

OFCO Industrial Corp. and Subsidiaries  
Consolidated Financial Statements and  
Independent Auditor's Review Report  
For the Six Months Ended June 30,  
2024 and 2023  
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, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023, 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 the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit 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, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan Certified Public Accountant

Chung-Yu Tien

Tzu-Yu Lin

August 9, 2024

OFCO Industrial Corp. and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2024 and December 31 and June 30, 2023

								Unit: NT\$ thousand	
Assets		Notes	June 30, 2024		December 31, 2023		June 30, 2023		
			Amount	%	Amount	%	Amount	%	
Current assets									
1100	Cash and cash equivalents	6(1)	\$ 648,230	11	\$ 844,894	16	\$ 1,193,748	27	
1110	Financial assets at fair value through profit or loss - current	6(2)	55,431	1	66,999	1	47,476	1	
1120	Financial assets at fair value through other comprehensive income or loss - current	6(3)	57,354	1	95,707	2	103,199	2	
1136	Financial Assets Carried at Cost-current	6(1)(4) & 8	149,059	2	74,245	2	90,836	2	
1140	Current contract assets	6(24)	5,881	-	5,881	-	8,984	-	
1150	Notes receivable, net	6(5)	286	-	74	-	103	-	
1170	Accounts receivable, net	6(5)	696,652	12	567,419	11	327,970	8	
1180	Accounts receivable, net - related parties	6(5) & 7	162,717	3	113,734	2	68,757	2	
1200	Other receivables		10,613	-	20,844	1	37,291	1	
1220	Current tax assets	6(31)	13,639	-	5,423	-	318	-	
130X	Inventories	6(6)	481,335	8	261,953	5	237,106	5	
1410	Pre-payments	6(7) & 7	513,307	9	312,833	6	344,021	8	
11XX	Total current assets		2,794,504	47	2,370,006	46	2,459,809	56	
Non-current assets									
1510	Non-current financial assets at fair value through profit or loss	6(2)(17)	232,566	4	127,466	3	420	-	
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)(8)	21,842	-	21,842	-	18,332	-	
1535	Financial Assets Carried at Cost - non-current	6(1)(4) & 8	111,093	2	155,184	3	108,262	3	
1600	Property, Plant and Equipment	6(9)(13), 7&8	1,109,536	19	1,091,951	21	1,094,413	25	
1755	Right-of-use assets	6(10)	119,507	2	113,382	2	118,254	3	
1760	Investment property, net	6(11) & 8	32,452	1	32,452	1	32,452	1	
1780	Intangible Assets	6(12)	832,011	14	813,977	16	199,978	5	
1840	Deferred tax assets	6(31)	249,967	4	228,682	4	114,288	3	
1915	Prepayments for equipment	6(9)	112,194	2	118,645	2	102,263	2	
1920	Refundable deposits	8	14,259	-	15,224	-	16,515	-	
1975	Net defined benefit assets - non-current	6(19)	7,423	-	7,397	-	4,164	-	
1990	Other non-current assets - others	7	260,985	5	107,090	2	107,503	2	
15XX	Total non-current assets		3,103,835	53	2,833,292	54	1,916,844	44	
1XXX	Total Assets		\$ 5,898,339	100	\$ 5,203,298	100	\$ 4,376,653	100	

(Continued)

OFCO Industrial Corp. and Subsidiaries  
Consolidated Balance Sheets  
June 30, 2024 and December 31 and June 30, 2023

