15,549	\$ 127,093	\$ 172,449	\$ -	\$ 1,171,267
Accumulated Depreciation	-	( 64,512)	( 304,640)	( 7,921)	( 13,170)	( 84,917)	( 108,978)	-	( 584,138)
Cumulative Impairment	-	-	( 1,395)	-	( 1,022)	( 4,651)	( 442)	-	( 7,510)
	<u>\$ 166,931</u>	<u>\$ 83,329</u>	<u>\$ 218,932</u>	<u>\$ 8,516</u>	<u>\$ 1,357</u>	<u>\$ 37,525</u>	<u>\$ 63,029</u>	<u>\$ -</u>	<u>\$ 579,619</u>

January to June of 2021

January 1	\$ 166,931	\$ 83,329	\$ 218,932	\$ 8,516	\$ 1,357	\$ 37,525	\$ 63,029	\$ -	\$ 579,619
Add - Cost	-	-	32,914	2,010	586	739	4,333	-	40,582
Transfer In of Prepaid Equipment Cost	-	-	35,211	-	-	-	-	12,165	47,376
Depreciation Expense	-	( 1,953)	( 10,885)	( 864)	( 167)	( 3,066)	( 9,739)	-	( 26,674)
Disposal-Cost	-	-	( 775)	-	-	-	-	-	( 775)
Accumulated	-	-	86	-	-	-	-	-	86

Depreciation June 30 <u>June 30, 2021</u>	<u>\$ 166,931</u>	<u>\$ 81,376</u>	<u>\$ 275,483</u>	<u>\$ 9,662</u>	<u>\$ 1,776</u>	<u>\$ 35,198</u>	<u>\$ 57,623</u>	<u>\$ 12,165</u>	<u>\$ 648,214</u>
Cost	\$ 166,931	\$ 147,841	\$ 592,317	\$ 18,447	\$ 16,135	\$ 127,832	\$ 176,782	\$ 12,165	\$ 1,258,450
Accumulated Depreciation Cumulative Impairment	-	( 66,465)	( 315,439)	( 8,785)	( 13,337)	( 87,983)	( 118,717)	-	( 610,726)
	<u>-</u>	<u>-</u>	<u>( 1,395)</u>	<u>-</u>	<u>( 1,022)</u>	<u>( 4,651)</u>	<u>( 442)</u>	<u>-</u>	<u>( 7,510)</u>
	<u>\$ 166,931</u>	<u>\$ 81,376</u>	<u>\$ 275,483</u>	<u>\$ 9,662</u>	<u>\$ 1,776</u>	<u>\$ 35,198</u>	<u>\$ 57,623</u>	<u>\$ 12,165</u>	<u>\$ 640,214</u>

- A. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's property, plant and equipment were assets for own use.
- B. The Group's did not capitalize any borrowing costs from January to June 2022 and 2021.
- C. On September 26, 2019, the Board of Directors approved the sale of certain machinery and equipment, office equipment, leasehold improvements, other equipment and other non-current assets - other of the Tainan plant with low-capacity utilization. In December 2019, the Company entered into a sales and purchase agreement with E-Shen Steel Co. The disposal price was \$163,238 and the gain on disposal was \$18,439 in December 2019. As of June 30, 2022, December 31, 2021 and June 30, 2021, the outstanding balance was shown as "Other Notes Receivable" of \$23,000, \$50,600 and \$55,200, respectively, and "Long-Term Notes and Accounts Receivable" of \$—, \$—, and \$23,000, respectively.
- D. Information on the pledge of property, plant and equipment by the Group is described in Note 8.
- E. Please refer to Note 6, (13) for the accumulated impairment loss on non - financial assets.

(10) Leasing arrangements - lessee

- A. The subject assets of the Group's leases are buildings and business vehicles and print machine and land, and the lease contracts are usually for periods ranging from 2 to 14 years. Lease agreements are individually negotiated and contain various terms and conditions without any special restrictions.
- B. The lease period of the Group's leased vehicles does not exceed 12 months, and the leased assets with low value are air cleaners, etc.
- C. The book value of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 532	\$ 630	\$ -
Buildings	89,525	93,806	96,267
Transport Equipment (business vehicles)	5,423	4,817	2,402
Office equipment (print machine)	158	176	-
	<u>\$ 95,638</u>	<u>\$ 99,429</u>	<u>\$ 98,669</u>

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 86	-
Buildings	2,933	2,376
Transport Equipment (business vehicles)	699	356
Office equipment (print machine)	9	-
	<u>\$ 3,727</u>	<u>\$ 2,732</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 168	\$ -
Buildings	5,774	4,751
Transport Equipment (business vehicles)	1,340	719
Office equipment (print machine)	18	-
	<u>\$ 7,300</u>	<u>\$ 5,470</u>

D. The additions to the Group's right-of-use assets were \$2,280 and \$95,704 and \$3,509 and \$95,704 for April to June of 2022 and 2021 and January to June of 2022 and 2021, respectively.

E. The information on profit or loss items related to lease contracts is as follows:

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 317	\$ 22
Expenses for short-term lease contracts	1,550	842
Lease of low-value assets	175	8
Fees for variable lease payments	1,447	-

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 630	\$ 54
Expenses for short-term lease contracts	3,101	1,684
Lease of low-value assets	189	15
Fees for variable lease payments	1,447	-

F. The Group's total rental cash outflows for January to June of 2022 and 2021 were \$11,869 and \$7,424, respectively.

G. The effect of changing lease payments on the lease liability:

In the lease contract of subsidiary Yung Fu Co., Ltd., the subject of the variable lease payment clause is linked to the power generation income generated by the power plant, and the calculation of the fluctuation of the lease subject is mainly based on the power generation income. Variable lease payments related to electricity generation revenue are recognized as an expense in the period in which these related payment terms are triggered.

(11) Investment property- net

	<u>Land</u>
<u>January 1 and June 30 of 2022</u>	
Cost	\$ <u>32,452</u>
	<u>Land</u>
<u>January 1 and June 30 of 2021</u>	
Cost	\$ <u>31,002</u>

- A. The investment real estate of the Group's is the lands of Sushuangziping Section in Dingzhonggu Section of Jinshan District, New Taipei City and Shancheng Section of Jinshan District. As of June 30, 2022, December 31, 2021 and June 30, 2021 for the situation of providing pledge of investment property, please refer to Note 8. for the explanation of pledged assets.
- B. The fair value of investment properties held by the Group's was \$63,991 and \$63,991 and \$62,525 as of June 30, 2022, December 31 2021 and June 30, 2021, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was determined to be Level 3 fair value.

(12) Intangible Assets

	<u>Computer software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2022</u>			
Cost	\$ 1,214	\$ 19,003	\$ 20,217
Accumulated amortization and impairment	( 241)	-	( 241)
	<u>\$ 973</u>	<u>\$ 19,003</u>	<u>\$ 19,976</u>
<u>January to June of 2022</u>			
January 1	\$ 973	\$ 19,003	\$ 19,976
Add-Derived separately	185	-	185
Disposal-Cost	( 26)	-	( 26)
- Accumulated amortization	26	-	26
Amortization expense	( 149)	-	( 149)
June 30	<u>\$ 1,009</u>	<u>\$ 19,003</u>	<u>\$ 20,012</u>
<u>June 30, 2022</u>			
Cost	\$ 1,373	\$ 19,003	\$ 20,376
Accumulated amortization	( 364)	-	( 364)
	<u>\$ 1,009</u>	<u>\$ 19,003</u>	<u>\$ 20,012</u>

	Computer software	Goodwill	Total
<u>January 1, 2021</u>			
Cost	\$ 468	\$ 19,003	\$ 19,471
Accumulated amortization and impairment	( 49)	-	( 49)
	<u>\$ 419</u>	<u>\$ 19,003</u>	<u>\$ 19,422</u>
<u>January to June of 2021</u>			
January 1	\$ 419	\$ 19,003	\$ 19,422
Add-Derived separately	26	-	26
Amortization expense	( 51)	-	( 51)
June 30	<u>\$ 394</u>	<u>\$ 19,003</u>	<u>\$ 19,397</u>
<u>June 30, 2021</u>			
Cost	\$ 494	\$ 19,003	\$ 19,477
Accumulated amortization	( 100)	-	( 100)
	<u>\$ 394</u>	<u>\$ 19,003</u>	<u>\$ 19,397</u>

### (13) Impairment of non-financial assets

From January to June, 2022, the Group's incurred impairment reversal benefit of \$24 due to the scrapping of other equipment. As of June 30, 2022, December 31, 2021 and June 30, 2021, the accumulated impairment loss recognized on the Group's non-financial assets was \$7,486 and \$7,510 and \$7,510, respectively.