June 30, 2024 and December 31 and June 30, 2023							Unit: NT\$ thousand	
Liabilities and Equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
<b>Current liabilities</b>								
2100	Short-term loans	6(14) &8	\$ 653,376	11	\$ 156,144	3	\$ 83,366	2
2110	Short-term notes and bills payable	6(15) &8	87,167	1	70,007	1	92,774	2
2130	Contract liability - current	6(24)	124,111	2	98,183	2	130,931	3
2150	Notes payable		11,184	-	19,068	1	15,947	-
2160	Notes Payable - related parties	7	-	-	10,761	-	44,935	1
2170	Accounts payable		530,120	9	824,434	16	287,504	7
2180	Accounts payable - related parties	7	110,737	2	93,100	2	31,726	1
2200	Other payables	6(16)(23) &7	266,963	5	175,497	3	348,554	8
2230	Current tax liabilities	6(31)	7,374	-	3,909	-	16,355	-
2280	Lease liabilities - current	6(10)	18,800	-	15,946	-	15,771	-
2320	Current portion of long-term liabilities	6(18) &8	94,605	2	306,331	6	33,685	1
21XX	<b>Total current liabilities</b>		1,904,437	32	1,773,380	34	1,101,548	25
<b>Non-current liabilities</b>								
2527	Contract liability - non-current	6(24)	108,000	2	108,000	2	-	-
2530	Bonds payable	6(17)	344,479	6	340,843	7	340,259	8
2540	Long-term loans	6(18) &8	822,793	14	216,427	4	288,007	7
2570	Deferred tax liabilities	6(31)	14,042	-	13,923	-	14,305	-
2580	Lease liabilities - non-current	6(10)	106,596	2	102,316	2	106,173	2
2645	Guarantee deposits received		39,694	1	33,628	1	37,301	1
2670	Other non-current liabilities - other		564	-	564	-	564	-
25XX	<b>Total Non-Current Liabilities</b>		1,436,168	25	815,701	16	786,609	18
2XXX	<b>Total liabilities</b>		3,340,605	57	2,589,081	50	1,888,157	43
<b>Equity attributed to the stockholders of the parent</b>								
Share capital		6(17)(20)(22)						
3110	Common stock		1,004,027	17	1,000,587	19	997,087	23
3130	Certificate of entitlement to new shares from convertible bonds		80	-	1,320	-	-	-
3140	Capital collected in advance		1,713	-	2,076	-	6,545	-
3200	Additional paid-in capital	6(17)(20)(21)(22)	1,097,298	19	1,095,632	20	1,105,554	25
Retained earnings		6(3)(23)						
3310	Legal reserve		51,123	1	35,725	1	35,725	1
3320	Special reserve		14,827	-	44,211	1	44,211	1
3350	Unappropriated earnings		138,892	2	154,689	3	49,773	1
3400	Other equity interest	6(3)(8)	( 23,063)	-	( 14,827)	-	( 23,594)	-
31XX	<b>Equity attributable to owners of the parent</b>		2,284,897	39	2,319,413	44	2,215,301	51
36XX	<b>Non-controlling interest</b>	4(3)	272,837	4	294,804	6	273,195	6
3XXX	<b>Total equity</b>		2,557,734	43	2,614,217	50	2,488,496	57
Significant contingent liabilities and unrecognized contract commitments		6(12)&9						
Significant events after the balance sheet date		11						
3X2X	<b>Total liabilities and equity</b>		\$ 5,898,339	100	\$ 5,203,298	100	\$ 4,376,653	100

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

Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

**OFCO Industrial Corp. and Subsidiaries**  
**Consolidated Statement of Comprehensive Income**  
**January 1 to June 30, 2024 and 2023**

Unit: NT\$ thousand

Items	Note	April 1 to June 30, 2024		April 1 to June 30, 2023		(In addition to the loss per share of NT\$)		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(12) (24) & 7	\$ 984,912	100	\$ 929,867	100	\$ 1,929,676	100	\$ 1,905,678	100		
5000 Operating costs	6(6)(10) (12)(19) (29)(30) & 7	( 1,009,766)	( 103)	( 916,867)	( 99)	( 1,960,653)	( 102)	( 1,816,614)	( 95)		
5900 Gross profit		( 24,854)	( 3)	13,000	1	( 30,977)	( 2)	89,064	5		
Operating Expenses	6(10)(12)(19) (22)(29)(30) & 7										
6100 Marketing expenses		( 6,745)	( 1)	( 11,296)	( 1)	( 13,786)	-	( 24,393)	( 1)		
6200 Administrative Expenses		( 44,029)	( 4)	( 39,902)	( 4)	( 71,574)	( 4)	( 72,001)	( 4)		
6300 R&D Expenses		( 558)	-	( 29)	-	( 567)	-	( 56)	-		
6000 Total operating expenses		( 51,332)	( 5)	( 51,227)	( 5)	( 85,927)	( 4)	( 96,450)	( 5)		
6900 Operating income (loss)		( 76,186)	( 8)	( 38,227)	( 4)	( 116,904)	( 6)	( 7,386)	-		
Non-operating income & expenses											
7100 Interest income	6(4)(25)	2,855	-	4,647	1	4,967	-	7,230	-		
7010 Other income	6(3)(26)	31,875	3	7,198	1	33,707	2	10,888	1		
7020 Other gains or losses	4(3), 6(2)(10) (27), 7&12	112,777	12	17,250	2	127,163	6	20,447	1		
7050 Financial costs	6(10)(28)	( 11,998)	( 1)	( 5,162)	( 1)	( 21,026)	( 1)	( 9,355)	( 1)		
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(8)	-	-	232	-	-	-	335	-		
7000 Total non-operating Income and expenses		135,509	14	24,165	3	144,811	7	29,545	1		
7900 Net income(loss) before tax		59,323	6	( 14,062)	( 1)	27,907	1	22,159	1		
7950 Income tax benefits	6(31)	12,248	1	19,300	2	21,711	1	20,215	1		
8200 Net gain(loss)		\$ 71,571	7	\$ 5,238	1	\$ 49,618	2	\$ 42,374	2		
<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)	( \$ 462)	-	\$ 13,392	1	( \$ 8,081)	-	\$ 20,648	1		
8320 Share of other comprehensive income of joint ventures recognized by using equity method - Items that will not be reclassified to profit or loss	6(8)	-	-	-	-	-	-	( 2)	-		
8300 Other comprehensive income(net)		( \$ 462)	-	\$ 13,392	1	( \$ 8,081)	-	\$ 20,646	1		
8500 Total comprehensive income		\$ 71,109	7	\$ 18,630	2	\$ 41,537	2	\$ 63,020	3		
Net profit (loss) attributed to:											
8610 Stockholders of the parent company		\$ 85,833	8	\$ 7,292	1	\$ 70,475	3	\$ 49,069	2		
8620 Non-controlling interest		( 14,262)	( 1)	( 2,054)	-	( 20,857)	( 1)	( 6,695)	-		
		\$ 71,571	7	\$ 5,238	1	\$ 49,618	2	\$ 42,374	2		
Total comprehensive income attributed to:											
		\$ 85,371	8	\$ 20,684	2	\$ 62,394	3	\$ 69,715	3		