### (14) Short-term loans

Type of borrowings	June 30, 2022	Interest Rate	Collateral
Guaranteed bank loans	\$ 306,693	1.30% ~ 2.025%	Demand deposits, land, buildings and construction, Investment property
Unsecured bank loans	<u>125,285</u>	1.41% ~ 1.811%	None
	<u>\$ 431,978</u>		
Type of borrowings	December 31, 2021	Range of interest rate	Collateral
Guaranteed bank loan	\$ 343,913	0.93% ~ 2.00%	Demand deposits, time deposits, land, buildings and construction
Unsecured bank loans	<u>84,870</u>	1.41% ~ 1.87%	None
	<u>\$ 428,783</u>		

Type of borrowings	June 30, 2021	Interest Rate	Collateral
Guaranteed bank loans	\$ 321,554	0.92% ~ 1.65%	Demand deposits, time deposits, land, buildings and construction
Unsecured bank loans	201,005	1.224% ~ 2.165%	None
	<u>\$ 522,559</u>		

The interest expense recognized in profit or loss from April to June of 2022 and 2021 and January to June of 2022 and 2021 is described in Note 6, (28) Financial costs.

(15) Short-term bills payable

Nature of borrowing	June 30, 2022	Range of interest rate	Collateral
Commercial paper	\$ 152,400	0.92% ~ 2.06%	Repurchase of bonds, time deposits, demand deposits and machinery & equipment
Less: Discount on Short-term notes and bills payable	( 177)		
	<u>\$ 152,223</u>		

Nature of borrowing	December 31, 2021	Range of interest rate	Collateral
Commercial paper	\$ 88,800	0.75% ~ 1.70%	Repurchase of bonds and demand deposits
Less: Discount on Short-term notes and bills payable	( 34)		
	<u>\$ 88,766</u>		

Nature of borrowing	June 30 2021	Range of interest rate	Collateral
Commercial paper	<u>\$ 60,000</u>	0.712% ~ 0.75%	Repurchase of bonds and time deposits

A. The above commercial paper payable is issued by Mega Bills Co., Ltd. under guarantee for short-term liquidity purposes.

B. Interest expense recognized in profit or loss from April to June and January to June of 2022 and 2021 is described in Note 6, (28) Financial costs.

(16) Other payables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Salary payable	52,528	47,008	31,875
Processing fees payable	18,462	19,948	19,162
Remuneration payable to employees and directors	4,959	8,385	-
Packaging costs payable	13,279	9,330	11,448
Business tax payable	800	3,576	679
Repair fee payable	2,877	2,703	2,982
Utilities payable	6,892	9,326	5,129
Equipment payment payable	23,772	12,047	154
Others	<u>76,724</u>	<u>31,793</u>	<u>49,515</u>
	<u>\$ 200,293</u>	<u>\$ 144,116</u>	<u>\$ 120,944</u>

(17) Bonds payable

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Guaranteed convertible bonds	\$ 6,700	\$ 16,200
Add: Premium on bonds payable	57	-
Less: Discount on bonds payable portion due	-	( 5,150)
Portion due within one year or one business cycle	<u>( 6,757)</u>	<u>( 11,050)</u>
	<u>\$ -</u>	<u>\$ -</u>

There were no such events from June 30 of 2022

A. In June 2019, the Company issued the second domestic secured convertible bonds, the main terms of which are as follows:

The conditions for the issuance of the second domestic secured convertible bonds are as follows:

- ① . The Company was approved by the competent authority to raise and issue the second domestic guaranteed convertible bonds with a total amount of \$100,000 (related issuance cost of \$1,667), with a coupon rate of 0% and a maturity period of 3 years from June 17, 2019 to June 17, 2022. The convertible bonds are repayable in cash at 101.51% of the face value of the bonds upon maturity.
- ②. From the day following the expiration of three months after the date of issuance of the Bonds (September 18, 2019) to the maturity date (June 17, 2022), the holders of the Bonds may request the conversion of the Bonds into common stocks of the Company at

any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law, and the rights and obligations of the converted common stocks shall be the same as those of the original issued common stocks.

- ③. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.
  - ④. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEx), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.
  - ⑤. Entie Commercial Bank, Ltd. (hereinafter referred to as the "Guarantor Bank") was appointed as the guarantor bank for the converted bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
  - ⑥. This converted bond has expired on June 17, 2022, and the total amount of principal and interest to be repaid at maturity is \$507.
- B. From January to June, 2022, the company converted \$6,200 worth of bonds into 360 thousand shares of common stock, and the company converted \$9,500 from December 31, 2021 has been converted into 528 thousand shares of common stock, but the change of registration has not yet been completed, a total of 888 thousand shares of common stock were converted. The base date of capital increase was January 17, 2022 and May 11, 2022 (listed "Common Stock" \$8,883 and "Additional paid-in capital-Issuance Premium" \$2,746, and the "Additional paid-in capital-Share Options" \$75).
- C. From January to June, 2021, the Company converted \$63,800 worth of bonds into 3,542 thousand shares of common stock, and the company converted \$182,500 worth of bonds into 9,656 thousand shares of common stock from December 31, 2010, but the change of registration has not been completed, a total of 13,198 thousand shares of common stock were converted. The base date of capital increase was May 6, 2021 (listed "Common Stock" \$131,981 and "Additional paid-in capital-Issuance Premium" \$28,514, and the "Additional paid-in capital-Share Options" \$1,119). Another denomination of \$8,000 is requested to be converted into 444 thousand ordinary shares, but the change registration has not yet been completed (\$4,444 for the "Bond Exchange Certificate" and \$3,653 for the "Additional paid-in capital-Issuance Premium", and \$98 for the "Additional paid-in capital-Share Options").
- D. Upon the issuance of convertible bonds, the Company separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "Additional paid-in capital-Share Options" at \$7,810. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balances of the above "Additional paid-in capital-Share Options" were \$-, \$81 and \$195, respectively
- E. Interest expense recognized in profit or loss for April to June and January to June, 2022 and 2021 is described in Note 6, (28), Financial costs.

(18) Long-term loans

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>June 30, 2022</u>	<u>Collateral</u>
Guaranteed bank loans	2022.9.25~2029.3.21	1.34%~ 2.50%	\$ 193,303	Demand deposits, Land, Building & Construction, Machinery & equipment, Transportation equipment
Less: Portion due within one year or one business cycle			( 38,341)	
			<u>\$ 154,962</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>December 31, 2021</u>	<u>Collateral</u>
Guaranteed bank loans	2022.5.25~2028.10.27	1.34%~ 2.07%	\$ 104,865	Land, Buildings & construction, Machinery & equipment
Less: Portion due within one year or one business cycle			( 20,578)	
			<u>\$ 84,287</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>June 30, 2021</u>	<u>Collateral</u>
Guaranteed bank loans	2021.12.25~2025.10.25	1.50%~ 1.71%	\$ 50,531	Land, Building & Construction
Unsecured bank loans	2021.10.31	1.90%	3,333	None
			53,864	
Less: Portion due within one year or one business cycle			( 26,296)	
			<u>\$ 27,568</u>	

The interest expense recognized in profit or loss from April to June of 2022 and 2021 and January to June of 2022 and 2021 is described in Note 6, (28) Financial Costs.

(19) Pensions

- A. In accordance with the "Labor Standards Act", the Company and its subsidiaries have defined benefit pension plans that apply to all regular employees' years of service prior to the implementation of "Labor Pension Act" on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act for subsequent years of service after the implementation of "Labor Pension Act". For employees who meet the retirement requirements, pension payments are calculated based on the length of service and the average salary for the six months prior to retirement, with 2 bases for each year of service up to and including 15 years and one base for each year of service over 15 years, up to a maximum of 45 bases. The Company and its subsidiaries contribute 2% of salaries and wages to a monthly pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension

Fund Supervisory Committee (except that the Company suspended the contribution to the Labor Pension Fund until March 31, 2023, as approved by the competent authority). Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by the end of March of the following fiscal year. Information regarding the above defined benefit retirement plan is disclosed below:

- ① From April to June of 2022 and 2021 and January to June of 2022 and 2021, the Group recognized pension costs of \$— in accordance with the above pension plan.
- ② The Group estimated contribution to the retirement plan for the next year is \$—.

B. Effective July 1, 2005, the Group has established a "Defined contribution pension plan" in accordance with the "Labor Pension Act", which is applicable to employees of the Company. Under the New Plan, the Company contributes monthly an amount not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group recognized pension costs of \$3,606 and \$1,999 and \$6,908 and \$3,865 from April to June of 2022 and 2021 and January to June of 2022 and 2021, respectively, based on the above pension plan.

#### (20) Share capital

A. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows: (in thousands of shares)

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Number of shares at the beginning of the period	88,522	42,379
Issuance of common stock for cash	-	20,000
Conversion of corporate bonds	888	13,198
Ending balance	<u>89,410</u>	<u>75,577</u>

B. On August 12, 2020, the Board of Directors approved the issuance of 20,000 thousand shares of common stock at a premium of NT\$32.5 per share, and the total amount of the capital increase was \$650,000, less the related issuance costs of \$1,650. The actual net cash capital increase was \$648,350, and the base date of the capital increase was January 20, 2021. Issuance, approved by the Financial Supervision and Administration Commission to issue new shares.

C. On September 28, 2021, the company passed a resolution at the extraordinary general meeting of shareholders that it plans to conduct a cash capital increase by private placement. The benchmark date for private placement is November 11, 2021. The purpose of the cash capital increase is to improve the financial structure, repay bank loans, and enhance operational competition. The number of privately held shares is capped at 15,000 thousand shares, and the subscription price per share is NT\$23.3. This capital increase has raised

12,500 thousand shares totaling \$291,250, and the change registration has been completed; the rights and obligations of this private placement of ordinary shares, except for “The relevant regulations of the Securities and Exchange Law” have restrictions on circulation and transfer, and the application for OTC listing and trading must be completed after three years from the delivery date and the issuance of the issuance. The remaining shares are the same as other issued ordinary shares.

- D. In order to repay the borrowings from financial institutions and enrich the working capital to strengthen the company's financial structure, the Board of Directors approved the issuance of 10,000 thousand common stock in a cash capital increase on May 11, 2022 at a premium of NT\$26 per share. Issuance, approved by the Financial Supervision and Administration Commission to issue new shares, the capital increase base date is August 18, 2022.
- E. Please refer to Note 6, (17) for the conversion of bonds payable from January to June, 2022 and 2021.
- F. As of June 30, 2022, the Company's total authorized capital was \$4,000,000 (\$96,000 of the total shares were reserved for conversion of employee stock options) and the paid-in capital was \$894,101, divided into 89,410 thousand shares of NT\$10 each. All proceeds from shares issued have been collected.

(21) Additional Paid-in Capital

	January to June of 2022				
	Issuance Premium	Trading of treasury stock	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Stock option	Total
January 1	\$ 785,353	\$ 6,741	\$ 86,060	\$ 6,797	\$ 884,951
Conversion of bonds into capital stock	2,746	-	-	( 75)	2,671
Stock option expires	6			( 6)	-
Employee Stock Options Compensation Costs	-	-	-	1,890	1,890
Changes in ownership interests in subsidiaries recognized	-	-	74,551	-	74,551
Distribute cash from Additional paid-in capital	( 31,294)	-	-	-	( 31,294)
June 30	<u>\$ 756,811</u>	<u>\$ 6,741</u>	<u>\$ 160,611</u>	<u>\$ 8,606</u>	<u>\$ 932,769</u>

	January to June of 2021				
	Issuance Premium	Trading of treasury stock	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Stock option	Total
January 1	\$ 183,713	\$ 6,741	\$ 1,177	\$ 11,457	\$ 203,088
Issuance of common stock for cash	448,350	-	-	-	448,350
Conversion of bonds into capital stock	32,167	-	-	( 1,217)	30,950
Employee Stock Options Compensation Costs	-	-	-	2,158	2,158
Changes in ownership interests in subsidiaries recognized	-	-	1,740	-	1,740
June 30	<u>\$ 664,230</u>	<u>\$ 6,741</u>	<u>\$ 2,917</u>	<u>\$ 12,398</u>	<u>\$ 686,286</u>

- A. In accordance with the Company Act, any capital reserve arising from additional paid-in capital of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of additional paid-in capital to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. For "Additional paid-in capital-Issuance Premium" and "Additional paid-in capital-Stock Options", please refer to Note 6, (20) Share capital and Note 6, (17) Bonds payable.
- C. For "Additional paid-in capital- Employee Stock Options Compensation Costs", please refer to Note 6, (22) Share-based payment to employees.
- D. For "Additional paid-in capital-Changes in ownership interests in subsidiaries recognized", please refer to Note 4, (3) Basis of consolidation.
- E. As of June 22, 2022, the shareholders' meeting to distribute cash of \$31,294 (NTD0.35 per share) from the Additional paid-in capital.

## (22) Share-based payment to employees

### A. Compensation Employee Stock Option Program

On October 21, 2020, the Company issued 3,000 units of employee compensation stock options at a price of NT\$21.6 per unit, which is based on the closing price of the Company's common stock on the date of issuance, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company's common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of June 30, 2022, the subscription price for employee stock options has been adjusted to NT\$19.5. The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the Employee Stock Option Regulations. The compensation cost of the Company's compensated employee stock options recognized from January to June, 2022 and 2021 (relative to the item listed as "Additional paid-in capital-Employee Stock Options") was \$1,008 and \$1,152, respectively. In addition, 913 thousand shares were granted to employees of the subsidiary

over three years period. Therefore, the subsidiary recognized compensation cost (corresponding to the item listed as "Additional paid-in capital-Employee Stock Options") of \$882 and \$1,006 from January to June, 2022 and 2021, respectively.

- ① The number of options and the weighted-average exercise price of the stock option plan for compensated employees from January to June, 2022 and 2021 are disclosed as follows :

January to June of 2022		
Share Options	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning and end of the period	<u>3,000</u>	\$ 19.5
Options exercisable at the end of the period	<u>-</u>	-
Options approved and outstanding at the end of the period	<u>-</u>	-
January to June of 2021		
Share Options	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning and end of the period	<u>3,000</u>	\$ 20.6
Options exercisable at the end of the period	<u>-</u>	-
Options approved and outstanding at the end of the period	<u>-</u>	-

- ② The fair value of the Company's stock option plan was estimated using the Black-Scholes option valuation model, and the related information is as follows :

Date of granting	October 21, 2020
Stock Price (NT\$)	\$ 21.35
Performance Price (NT\$)	21.60
Dividend Rate	0%
Expected price volatility	27.97%
Risk-free interest rate	0.2285%
Expected duration	5 years
Fair value per unit (per share)	NT\$5.24

- B. Subsidiary - As of January to June, 2022, the Yung Fu Co., Ltd. share-based payment agreement is as follows :

<u>Type of agreement</u>	<u>Paying day</u>	<u>Number (units)</u>	<u>Contract period</u>	<u>Acquired conditions</u>
Employee stock option plan	2021. 06. 23	3, 600	1 years	0.5 years of service
Employee stock option plan	2021. 09. 06	580	1 years	0.5 years of service
Employee stock option plan	2021. 11. 09	300	1 years	0.5 years of service
Employee stock option plan	2022. 01. 17	520	1 years	0.5 years of service
Employee stock option plan	2022. 01. 17	700	1 years	1 month of service
Employee stock option plan	2022. 02. 16	300	1 years	1 month of service

In the above-mentioned share-based payment agreements, all of them are delivered by equity.

- ① As of January to June, 2022, the above-mentioned share-based payment agreements is as follows :

<u>January to June of 2022</u>			
<u>Share Options</u>	<u>Number (units)</u>	<u>Weighted average exercise price (NT\$)</u>	
Outstanding at the beginning of the period	52	\$	10
Share options given in this period	1,520		10
Waiver of share options in the current period	( 70)		-
Execution of share options in the current period	( 1,502)		10
Share options outstanding at the end of the period	-		-
Share options exercisable at the end of the period	-		-

There were no such events from January to June of 2021.

- ② Subsidiary - the Yung Fu Co., Ltd. uses the Black-Scholes option valuation model to estimate the fair value of the subscription options for its share-based payment transactions. The relevant information is as follows:

<u>Type of agreement</u>	<u>Paying day</u>	<u>Share price (NTD)</u>	<u>Performance price (NTD)</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Expected dividend rate</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Employee stock option plan	2021.6.23	8.02	10	16.16%	1 years	0%	0.12%	0.06
Employee stock option	2021.9.6	10.03	10	30.65%	1 years	0%	0.15%	1.24

plan								
Employee								
stock option	2021.11.9	11.68	10	26.74%	1 years	0%	0.20%	2.19
plan								
Employee								
stock option	2022.1.17	10.43	10	30.47%	1 years	0%	0.31%	1.48
plan								
Employee								
stock option	2022.1.17	10.43	10	30.47%	1 years	0%	0.31%	1.48
plan								
Employee								
stock option	2022.2.16	10.48	10	30.63%	1years	0%	0.30%	1.51
plan								

- ③ Subsidiary – Yung Fu Co., Ltd. will pay \$2,949 for the above share-based payment transaction from January to June 2022 (relative to the subject "non-controlling interest"). No such event from January to June 2021.