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

Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to June 30, 2024 and 2023

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

8710	Stockholders of the parent company								
8720	Non-controlling interest	(	14,262)	(	1)	(	2,054)	-	
		\$	71,109		7	\$	18,630		2
								\$	41,537
									2
								\$	63,020
									3
	Earnings per share	6(32)							
9750	Basic		\$		0.85	\$		0.07	\$
								0.70	\$
									0.49
9850	Diluted		\$		0.76	\$		0.07	\$
								0.64	\$
									0.46

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President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Changes Equity  
January 1 to June 30, 2024 and 2023

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company										
		Share capital			Retained earnings				Other components of equity			
Note	Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	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	Total	Non-controlling interest	Total equity
<u>January 1 to June 30, 2023</u>												
Balance as of January 1, 2023	\$ 994,101	\$ -	\$ 3,366	\$ 1,102,214	\$ 12,997	\$ 38,566	\$ 228,494	\$ 373	(\$ 44,584)	\$ 2,335,527	\$ 279,811	\$ 2,615,338
Net income for January to June 2023	-	-	-	-	-	-	49,069	-	-	49,069	( 6,695)	42,374
Other comprehensive income for January to June 6(3) 2023	-	-	-	-	-	-	-	-	20,646	20,646	-	20,646
Total consolidated profit and loss for January to June 2023	-	-	-	-	-	-	49,069	-	20,646	69,715	( 6,695)	63,020
Appropriations of earnings 2022:												
Legal reserve	-	-	-	-	22,728	-	( 22,728 )	-	-	-	-	-
Special reserve	-	-	-	-	-	5,645	( 5,645 )	-	-	-	-	-
Cash dividends 6(23)	-	-	-	-	-	-	( 199,417 )	-	-	( 199,417)	-	( 199,417)
Reclassifications of disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	( 29 )	( 29)	-	( 29)
Price from employee stock options exercised 6(20)(22)	-	-	8,695	-	-	-	-	-	-	8,695	-	8,695
Employee Stock Options into capital stock 6(20)(21)	2,949	-	( 5,516)	2,567	-	-	-	-	-	-	-	-
Conversion of bonds into capital stock 6(17)(21)	37	-	-	59	-	-	-	-	-	96	-	96
Employee Stock Options Compensation Costs 6(21)(22)(30)	-	-	-	714	-	-	-	-	-	714	79	793
Balance as of June 30, 2023	\$ 997,087	\$ -	\$ 6,545	\$ 1,105,554	\$ 35,725	\$ 44,211	\$ 49,773	\$ 373	(\$ 23,967)	\$ 2,215,301	\$ 273,195	\$ 2,488,496
<u>January 1 to June 30, 2024</u>												
Balance as of January 1, 2024	\$ 1,000,587	\$ 1,320	\$ 2,076	\$ 1,095,632	\$ 35,725	\$ 44,211	\$ 154,689	\$ 373	(\$ 15,200)	\$ 2,319,413	\$ 294,804	\$ 2,614,217
Net income for January to June 2024	-	-	-	-	-	-	70,475	-	-	70,475	( 20,857)	49,618
Other comprehensive income for January to June 6(3) 2024	-	-	-	-	-	-	-	-	( 8,081)	( 8,081)	-	( 8,081)
Total consolidated profit and loss for January to June 2024	-	-	-	-	-	-	70,475	-	( 8,081)	62,394	( 20,857)	41,537
Appropriation of earnings 2023:												
Legal reserve	-	-	-	-	15,398	-	( 15,398)	-	-	-	-	-