### (23) Retained earnings

- A. Legal reserve may not be used except to offset losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of new shares or cash issued shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.
- B. In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual accounts, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% as legal reserve (except when the legal reserve has already reached the total capital), and the remainder, in addition to dividends, shall be distributed as dividends to shareholders if there is any surplus. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders' meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, authorizes the board of directors to present at least two-thirds of the directors and a resolution of more than half of the directors present to distribute all or part of the dividends and bonuses to be paid in cash, and report to the shareholders meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

### C. Special reserve

- ① When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date of

the year in order to distribute the earnings.

- ② When the Company first adopted IFRSs, the special reserve of NT\$7,745 was provided for in accordance with FSC No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of or reclassifies the related assets, the Company reverses the percentage of the special reserve originally provided for.

D. On July 2, 2021, the shareholders' meeting resolved not to distribute earnings because there was no profit in the final accounts of 2020. On March 23, 2022, the Board of Directors decided to distribute the year ended December 31, 2021 surplus as a cash dividend of \$84,940 (NTD0.95 per share).

#### (24)Operating revenue

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Customer contract revenue	\$ 1,167,157	\$ 996,740

  

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Customer contract revenue	\$ 2,319,275	\$ 1,704,655

#### A. Segmentation of revenue from contracts with customers.

The Group's revenue is recognized when the source is shifted at a point in time and as it is provided over time, revenue can be subdivided into the following major categories of goods or services :

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Revenue from sales of screws	\$ 391,254	\$ 313,653
Revenue from scrap iron	318,009	396,913
Contracting revenue	177,136	98,925
Logistics and transport revenue	63,840	60,606
Revenue from electricity sales	53,398	33,570
Project revenue	76,115	36,547
Labor service operation revenue	37,528	25,918
Others	49,877	30,608
	<u>\$ 1,167,157</u>	<u>\$ 996,740</u>

  

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Revenue from sales of screws	\$ 791,621	\$ 458,599
Revenue from scrap iron	654,924	729,410
Contracting revenue	356,260	178,459
Logistics and transport revenue	131,432	112,480
Revenue from electricity sales	108,510	61,305
Project revenue	122,302	67,820
Labor service operation revenue	50,115	39,230
Others	104,111	57,352
	<u>\$ 2,319,275</u>	<u>\$ 1,704,655</u>

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 1, 000, 046	\$ 996, 548
Revenue recognized gradually over time	<u>167, 111</u>	<u>192</u>
	<u>\$ 1, 167, 157</u>	<u>\$ 996, 740</u>

  

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 2, 037, 113	\$ 1, 703, 923
Revenue recognized gradually over time	<u>282, 162</u>	<u>732</u>
	<u>\$ 2, 319, 275</u>	<u>\$ 1, 704, 655</u>

B.The Group recognized contract liabilities related to revenue from customer contracts as follows :

	<u>June 30 2022</u>	<u>December 31, 2021</u>	<u>June 30 2021</u>	<u>January 1, 2021</u>
Contractual Asset- Current :	<u>\$ 12, 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contractual Liabilities - current. :				
Unearned receipts	<u>\$ 138, 836</u>	<u>\$ 179, 154</u>	<u>\$ 10, 748</u>	<u>\$ 15, 724</u>

① The opening contract liabilities were recognized in income of NT\$57,104、NT\$677 and NT\$61,759、NT\$15,264 for April to June, and January to June, 2022 and 2021, respectively.

② Outstanding long-term contracts

For the date ended June 30 2022, December 31 2021 and June 30 2021, the amortized contract costs of the unfulfilled part of the long-term contracts signed by the subsidiary of YUNG FU and customers were NT\$183,679、NT\$237,955 and NT\$450,032, respectively. The management expects that the amortized transaction price of the outstanding performance obligations as of June 30 2022, December 31 2021 and June 30 2021, will be recognized as revenue in 2022 and 2023.

Except for the abovementioned contracts, all other contracts of the Group are contracts of less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(25) Interest income

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Interest from bank deposits	\$ 155	\$ 115
Interest income from financial assets measured at amortized cost	42	22
Other interest incomes	2	5
	<u>\$ 199</u>	<u>\$ 142</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Interest from bank deposits	\$ 160	\$ 128
Interest income from financial assets measured at amortized cost	89	78
Other interest incomes	28	8
	<u>\$ 277</u>	<u>\$ 214</u>

(26) Other income

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Lease income	\$ 623	\$ 190
Other income	6,002	,527
	<u>\$ 6,625</u>	<u>\$ 2,717</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Lease income	\$ 813	\$ 380
Other income	7,396	2,737
	<u>\$ 8,209</u>	<u>\$ 3,117</u>

(27) Other gains or losses

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Net gain on financial assets and liabilities (\$ at fair value through profit (loss_	484)	\$ 27,938
Net loss on disposal of property, plant and ( equipment	616)	( 339)
Net foreign currency exchange loss	( 6,279)	( 5,500)
Other( losses) gains	( 486)	52
	<u>(\$ 7,865)</u>	<u>\$ 22,151</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Net gain on financial assets and liabilities at fair value through profit	\$ 110	\$ 28,723
Net loss on disposal of property, plant and equipment	( 116)	( 339)
Net foreign currency exchange gain(loss)	13,616	( 6,606)
Other( losses) gains	( 578)	42
	<u>\$ 13,032</u>	<u>\$ 21,820</u>

(28)Financial costs

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Interest expense		
Bank loans	\$ 3,013	\$ 2,783
Convertible bonds	1	4
Lease liabilities	317	22
	<u>\$ 3,331</u>	<u>\$ 2,809</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Interest expense		
Bank loans	\$ 5,823	\$ 5,420
Convertible bonds	26	20
Lease liabilities	630	54
	<u>\$ 6,479</u>	<u>\$ 5,494</u>

(29)Additional information on the nature of expenses

	<u>April to June of 2022</u>			<u>April to June of 2021</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits	\$ 76,301	\$ 31,353	\$ 107,654	\$ 47,359	\$ 13,528	\$ 60,887
Depreciation	\$ 24,336	\$ 4,518	\$ 28,854	\$ 11,918	\$ 3,955	\$ 15,873
Amortization expense	\$ -	\$ 88	\$ 88	\$ -	\$ 27	\$ 27

	<u>January to June of 2022</u>			<u>January to June of 2021</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits	\$ 149,258	\$ 61,713	\$ 210,971	\$ 87,391	\$ 29,240	\$ 116,631
Depreciation	\$ 39,880	\$ 8,972	\$ 48,852	\$ 24,235	\$ 7,909	\$ 32,144
Amortization expense	\$ –	\$ 149	\$ 149	\$ –	\$ 51	\$ 51

(30)Employee benefits expens

	<u>April to June of 2022</u>			<u>April to June of 2021</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expense	\$ 65,445	\$ 23,590	\$ 89,035	\$ 41,185	\$ 10,167	\$ 51,352
Employee Compensation Costs	–	3,741	3,741	–	1,079	1,079
Labor and health insurance expenses	6,367	1,771	8,138	3,619	1,109	4,728
Pension expense	2,702	904	3,606	1,416	583	1,999
Other personnel expenses	1,787	1,347	3,134	1,039	590	1,629
	<u>\$ 76,301</u>	<u>\$ 31,353</u>	<u>\$ 107,654</u>	<u>\$ 47,259</u>	<u>\$ 13,528</u>	<u>\$ 60,787</u>

	<u>January to June of 2022</u>			<u>January to June of 2021</u>		
	<u>Operating costs</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expense	\$ 128,326	\$ 48,830	\$ 177,156	\$ 75,328	\$ 22,610	\$ 97,938
Employee Compensation Costs	–	4,839	4,839	–	2,158	2,158
Labor and health insurance expenses	12,260	3,330	15,590	7,155	2,201	9,356
Pension expense	5,197	1,711	6,908	2,818	1,047	3,865
Other personnel expenses	3,475	3,003	6,478	2,090	1,224	3,314
	<u>\$ 149,258</u>	<u>\$ 61,713</u>	<u>\$ 210,971</u>	<u>\$ 87,391</u>	<u>\$ 29,240</u>	<u>\$ 116,631</u>

A.In accordance with the Company's Articles of Incorporation, the Company shall

contribute 1% to 3% of the current year's profitability as compensation to employees and not more than 3% as compensation to directors. However, where there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses. Employees may be paid in stock or cash. The distribution of employees' remuneration and directors' and supervisors' remuneration shall be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of the directors present, and reported to the shareholders' meeting.

The above-mentioned profit status for the year refers to the pre-tax profit prior to deducting compensation of employees and remuneration of directors.

- B. The Company's estimated amounts of employees' remuneration for three-month and six-month ended June 30, 2022 were NT\$923 and NT\$2,479 respectively; the estimated amounts of directors' remuneration are NT\$1,845 and NT\$4,958 respectively. Information on employees' remuneration and directors' remuneration approved by the Company's board meeting. The board resolution on March 23, 2022 approved the actual distribution of employee and director remuneration of NT\$1,850 and NT\$3,701, the difference from the employee of \$1,887 remuneration and the director compensation of \$3,701 recognized in the 2021 financial report is \$37. The main series of calculation differences are to be adjusted in the profit and loss of 2022. Due to the small amount from April to June and January to June of 2021, the company did not estimate and disburse employee and director compensation.

Information on employees' remuneration and directors' remuneration approved by the Company's board meeting can be found on the MOPS.

### (31)Income tax

- A. Income tax expense(benefit) components.. :

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Current income tax :		
Current tax on profits for the year	\$ 2, 676	\$ 3, 351
unappropriated earnings	570	-
In respect of prior periods	<u>6, 740</u>	<u>-</u>
Total current income tax	<u>9, 986</u>	<u>3, 351</u>
Deferred income tax :		
Generation and reversal of temporary differences	( 3, 838)	( 16, 790)
Income tax expense(benefit)	<u>\$ 6, 148</u>	<u>(\$ 13, 439)</u>
	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Current income tax :		
Current tax on profits for the year	\$ 6, 437	\$ 4, 987
unappropriated earnings	570	-
In respect of prior periods	<u>6, 740</u>	<u>-</u>
Total current income tax	<u>13, 747</u>	<u>4, 987</u>
Deferred income tax :		

Generation and reversal of temporary differences	12,432	(23,068)
Income tax expense(benefit)	<u>\$ 26,179</u>	<u>(\$ 18,081)</u>

B. The Company's income tax has been approved by the tax authorities until 2020, and no administrative relief has been provided as of August 11, 2022.

(32) Earnings per share

April to June of 2022			
	Amount after tax	Weighted average share outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic earning per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>\$ 47,750</u>	<u>89,252</u>	<u>\$ 0.54</u>
<u>Diluted earning per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 47,750	89,252	
Effect of dilutive potential ordinary shares:			
Compensation of employees	–	95	
Bonds payable	<u>1</u>	<u>10</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 47,751</u>	<u>89,357</u>	<u>\$ 0.53</u>
April to June of 2021			
	Amount After tax	Weighted average share outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic and diluted loss per share</u>			
Net gain attributable to equity holders of the parent company for the period	<u>\$ 48,067</u>	<u>73,514</u>	<u>\$ 0.65</u>
<u>Diluted earning per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 48,067	73,514	
Effect of dilutive potential ordinary shares:			
Bonds payable	<u>–</u>	<u>1,799</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 48,067</u>	<u>75,313</u>	<u>\$ 0.64</u>

	January to June of 2022		
	Amount after tax	Weighted average share Outstanding (thousand shares)	Earnings Per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 128,933	89,104	\$ 1.45
<u>Diluted earning per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 128,933	89,104	
Effect of dilutive potential ordinary shares:			
Compensation of employees	–	116	
Bonds payable	21	125	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ 128,954	89,345	\$ 1.44

	January to June of 2021		
	Amount After tax	Weighted average share outstanding (thousand shares)	Earnings Per share (NT\$)
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 42,239	67,105	\$ 0.63
<u>Diluted earning per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 42,239	67,105	
Effect of dilutive potential ordinary shares:			
Bonds payable	–	1,799	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ 42,239	68,904	\$ 0.61

(33) Supplemental cash flow information

A. Investing activities with only partial cash receipts and payments :

	January to June of 2022	January to June of 2021
① Acquisition of property, plant and equipment	\$ 97,894	\$ 40,582

add: Bills payable at beginning of period - related parties	23, 255	-
Other payables at the beginning of the period	12, 047	154
Less: Notes payable at end of period – related parties	( 27, 370)	-
Other payables at the end of the period	( 23, 772)	( 154)
Cash paid for acquisition of property, plant and equipment	<u>\$ 82, 054</u>	<u>\$ 40, 582</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
② Disposal of property, plant and equipment	\$ 680	\$ 350
add: Bills payable at beginning of period	52, 175	51, 011
Long-term notes and accounts receivable at the beginning of the period	-	50, 600
Less: Notes receivable at the end of the period	( 23, 000)	( 53, 804)
Long-term notes and accounts receivable at the end of the period	-	( 23, 000)
Cash receipts from disposal of property, plant and equipment	<u>\$ 29, 855</u>	<u>\$ 25, 157</u>

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
③ Disposal of other non-current assets	\$ -	\$ -
Add: Bills receivable at the beginning of the period	-	4, 189
Less: Notes receivable at the end of the period	-	( 1, 396)
Cash receipts from disposal of other non-current assets	<u>\$ -</u>	<u>\$ 2, 793</u>

B. Investing and financing activities that do not affect cash flows :

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
① Transfer of prepayments for equipment to property, plant and equipment	<u>\$ 183, 474</u>	<u>\$ 47, 376</u>
② Conversion of convertible bonds into capital stock and capital surplus	<u>\$ 6, 276</u>	<u>\$ 70, 814</u>
③ Amount of undistributed cash for capital reserve allocation (included in “Other accounts payable”)	<u>\$ 31, 294</u>	<u>\$ -</u>

(34) Changes in liabilities arising from financing activities

	Short-term <u>Loans</u>	Short-term <u>Bills payable</u>	Lease <u>liabilities</u>	Bonds payable (including the <u>Due 1 year</u> )	Long-term loans (including the <u>Due 1 year</u> )	Guarantee <u>deposits</u>	Total liabilities arising from <u>financing activities</u>
January 1, 2022	\$428,783	\$ 88,766	\$ 100,252	\$ 6,757	\$ 104,865	\$ 21,334	\$ 750,757
Net change in financing cash flows	3,195	63,600	( 6,502)	( 507)	88,438	13,639	161,863
Other non-cash transactions	-	( 143)	3,509	( 6,250)	-	-	( 2,884)
June 30 2022	<u>\$431,978</u>	<u>\$152,223</u>	<u>\$ 97,259</u>	<u>\$ -</u>	<u>\$ 193,303</u>	<u>\$ 34,973</u>	<u>\$ 909,736</u>

	Short-term <u>Loans</u>	Short-term bills <u>Payable</u>	Lease <u>Liabilitie</u>	Bonds payable	Long-term loans (including the <u>Due 1 year</u> )	Total liabilities arising from <u>financing activities</u>
January 1, 2021	\$ 547,289	\$ 60,000	\$ 8,627	\$ 81,844	\$ 349,977	\$ 1,047,737
Net change in financing cash flows	( 24,730)	-	( 5,671)	-	( 296,113)	( 326,514)
Other non-cash transactions	-	-	95,758	( 70,794)	-	24,964
June 30 2021	<u>\$ 522,559</u>	<u>\$ 60,000</u>	<u>\$ 98,714</u>	<u>\$ 11,050</u>	<u>\$ 53,864</u>	<u>\$ 746,187</u>

7.Related party transaction

(1)Name and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chun Yu Works & Co., Ltd.	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co.,Ltd.	Other related parties
Quintain Steel Co.,Ltd.	Other related parties
TMPCO Steel Co.,Ltd	Other related parties
Gloria Material Technology Corp	Other related parties
S-TECH Corp.	Other related parties
TSG sportsmarketing company limited	Other related parties
Golden Win Steel Industrial Corp.	Other related parties

(2)Significant transactions with the related parties

A. Sale of goods

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Product sales :		
Gloria Material Technology Corp	\$ 237,986	\$ 101,866
Other related parties	<u>107,355</u>	<u>36,330</u>

	<u>\$</u>	<u>345,341</u>	<u>\$</u>	<u>138,196</u>
	<u>January to June of 2022</u>		<u>January to June of 2021</u>	
Product sales :				
Gloria Material Technology Corp	\$	443,473	\$	187,196
Other related parties		<u>151,663</u>		<u>61,059</u>
	<u>\$</u>	<u>595,136</u>	<u>\$</u>	<u>248,255</u>

Transaction price: Negotiated price for both related and unrelated parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for non-related parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchase of goods

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Product Purchase: :		
Chun Yu Group	<u>\$ 189,345</u>	<u>\$ 125,150</u>
	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Product Purchase: :		
Chun Yu Group	<u>\$ 354,445</u>	<u>\$ 222,134</u>

Transaction price : Negotiated price for both related and unrelated parties.

Payment terms (period): The terms of purchase transactions from related parties are generally similar to those of general suppliers, with an average payment period of one to three months, but the payment period may be extended by mutual agreement depending on the availability of funds.