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Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Changes Equity  
January 1 to June 30, 2024 and 2023

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital				Retained earnings				Other components of equity			
	Note	Common stock	Bond for Equity Certificates	Advance receipts for capital stock	Additional paid- in capital	Legal reserve	Special reserve	Unappropriated earnings	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	Total	Non-controlling interest	Total equity
Reversal of special reserve		-	-	-	-	-	( 29,384)	29,384	-	-	-	-	-
Cash dividends	6(23)	-	-	-	-	-	-	( 100,413)	-	-	( 100,413)	-	( 100,413)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	155	-	( 155)	-	-	-
Price from employee stock options exercised	6(20)(22)	-	-	3,305	-	-	-	-	-	-	3,305	-	3,305
Employee stock options into capital stock	6(20)(21)	2,120	-	( 3,668)	1,548	-	-	-	-	-	-	-	-
Conversion of bonds into capital stock	6(17)(21)	1,320	( 1,240)	-	118	-	-	-	-	-	198	-	198
Changes in non-controlling interests	6(33)	-	-	-	-	-	-	-	-	-	-	( 1,110)	( 1,110)
Balance as of June 30, 2024		\$ 1,004,027	\$ 80	\$ 1,713	\$ 1,097,298	\$ 51,123	\$ 14,827	\$ 138,892	\$ 373	( \$ 23,436)	\$ 2,284,897	\$ 272,837	\$ 2,557,734

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Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang



OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2024 and 2023

	Note	January 1 to June 30, 2024	Unit: NT\$ thousand January 1 to June 30, 2023
<u>Cash flows from operating activities</u>			
Net income before tax		\$ 27,909	\$ 22,159
Adjustments			
Income charges (credits)			
(Gain) on financial assets and liabilities measured at fair value through profit or loss		( 104,454 )	( 1,061 )
Write-down (reversal) of inventories	6(6)	( 146 )	( 1,995 )
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	-	( 335 )
(Gain) loss on disposal of investments accounted	6(27)	( 490 )	3,684
Depreciation expense	6(9)(10)(29)	72,315	67,862
Net loss on disposal of property, plant and equipment	6(27)	27	( 11,516 )
(Gain) on lease modification	6(10)(27)	-	( 5 )
Amortization expense	6(12)(29)	22,909	3,957
Prepayments for equipment reclassified to expense		-	266
Unrealized concession revenue	6(12)	( 40,943 )	( 92,167 )
Option compensation cost of employee stock	6(21)(22)(30)	-	793
Interest (income)	6(25)	( 4,967 )	( 7,230 )
Dividend income	6(3)(26)	( 631 )	-
Interest expense	6(28)	21,026	9,355
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		10,922	( 10,935 )
Contract asset - current		-	3,727
Notes receivable	(	212 )	41
Accounts receivable	(	130,133 )	97,384
Accounts receivable - related parties	(	48,983 )	18,461
Other receivables		10,356	( 12,496 )
Inventories	(	219,236 )	126,726
Pre-payments	(	197,474 )	( 173,766 )
Net defined benefit assets - non-current	(	26 )	( 11 )
Changes in liabilities relating to operating activities net			
Contract liability - current		25,928	3,746
Notes payable	(	7,952 )	( 8,987 )
Notes Payable - related parties	(	1,714 )	( 4,474 )
Accounts payable	(	298,955 )	( 1,376 )
Accounts payable- related parties		17,637	( 5,998 )

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

Chairman: James Huang

President: Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2024 and 2023

Unit: NT\$ thousand  
January 1 to June  
30, 2023

	Note	January 1 to June 30, 2024	
Other payables		11,842	( 43,020 )
Cash (outflows) inflows of business operations		( 835,447 )	( 17,211 )
Interest received		4,967	7,230
Dividends received		631	-
Interest paid		( 15,801 )	( 5,421 )
Income tax paid		( 4,206 )	( 32,396 )
Net cash (outflows) inflows from operating activities		( 849,856 )	( 47,798 )

Cash flows from investing activities

Acquisition of financial assets at fair value through other comprehensive income - current		\$ -	( \$ 1,670 )
Disposal of financial assets at fair value through other comprehensive income - current		30,272	-
Increase in Financial Assets Carried at Cost - current		( 74,814 )	( 47,052 )
Decrease (increase) in financial Assets Carried at Cost - non-current		44,091	( 6,636 )
Cash receipts from disposal of subsidiary	6(33)	1,733	-
Cash paid for acquisition of property, plant and equipment	6(33)	( 56,486 )	( 76,510 )
Cash receipts from disposal of property, plant and equipment	6(33)	46	128,074
Increase in prepayments for equipment		( 48,422 )	( 102,388 )
Refundable deposits decrease (increase)		952	( 2,373 )
Other non-current assets - other increase		( 153,895 )	( 77,939 )
Net cash (outflows) from investing activities		( 256,523 )	( 186,494 )

Cash flows from financial activities

Increase in short-term loans	6(34)	1,191,884	154,483
Decrease in short-term loans	6(34)	( 694,652 )	( 134,117 )
Short-term bills payable	6(34)	156,200	446,000
Redemption of short-term bills payable	6(34)	( 139,000 )	( 449,000 )
Repayments of lease liabilities principal	6(34)	( 8,728 )	( 7,808 )
Increase in long-term debt	6(34)	909,395	325,272
Decrease in long-term loans	6(34)	( 514,755 )	( 139,642 )
Increase in guarantee deposit received	6(34)	6,066	2,111
Advance receipt from employee stock options exercised	6(20) (22)	3,305	8,695
Net cash inflows from financing activities		909,715	205,994

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President: Yen Wu

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OFCO Industrial Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
January 1 to June 30, 2024 and 2023

	Note	January 1 to June 30, 2024	Unit: NT\$ thousand January 1 to June 30, 2023
(Decrease) increase in cash and cash equivalents		( 196,664 )	( 28,298 )
Cash and cash equivalents at beginning of period	6(1)	844,894	1,222,046
Cash and cash equivalents at end of period	6(1)	<u>\$ 648,230</u>	<u>\$ 1,193,748</u>

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

Chairman: James Huang

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, 2024 and 2023

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

These consolidated financial statements were submitted to the Board of Directors and issued on August 9, 2024.

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) became effective and recognized by the Financial Supervisory Commission in 2024:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 16 - "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendment to IAS 1 - "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 - "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and Amendment to IFRS 7 - "Supplier Finance Arrangements"	January 1, 2024

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) will become effective and recognized by the Financial Supervisory Commission in 2025:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 21 - "Lack of Exchangeability"	January 1, 2025

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:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
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
IFRS 18 - "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 - "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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.

IFRS 18 - "Presentation and Disclosure in Financial Statements":

IFRS 18 - "Presentation and Disclosure in Financial Statements" will replace IAS 1, renew the architecture of statement of comprehensive income, new the disclosures of management-defined performance measures and strengthen and use on the summary and segmentation principles of major financial statements and notes.

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 2023. 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 IAS 34 "Interim Financial Reporting", as approved by the FSC.

B. This consolidated financial report should be read together with the 2023 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, International Accounting Standards, Interpretations and Interpretative Pronouncements as endorsed by the FSC (collectively referred herein as the “IFRSs”) 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 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
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.	100.00	100.00	100.00	-
OFCO Industrial Corp.	TSG POWER Corp.	Energy technology services	100.00	100.00	-	(Note 1)
OFCO Industrial Corp.	TSG Engineering Corp.	Comprehensive construction, etc.	-	100.00	-	(Note 2) (Note 3)
OFCO Industrial Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	67.15	67.15	67.15	-

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
TSG Transport Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	0.34	0.34	0.34	-
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	0.51	0.51	0.51	-
Yung Fu Co., Ltd.	TSG POWER Corp.	Energy technology services	-	-	100.00	(Note 1)

(Note 1) To effectively manage the Group and increase investment profit, the Board of Directors of the Company resolved to acquire 100% equity interest of TSG Power and Engineering Corp. (formerly named TSG Power Corp.) from the subsidiary, Yung Fu Co., Ltd., in cash amounting to \$194,554 on November 8, 2023, and the effective date for the transfer was set on November 30, 2023. As the transaction is considered a group organizational restructuring, the Company recognized this transaction based on the carrying amount of the shares of TSG Power and Engineering Corp. held by the subsidiary, Yung Fu Co., Ltd., at the effective date of the transfer, and accordingly, capital surplus-additional paid-in capital decreased by \$15,334 (including the difference between the acquisition price and investment accounted amount of \$47,919 and adjustments on capital surplus of the subsidiary, Yung Fu Co., Ltd., accounted for under equity method arising from the transaction amounting to \$32,585).

(Note 2) To seek business diversification and lower investment risk, the Board of Directors of the Company resolved to acquire 100% equity interest in TSG Engineering Corp. from TSG United Co., Ltd. in cash amounting to \$20,070 on November 8, 2023, and the Company participated in the cash capital increase of TSG Construction Corp. amounting to \$2,400.