C. Property transaction

① Acquisition of property, plant and equipment : :

	<u>Items</u>	<u>April to June of 2022</u>
Chun Zu Machinery Industry	Machine	\$ 186
Chun Bang Precision Co.,Ltd.	Others	—
		<u>\$ 186</u>
	<u>Items</u>	<u>January to June of 2022</u>
Chun Zu Machinery Industry	Machine	\$ 15, 630
Chun Bang Precision Co.,Ltd.	Others	178
		<u>\$ 15, 808</u>

The Group purchases property, plant and equipment from related parties through

negotiated price

② Disposal of property, plant and equipment :   :

		<u>April to June of 2022</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>Gains (losses) from disposal</u>
Chun Yu Group	Machine	<u>\$ 180</u>	<u>\$ 24</u>

  

		<u>January to June of 2022</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>Gains (losses) from disposal</u>
Chun Yu Group	Machine	<u>\$ 680</u>	<u>\$ 524</u>

There were no such events as January to June 2021.

D. Tooling and repair costs (listed in “Operating costs” and “Other non-current assets - other”)

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Other related parties	<u>\$ 6,810</u>	<u>\$ 5,568</u>

  

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Other related parties	<u>\$ 13,139</u>	<u>\$ 11,583</u>

E. Accounts receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Gloria Material Technology Corp	\$ 108,669	\$ 108,063	\$ 52,093
Other related parties	<u>21,951</u>	<u>20,872</u>	<u>21,663</u>
	<u>\$ 130,620</u>	<u>\$ 128,935</u>	<u>\$ 73,756</u>

F. Notes payable

	<u>June 30 2022</u>	<u>December 31 2021</u>	<u>June 30 2021</u>
Chun Zu Machinery Industry Co., Ltd.	\$ 25,449	\$ 23,255	\$ -
Other related parties	<u>4,025</u>	<u>3,231</u>	<u>5,846</u>
	<u>\$ 29,474</u>	<u>\$ 26,486</u>	<u>\$ 5,846</u>

G. Accounts payable

	<u>June 30 2022</u>	<u>December 31 2021</u>	<u>June 30 2021</u>
Chun Yu Works & Co., Ltd.	<u>\$ 136,400</u>	<u>\$ 133,318</u>	<u>\$ 89,912</u>

H. Other accounts payable

	<u>June 30 2022</u>	<u>December 31 2021</u>	<u>June 30 2021</u>
Other related parties	\$ 3, 363	\$ 12, 297	\$ 1, 925

(3)Compensation of key management personnel

	<u>April to June of 2022</u>	<u>April to June of 2021</u>
Salary and other short-term employee benefits	\$ 10, 927	\$ 1, 730

  

	<u>January to June of 2022</u>	<u>January to June of 2021</u>
Salary and other short-term employee benefits	\$ 14, 840	\$ 4, 543

8.Pledged asset

The breakdown of guarantees provided for the Group's assets is as follows :

<u>Assets</u>	<u>June 30 2022</u>	<u>December 31 2021</u>	<u>June 30 2021</u>	<u>Purpose</u>
Pledged demand deposits (Note 1)	\$ 243, 502	\$ 113, 789	\$ 96, 464	Performance bond, short-term borrowings, short-term bills payable and long-term loan guarantees
Pledged time deposits (Note 1)	6, 039	140, 274	141, 136	Guarantees for short-term and short-term notes payable
Pledged bonds (Note 1)	6, 000	6, 000	9, 000	Guarantee for short-term notes payable
Land (Note 2)	145, 046	145, 046	145, 046	Guarantees for short-term and long-term loans
House and Building – Net (Note 2)	54, 571	54, 765	54, 979	Guarantees for short-term and long-term loans
Machinery (Note 2)	194, 089	112, 037	–	Short-term bills payable and long-term loan guarantees
Transportation quipment (Note 2)	16, 281	–	–	Long-term loan guarantee
Investment property (Note 3)	32, 452	32, 452	–	Guarantees for short-term and long-term loans
	<u>\$ 697, 980</u>	<u>\$ 604, 363</u>	<u>\$ 446, 625</u>	

(Note 1) The table presents “Financial assets at amortized cost - current” and “Financial assets at amortized cost - non-current”.

(Note 2) “Property, plant and equipment” is listed in the table.

(Note 3) “Listed as Investment property” -- Net.

#### 9. Significant contingent liabilities and unrecognized commitments

- (1) As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had contracted but not yet paid capital expenditures of \$93,428, \$28,936 and \$2,644, respectively, for the acquisition of property, plant and equipment.
- (2) As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group had outstanding letters of credit for the purchase of raw materials for which letters of credit had been opened and not yet pledged amounted to \$71,838, \$69,605 and \$41,340 respectively.
- (3) As of June 30, 2022, December 31, 2021 and June 30, 2021, the performance bond issued by the bank for the Group's contracting for works were \$545,427, \$309,825 and \$86,816, respectively.
- (4) As of June 30, 2022, the major contracts undertaken by the subsidiary, Yung Fu Co., Ltd are as follows:

<u>Name of Project Owner</u>	<u>Construction/Service Contract</u>	<u>Contract Amount</u>	<u>Contract Period</u>
Bureau of Environmental Protection of Hsinchu City	Contract operation and management of garbage recycling plant in Hsinchu City	Request for payment based on actual monthly volume processed	2007.2.16~ 2022.2.15
Environmental Protection Bureau of Taitung County	Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center	\$538,255	2021.1.1~ 2024.6.27
Taiwan Environment Scientific Co., Ltd	Accelerate soil and groundwater pollution remediation work at Kaohsiung Refinery	Request for payment based on actual monthly volume processed	2021.9.21~ 2022.10.31
Environmental Protection Bureau of Pingtung County	Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note)	Request for payment based on actual monthly volume processed	2021.12.22~ 2041.12.21

(Note) Yung Fu should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than NT\$967,382. Before the deadline of renovation works (December 31, 2024), Yung Fu should invest at least NT\$560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to Yung Fu shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government. As of June 30 2022, Yung Fu investment amount was NT\$0.

## 10. Significant catastrophic losses

None such cases.

## 11. Material Events After the Balance Sheet Date

The company's board of directors approved the cash capital increase plan on May 11, 2022, please refer to Note 6. (20) explanation of share capital.

## 12. Others

### (I) Capital management

The Group's capital management objectives are to protect the Company's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital, and to provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### (2) Financial instruments

#### A. Types of financial instrument

For the types of the Group's financial instruments used, please refer to Note 6 and Note 12 and (3) explanation of fair value information.

#### B. Risk management policies

- ① The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts to hedge the exchange rate risk.
- ② Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the Group's operating divisions.

#### C. Significant financial risks and degrees of financial risks

##### ① Market risk

##### a. Foreign exchange risk

- (a) The Group's management has established a policy that requires the Group to manage its exposure to exchange rate risk relative to its functional currency. Hedging of its overall exchange rate risk should be performed through the Corporate Finance Department. Exchange rate risk is measured by using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of accounts receivable through highly probable expected transactions of Euro and US dollar expenses.
- (b) The Group uses forward exchange rate transactions to hedge its exposure to exchange rate risk, but does not meet all the criteria for hedge accounting and therefore accounts for financial assets or liabilities measured at fair value through profit or loss.
- (c) The Group engages in operations involving certain non-functional currencies

(the functional currency of the Company and subsidiaries is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

June 30, 2022			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,280	29.72	\$ 97,482
EUR : NTD	15,847	31.05	492,049
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	242	29.72	7,192
EUR : NTD	581	31.05	18,040
December 31, 2021			
	Foreign currency (in thousand)	Exchange Rate	Book Value
((Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 9,183	27.68	\$ 254,185
EUR : NTD	10,603	31.32	332,086
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	671	27.68	18,573
EUR : NTD	222	31.32	6,953
June 30, 2021			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 10,356	27.86	\$ 288,518
EUR : NTD	1,881	33.15	62,355
<u>Financial liability</u>			

Monetary items

USD : NTD	215	27.86	5,990
EUR : NTD	140	33.15	4,641

- a. The sensitivity analysis of foreign currency exchange rate risk is calculated mainly for foreign currency monetary items as of the end of the financial reporting period. If the New Taiwan dollar had strengthened/weakened by 1% against the U.S. dollar and the Euro, all other factors remaining constant, the Group's net income would have increased/decreased by \$4,515 and \$2,723 for January through June of 2022 and 2021 respectively.
- b. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2022 and 2021 amounted to (\$6,279), (\$5,500), \$13,616 and (\$6,606) respectively.

B. Price risk

- b-1. The Group's equity instruments that are exposed to price risk are financial assets held at fair value through other comprehensive income. In order to manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.
- b-2. The Group invests primarily in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, the benefit or loss to shareholders' equity from equity investments measured at fair value through other comprehensive income would have increased or decreased by \$552 and \$279 from January to June 2022 and 2021, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it is \$1,902 and \$1,500 respectively.

C. Cash flow and fair value interest rate risk

The Group's borrowings are floating-rate financial instruments. Therefore, changes in market interest rates will cause the effective interest rates of debt-type financial instruments to change accordingly, resulting in fluctuations in their future cash flows. This risk is partially offset by cash and cash equivalents held at floating interest rates. With respect to the sensitivity analysis of interest rate risk, a 10% increase/decrease in borrowing rates, with all other factors held constant, would have increased/decreased net income by \$405 and \$388 from January to June 2022 and 2021, respectively, mainly due to the increase/decrease in interest expense as a result of floating rate borrowings.

## ② Credit risk

- a. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on collection terms.
- b. The management of credit risk is established with a Group perspective. In accordance with the internal credit policy, the Company and each new customer are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- c. The Group adopts IFRS 9 to provide the following premise assumptions. When a contractual payment is more than 90 days past due according to the contractual payment terms, the credit risk of the financial asset is considered to have increased significantly since the original recognition.
- d. In accordance with credit risk management, the Group starts to assess impairment when contractual payments are overdue for a certain number of days in accordance with the contractual payment terms.
- e. The Group estimates the expected credit losses based on the loss ratio method and the allowance matrix by grouping the notes and accounts receivable of customers according to the credit terms, and adjusts the loss ratio based on historical and current information of a specific period to estimate the allowance for losses on notes and accounts receivable by taking into account the prospective future. The following is a summary of the changes in the allowance for losses on notes and accounts receivable for which the Group has adopted the simplified approach:

	January to June 2022		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ -	\$ 23	\$ 23

  

	January to June 2021		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ -	\$ 23	\$ 23

## ③ Liquidity risk

- a. Cash flow forecasting is a process whereby the Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times so that the Group does not breach the relevant borrowing limits or terms.
- b. In the event that the Group holds surplus cash in excess of the working capital management requirements, the Group's Finance Department invests the surplus funds in interest-bearing demand deposits and time deposits in instruments of appropriate maturity or sufficient liquidity to meet the above forecast and to provide sufficient level of dispatch. As of June

30, 2022、December 31, 2021 and June 30, 2021, the Group held money market positions of \$818,546、\$675,014 and \$365,759, respectively, which are expected to generate immediate cash flow to manage liquidity risk.

c. The Group's unutilized borrowings are shown as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Floating rate			
Mature within one year	\$ 2,228,288	\$ 966,217	\$ 541,695
Maturity of more than 1 year	<u>176,874</u>	<u>165,136</u>	<u>199,469</u>
	<u>\$ 2,405,162</u>	<u>\$ 1,131,353</u>	<u>\$ 741,164</u>

d. The following table shows the Group's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>June 30 2022</u>	<u>Less than 1 year</u>	<u>1 to 2 Year</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 433,653	\$ -	\$ -	\$ -
Short-term bills payable	152,223	-	-	-
Notes payable (including related parties)	56,333	-	-	-
Accounts payable (Including related parties)	460,305	-	-	-
Other payables	200,293	-	-	-
Lease liabilities	13,852	12,523	32,590	43,128
Long-term loans (including current portion)	42,288	40,892	50,713	80,984
Guarantee deposits received	-	34,973	-	-

<u>December 31 2021</u>	<u>Less than 1 year</u>	<u>1 to 2 Year</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 430,124	\$ -	\$ -	\$ -
Short-term bills payable	88,766	-	-	-
Notes payable (including related parties)	59,811	-	-	-
Accounts payable (Including related parties)	431,775	-	-	-
Other payables	144,116	-	-	-
Lease liabilities	12,942	12,047	32,219	48,468
Bonds payable (including current portion)	6,801	-	-	-

Long-term loans (including current portion)	22,300	21,850	28,463	44,232
Guarantee deposits received	–	21,334	–	–
<u>June 30 2021</u>	<u>Less than 1 year</u>	<u>1 to 2 Year</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 523,969	\$ –	\$ –	\$ –
Short-term bills payable	60,000	–	–	–
Notes payable	28,616	–	–	–
Accounts payable (Including related parties)	354,196	–	–	–
Other payables	120,944	–	–	–
Lease liabilities	11,464	10,026	10,177	73,050
Bonds payable	16,445	–	–	–
Long-term loans (including current portion)	26,666	11,251	16,678	–

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: The observable input value of assets or liabilities, directly or indirectly, except for those included in the quoted prices in Level 1. The fair value of the Company's investments in forward exchange contracts are included in this category.

Level 3: Unobservable inputs to assets or liabilities.

B. The Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, other notes receivable, accounts receivable (including related parties), other receivables, financial assets at amortized cost - non-current, refundable deposits, long-term notes receivable, short-term loans, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, bonds payable (including current portion) and long-term loans (including those due within one year) and guarantee deposit received) approximate their fair values.

C. Financial instruments carried at fair value are classified according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy. The related information is as follows:

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss -				
Equity securities	<u>\$ 55,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,188</u>
Financial assets at fair value through other comprehensive income -				
Equity securities	<u>\$ 190,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,196</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss -				
Equity securities	<u>\$ 27,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,206</u>
Financial assets at fair value through other comprehensive income -				
Equity securities	<u>\$ 232,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,459</u>
<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss -				
Equity securities	<u>\$ 27,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,850</u>
Financial assets at fair value through other comprehensive income -				
Equity securities	<u>\$ 130,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,324</u>

D. The methods and assumptions used by the Group to measure fair value are described below:

The Group adopt market pricing as the input of fair value (i.e. Level 1), and the breakdown of the characteristics of the instrument is as follows:

	<u>Listed shares</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net Asset value

E. There was no transfer between Level 1 and Level 2 from January to June, 2022 and 2021.

F. There were no Level 3 financial instruments from January to June, 2022 and 2021

(4) Other Information

A. The Group is a multinational enterprise. Due to the outbreak of the COVID-19 pandemic, some countries in Europe and the Americas have implemented various measures to prevent the outbreak, which has affected the export sales to a certain extent. The Group maintains close contact with customers and manufacturers to maintain the continuity of orders, but the actual extent of the possible impact will depend on the subsequent development of the epidemic in each country.

B. In response to the proliferation of novel coronavirus pandemic and the government's promotion of various pandemic control measures the Group has followed the Guidelines for Business Continuity of Enterprises Responding to Pandemic of Severe Acute Infectious Pneumonia and adopted countermeasures related to workplace health management. The Group's factories are all operating normally, and there is no major impact in all aspects.

13. Additional Disclosures

(In accordance with the regulations, only information from January to June 2022 is disclosed.)

(1) Significant transactions information

A. Loans to others: Please refer to Table 1.

B. Endorsement and guarantee for others: None.

C. Marketable securities held at the end of the period: Please refer to Table 2.

D. Purchase or sale of securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.

E. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

F. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

G. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 3.

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4.

I. Derivative financial instruments: None.

J. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Table 6.

(3) Information on investments in China : None such cases.

(4) Information on main investors Information on principal shareholders: Detailed in Table 7.

14. Segments Information

(1) General information

The management of the Group has identified the reportable segments based on the reported

information used by operational decision makers in making decisions. There were no significant changes in the Group's corporate composition, the basis of segmentation and the basis of measurement of segment information during the period.

(2) Departmental information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

	January to June of 2022			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 792,857	\$ 1,145,549	\$ 380,869	\$ 2,319,275
Net internal revenue	–	15,511	–	15,511
Interest revenue	131	23	123	277
Depreciation and Amortization	29,285	2,990	16,726	49,001
Interest expense	4,473	158	1,848	6,479
Departmental net (loss) income before income taxes	187,502	10,583	( 56,533)	141,552
Segment assets	2,109,081	386,593	1,508,992	4,004,666
Segment liabilities	1,019,138	197,411	575,841	1,792,390

  

	January to June of 2021			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 459,331	\$ 1,024,072	\$ 221,252	\$ 1,704,655
Net internal revenue	–	10,813	374	11,187
Interest revenue	165	15	34	214
Depreciation and Amortization	29,226	678	2,291	32,195
Interest expense	3,902	15	1,577	5,494
Departmental net (loss) income before income taxes	( 18,770)	23,405	19,820	24,455
Segment assets	1,709,903	338,038	672,869	2,720,810
Segment liabilities	924,535	199,516	161,114	1,285,165

(3)Reconciliation of Segment Profit and Loss, Assets and Liabilities

The external revenue reported to the chief operating decision maker is measured in a manner consistent with the revenue in the consolidated statement of income, and the segment profit or loss, total assets and total liabilities provided to the chief operating decision maker are measured in a manner consistent with the Group's consolidated financial statements; therefore, no reconciliation is required.