(Note 3) Based on the overall development plan of the group, the Board of Directors of the Company resolved to sell 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. in cash amounting to \$23,480 on May 7, 2024, and recognized as disposal of investment gains of \$490 (listed as “Other gains or losses”), transfer date is June 30, 2024.

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, 2024, December 31, 2023 and June 30, 2023 were \$272,837, \$294,804 and \$273,195, 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, 2024		December 31, 2023	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$272,837	32.00%	\$294,804	32.00%

Name of Subsidiary	Main place of business	Non-controlling interests	
		June 30, 2023	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$273,195	32.00%

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

Balance Sheet

	June 30, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 1,127,655	\$ 893,909	\$ 686,876
Non-current assets	1,683,208	1,552,104	1,057,015
Current liabilities	( 1,119,420)	( 1,300,448)	( 560,163)
Non-current liabilities	( 827,961)	( 213,435)	( 319,124)
Total net assets	\$ 863,482	\$ 932,130	\$ 864,604

Statement of Comprehensive Income

	April to June of 2024	April to June of 2023
Revenue	\$ 192,598	\$ 227,701
Net income (loss) before tax	(\$ 54,286)	\$ 18,057
Income tax benefit	9,717	14,974



Net (loss) income	(\$ 44,569)	\$ 33,031
Total comprehensive income	(\$ 44,569)	\$ 33,031
Total comprehensive income attributed to non-controlling interest	(\$ 14,262)	(\$ 2,054)

	January to June of 2024	January to June of 2023
Revenue	\$ 442,475	\$ 429,101
Net loss before tax	(\$ 87,284)	(\$ 8,820)
Income tax benefit	22,104	27,893
Net (loss) income	(\$ 65,180)	\$ 19,073
Total comprehensive income	(\$ 65,180)	\$ 19,073
Total comprehensive income attributed to non-controlling interest	(\$ 20,857)	(\$ 6,695)

#### Statements of Cash Flows

	January to June of 2024	January to June of 2023
Net cash out-flow from operation activities	(\$ 570,897)	(\$ 251,504)
Net cash (out-flow) in-flow from investing activities	( 314,948)	( 73,520)
Net cash in-flow from financing activities	760,292	183,720
(Decrease) in cash and cash equivalents	( 125,553)	( 141,304)
Balance of cash and cash equivalents, beginning of period	242,372	260,654
Balance of cash and cash equivalents, end of period	\$ 116,819	\$ 119,350

#### (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 2023.

## 6. Summary of Significant Accounting Items

### (1) Cash and Cash Equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash:			
Cash on hand	\$ 1,174	\$ 1,905	\$ 1,878
Checking accounts and demand deposits	<u>547,164</u>	<u>504,083</u>	<u>585,842</u>
	<u>548,338</u>	<u>505,988</u>	<u>587,720</u>
Cash Equivalents:			
Time deposits	-	145,125	576,092
Commercial paper	<u>99,892</u>	<u>193,781</u>	<u>29,936</u>
	<u>99,892</u>	<u>338,906</u>	<u>606,028</u>
	<u>\$ 648,230</u>	<u>\$ 844,894</u>	<u>\$ 1,193,748</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, \$260,152, \$229,429 and \$199,098 on June 30, 2024, December 31, 2023 and June 30, 2023 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

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current item:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 10,012	\$ 59,921	\$ 10,012
Emerging stocks	40,500	-	-
Beneficiary certificates	<u>1,514</u>	<u>3,027</u>	<u>36,209</u>
	<u>52,026</u>	<u>62,948</u>	<u>46,221</u>
Valuation adjustment	<u>3,405</u>	<u>4,051</u>	<u>1,255</u>
	<u>\$ 55,431</u>	<u>\$ 66,999</u>	<u>\$ 47,476</u>

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Non-current item:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks - Private placement	\$ 36,000	\$ 36,000	\$ -
Call options of bonds	<u>416</u>	<u>416</u>	<u>420</u>
	36,416	36,416	420
Valuation adjustment	<u>196,150</u>	<u>91,050</u>	<u>-</u>
	<u>\$ 232,566</u>	<u>\$ 127,466</u>	<u>\$ 420</u>

A. The Group recognized net income(loss) of \$108,190 and \$745 and \$114,596 and \$1,061 for April to June of 2024 and 2023 and January to June of 2024 and 2023, respectively. (listed as “Other Gains and Losses”)

B. The Group recognized call options of bonds measured at fair value through profit and loss of \$- for April to June of 2024 and 2023 and January to June of 2024 and 2023, respectively.

C. In November 2023, the Group subscribed a total 5,000 of thousand shares of King House CO., Ltd. (Original name: Ensure Global Corp., Ltd.) through private placement, and the transfer of the private placement stock is restricted within three years.

D. The Group has not pledged any financial assets at fair value through profit or loss.

E. 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

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current item:			
Equity instrument			
Listed stocks	\$ 84,303	\$ 114,420	\$ 127,169
Valuation adjustment	<u>( 26,949)</u>	<u>( 18,713)</u>	<u>( 23,970)</u>
	<u>\$ 57,354</u>	<u>\$ 95,707</u>	<u>\$ 103,199</u>
Non-current item:			
Equity instrument			
Unlisted stocks	\$ 18,361	\$ 18,361	\$ 18,332
Valuation adjustment	<u>3,481</u>	<u>3,481</u>	<u>-</u>
	<u>\$ 21,842</u>	<u>\$ 21,842</u>	<u>\$ 18,332</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 2024</u>	<u>April to June of 2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Dividend income recognized in profit or loss	(\$ <u>631</u> )	\$ <u>-</u>
Changes in fair value recognized in other comprehensive income	(\$ <u>462</u> )	\$ <u>13,392</u>
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>-</u>	\$ <u>-</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Dividend income recognized in profit or loss	(\$ <u>631</u> )	\$ <u>-</u>
Changes in fair value recognized in other comprehensive income	(\$ <u>8,081</u> )	\$ <u>20,648</u>
Cumulative gains reclassified to retained earnings due to derecognition	(\$ <u>155</u> )	\$ <u>-</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, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Pledged demand deposits	\$ <u>149,059</u>	\$ <u>74,245</u>	\$ <u>90,836</u>
Non-current items:			
Pledged demand deposits	\$ <u>111,093</u>	\$ <u>155,184</u>	\$ <u>108,262</u>

A. The Group interest income recognized in profit or loss due to financial assets measured by amortized cost from April to June of 2024 and 2023 and January to June of 2024 and 2023 were \$517 and \$247 and \$535 and \$275, 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, 2024, December 31, 2023 and June 30, 2023, the amount of the risk exposure with the largest credit risk was its book value.

C. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes Receivable	<u>\$ 286</u>	<u>\$ 74</u>	<u>\$ 103</u>
Accounts Receivable	<u>\$ 696,675</u>	<u>\$ 567,442</u>	<u>\$ 327,993</u>
Less: Loss Allowance	<u>( 23)</u>	<u>( 23)</u>	<u>( 23)</u>
	<u>\$ 696,652</u>	<u>\$ 567,419</u>	<u>\$ 327,970</u>

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

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	<u>\$ 286</u>	<u>\$ 825,799</u>	<u>\$ 74</u>	<u>\$ 656,678</u>
Within 60 days past due	<u>-</u>	<u>32,631</u>	<u>-</u>	<u>24,121</u>
61-180 days past due	<u>-</u>	<u>962</u>	<u>-</u>	<u>31</u>
Within 181-365 days past due	<u>-</u>	<u>-</u>	<u>-</u>	<u>346</u>
	<u>\$ 286</u>	<u>\$ 859,392</u>	<u>\$ 74</u>	<u>\$ 681,176</u>

  

	<u>June 30, 2023</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	<u>\$ 103</u>	<u>\$ 368,972</u>
Within 60 days past due	<u>-</u>	<u>27,596</u>
61-180 days past due	<u>-</u>	<u>182</u>
	<u>\$ 103</u>	<u>\$ 396,750</u>

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

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, the balances of Notes Receivable and Accounts Receivable were generated from customer contracts, and the balance of accounts receivable from customer contracts was \$512,739 as of January 1, 2023.

C. As June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that the best represents the Group's notes receivable and accounts receivable were book value.

D. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group did not hold any collaterals as guarantees for Notes and Accounts Receivable.

E. Please refer to Note 12, (2) for the credit risk information of the related Notes and Accounts Receivable.

F. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had not pledged any Notes and Accounts Receivable as collateral.