OFCO Industrial Corp. and subsidiaries

Financing provided to others

January 1 to June 30, 2022

Table 1

Unit: NT\$ thousand

<u>Serial No.</u>	<u>Lender</u>	<u>Borrower</u>	<u>Business relationship</u>	<u>Whether it is a related party</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Transaction Amounts</u>	<u>Interest Rate</u>	<u>Nature of financing provided (Note 1)</u>	<u>Business Transaction Amounts</u>	<u>Reason for the necessity of short-term financing</u>	<u>Amount of recognized loss</u>	<u>Collateral Name</u>	<u>Value</u>	<u>Lending of funds to individual entities and limit of financing (Note 2)</u>	<u>Total limit of financing (Note 3)</u>	<u>Remarks</u>
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	Other receivable-related party	Y	\$ 45,000	\$ 0	\$ -	-	2	\$ -	Business development needs	\$ -	-	\$ -	\$ 192,775	\$ 385,549	-

(Note 1) The nature of the loan and the meaning of the code are described as follows:

1. For entities with business transaction relationships.
2. For necessary short-term financing needs.

(Note 2) The amount of funds loaned to another person/entity is subject to individual limits:

1. For companies or firms with which the Company has business dealings, the amount of individual loans shall not exceed the higher of the Company's purchase or sales amount in the most recent year or the current year as of the time of the loan.
2. For companies or firms with short-term financing needs, the amount of individual loans shall not exceed 10% of the Company's most recent audited or reviewed financial statements.

(Note 3) The Company's total loans and transactions and capital financing are each limited to no more than 20% of the Company's most recent audited or reviewed net value.

(Note 4) In accordance with the procedures for lending funds to others, the Board of Directors shall approve and report to the shareholders' meeting for review.

OFCO Industrial Corp. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.

June 30, 2022

Table 2

Unit: NT\$ thousand

<u>Holding Company Name</u>	<u>Type and Name of Marketable Securities</u>	<u>Relationship with the Holding Company</u>	<u>Item</u>	<u>December 31, 2020</u>			<u>Fair value</u>	<u>Remarks</u>
				<u>Shares (thousands)</u>	<u>Carrying amount</u>	<u>Percentage of shareholdings</u>		
OFCO Industrial Corp.	Stocks:							
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,273	\$ 32,618	0.43%	\$ 32,618	—
	Solar Applied Materials Technology Corp.		Financial assets at fair value through other comprehensive income or loss - current	2,748	112,393	0.46%	112,393	--
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	1,885	27,334	0.31%	27,334	—
	Jia Jie Biomedical Co.,Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	1,244	17,851	1.40%	17,851	—
	Gloria Material Technology Corp Fund	Other related parties	Financial assets at fair value through profit or loss - current	1,138	28,564	0.25%	28,564	--
	Amund Fund Global Ecology ESG - U USD (C)		Financial assets at fair value through profit or loss - current	3	5,687	-	5,687	-
	FSITC Global Utilities and Infrastructure Fund -A-USD-N		Financial assets at fair value through profit or loss - current	13	5,821	-	5,821	-
Yung Fu Co.,Ltd.	Funds: Amundi TW - Global High Yield Bond Fund	-	Financial assets at FVTPL - Current	36	12,089	-	12,089	—
TSG Transport Corp.	GAM MultiStock - Luxury Brands Equity USD E		Financial a Financial assets at FVTPL - Current	-	3,027	-	3,027	

OFCO Industrial Corp. and subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20 percent of capital stock

January 1 to June 30, 2022

Table 3

Unit: NT\$ thousand

			<u>Transactions</u>				<u>Details of non-arm's length transaction</u>		Notes and accounts receivable (payable)		
			Percentage of total Amount purchase		Unit		Percentage of total receivables				
<u>Company Name</u>	<u>Related Party</u>	<u>Relationship</u>	<u>Purchases (Sales)</u>	<u>Amount</u>	<u>(Sales)</u>	<u>Term</u>	<u>Price</u>	<u>Term</u>	<u>Balance</u>	<u>(payable)</u>	<u>Note</u>
Ofco Industrial Corp.	Chun Yu Group	Other related parties	Purchase	\$ 354,444	100%	Month end 30days	Not significantly different	Not significantly different	(\$ 136,399)	(71%)	—
TSG Transport Corp	Gloria Material Technology Corp.	Other related parties	Sales	( 435,216)	(37%)	Month end 30days	Not significantly different	Not significantly different	106,585	46%	—

OFCO Industrial Corp. and subsidiaries

Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital

June 30, 2022

Table 4

Unit: NT\$ thousand

<u>Company Name</u>	<u>Name of the counterparty</u>	<u>Relationship</u>	<u>Amount of account receivable</u>	<u>Turnover rate</u>	<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for Creditor doubtful accounts</u>
					<u>Amount</u>	<u>Action taken</u>		
TSG Transport Corp	Gloria Material Technology Corp	Other related party	\$ 106,585	8.16	\$ -	-	\$ 91,400	\$ -

OFCO Industrial Corp. and subsidiaries  
Significant inter-company transactions during the reporting periods

January 1 to June 30, 2022

Table 5

Unit: NT\$ thousand

						Transaction		
Code (Note 1)	Transaction Company	Counterparty	Relationship with the counter-party (Note 2)	Item	Amount	Transaction Terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Remarks
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	\$ 15,491	Credit terms: 40 days	1%	
				Accounts receivable	7,968	-	-	
2	YUNG FU CO., LTD	TSG POWER CORP.	3	Sales	33,350	by mutual agreement	1%	
				Accounts receivable	7,197		-	
				contract assets	23,047		1%	

(Note 1) Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be filled in as follows

1. The parent company should fill in 0.
2. Subsidiaries are numbered by company, starting from the Arabic numeral 1.

(Note 2) There are three types of relationships with the counter-parties, and the types can be indicated as follows

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities and as the cumulative amount to consolidated total revenue in the case of profit or loss.

OFCO Industrial Corp. and subsidiaries

Names, locations and other information of investee companies (not including investees in China)

January 1 to June 30, 2022

Table 6

Unit: NT\$ thousand

<u>Investor</u>	<u>Investor Company</u>	<u>Location</u>	<u>Main Businesses and Products</u>	<u>Investment Amount</u>		<u>Shares held at year end</u>			<u>Carrying Amount</u>	<u>(Loss) income of</u>	<u>(Gain) loss on</u>	<u>Remarks</u>
				<u>End of the current period</u>	<u>End of Last Year</u>	<u>Shares (share)</u>	<u>Ratio (%)</u>			<u>investees for the period</u>	<u>investment recognized in the period</u>	
OFCO Industrial Corp.	TSG Transport Corp	Taiwan	Container rental, transportation and packing services	\$ 110,000	\$ 110,000	12,000,000	100%	\$	197,113	\$ 20,563	\$ 20,563	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	10,000	10,000	1,000,000	100%		15,359	( 127)	( 127)	Subsidiary
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,301	427,301	47,530,588	67.15%		634,817	( 45,466)	( 31,820)	Subsidiary
TSG Transport Corp	Titan Insurance Broker Oo.,Ltd	Taiwan	Engage in property and personnel insurance Brokers and other services	19,754	19,754	500,095	20.00%		19,203	( 3,514)	-	(Note)
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	2,380	2,380	237,956	0.34%		2,380	( 45,466)	-	Subsidiary (Note)
TSG Environmental Technology Corp.	Titan Insurance Broker Oo.,Ltd	Taiwan	Engage in property and personnel insurance Brokers and other services	1,718	1,718	43,527	1.74%		1,669	( 3,514)	-	(Note)

	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	3,637	3,637	363,750	0.51%	3,637	( 45,466)	-	Subsidiary (Note)
Yung Fu Co.,Ltd.	TSG Power Corp.	Taiwan	Energy technology services	130,000	100,000	13,000,000	100%	87,989	1,925	-	Subsidiary (Note)

(Note) The amount of investment income (loss) recognized in the current period is exempt from disclosure.

OFCO Industrial Corp. and subsidiaries

Information on main investors

June 30 2022

Table 7

Unit: Shares

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Percentage of shareholdings</u>	<u>Remarks</u>
Taiwan Steel Group	13,378,385	14.96%	(Note 2)
E-Sheng Steel Co., Ltd.	5,000,000	5.59%	(Note 2)
E-Top Metal Co., Ltd.	5,000,000	5.59%	(Note 2)

(Note 1) The information of major shareholders in this table is based on the last business day at the end of each quarter, and the information of shareholders holding at least 5% of the total common shares and preferred shares of the Company that have been delivered without physical registration (including treasury shares).

The share capital recorded in the Company's financial statements and the Company's actual number of shares delivered with dematerialized registration completed may be different due to different calculation bases.

(Note 2) The basis for calculating the percentage of shareholding includes the number of shares of the bond conversion certificates.