(6) Inventories

June 30, 2024			
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 255,262	(\$ 24,471)	\$ 230,791
Work in Process	196,279	( 11,495)	184,784
Finished Goods	<u>69,821</u>	<u>( 4,061)</u>	<u>65,760</u>
	<u>\$ 521,362</u>	<u>(\$ 40,027)</u>	<u>\$ 481,335</u>

  

December 31, 2023			
	Cost	Allowance to reduce inventory to market	Carrying Value
Merchandise	\$ 77	\$ -	\$ 77
Raw Materials	90,990	( 24,403)	66,587
Work in Process	148,099	( 11,382)	136,717
Finished Goods	<u>62,960</u>	<u>( 4,388)</u>	<u>58,572</u>
	<u>\$ 302,126</u>	<u>(\$ 40,173)</u>	<u>\$ 261,953</u>

  

June 30, 2023			
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 75,447	(\$ 23,304)	\$ 52,143
Work in Process	143,014	( 12,166)	130,848
Finished Goods	<u>58,891</u>	<u>( 4,776)</u>	<u>54,115</u>
	<u>\$ 277,352</u>	<u>(\$ 40,246)</u>	<u>\$ 237,106</u>

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

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Cost Of Goods Sold	\$ 504,117	\$ 396,191
Gain from price recovery of inventory (Note)	( 31)	( 801)
Gain or Loss on Physical Inventory	1,405	349
Revenue from Sale of Scraps	( 4,244)	( 2,523)
	<u>\$ 501,247</u>	<u>\$ 393,216</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Cost Of Goods Sold	\$ 974,072	\$ 833,680
Gain from price recovery of inventory (Note)	( 146)	( 1,995)
Gain or Loss on Physical Inventory	2,405	1,099
Revenue from Sale of Scraps	( 7,447)	( 5,361)
	<u>\$ 968,884</u>	<u>\$ 827,423</u>

(Note) From April to June of 2024 and 2023 and January to June of 2024 and 2023, the recognized gain from price recovery of inventory is cause by the Group's sale of some inventories that were originally listed as loss for market price decline and obsolete and slow-moving inventories.

(7) Prepaid Expenses

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Advance payment	\$ 174,706	\$ 110,949	\$ 130,318
Prepaid expenses	147,527	80,371	75,169
Supplies inventory	70,042	71,472	92,744
Tax credit	77,147	46,536	29,656
Prepaid insurance	26,426	2,300	10,805
Others	17,459	1,205	5,329
	<u>\$ 513,307</u>	<u>\$ 312,833</u>	<u>\$ 344,021</u>

(8) Equity method investment

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

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
January 1	\$ -	\$ 21,712
Share of profit of associates & joint ventures accounted for using equity method	-	335
Other comprehensive income of associates & joint ventures accounted for using equity method	-	( 2)
Transfer to financial assets at fair value through other comprehensive income (Note)	-	( 22,045)
June 30	<u>\$ -</u>	<u>\$ -</u>

(Note) As of September 2023, the Group didn't participate in capital increase of the invested company to lose a material impact, transfer the residual investment of its investee to "financial assets at fair value through other comprehensive income".

B. 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, 2024</u>	<u>April to June, 2023</u>
Net profit of continuing business units for the current period	\$ -	\$ 419
Other comprehensive income (net of tax)	-	-
Total comprehensive income	<u>\$ -</u>	<u>\$ 419</u>

  

	<u>January to June, 2024</u>	<u>January to June, 2023</u>
Net profit of continuing business units for the current period	\$ -	\$ 304
Other comprehensive income (net of tax)	-	( 2)
Total comprehensive income	<u>\$ -</u>	<u>\$ 302</u>

C. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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, 2024</u>									
Cost	\$ 107,155	\$ 83,392	\$ 1,124,459	\$ 117,278	\$ 20,990	\$ 158,348	\$ 196,850	\$ 12,145	\$ 1,820,617
Accumulated Depreciation	-	( 61,469)	( 408,690)	( 18,165)	( 15,106)	( 110,190)	( 107,712)	-	( 721,332)
Cumulative Impairment	-	-	( 1,254)	-	( 1,022)	( 4,651)	( 407)	-	( 7,334)
	<u>\$ 107,155</u>	<u>\$ 21,923</u>	<u>\$ 714,515</u>	<u>\$ 99,113</u>	<u>\$ 4,862</u>	<u>\$ 43,507</u>	<u>\$ 88,731</u>	<u>\$ 12,145</u>	<u>\$ 1,091,951</u>
<u>January to June of 2024</u>									
January 1	\$ 107,155	\$ 21,923	\$ 714,515	\$ 99,113	\$ 4,862	\$ 43,507	\$ 88,731	\$ 12,145	\$ 1,091,951
Add - Cost	-	1,470	4,873	1,001	673	6,781	9,213	1,477	25,488
Transfer In of Prepaid Equipment Cost	-	3,430	7,334	38,560	-	711	4,838	-	54,873
Acceptance and transfer	-	-	13,622	-	-	-	-	( 13,622)	-
Depreciation Expense	-	( 2,227)	( 32,649)	( 6,011)	( 546)	( 5,775)	( 15,370)	-	( 62,578)
Disposal-Cost	-	( 1,452)	( 906)	( 4,530)	-	( 874)	( 5,306)	-	( 13,068)
Disposal-Accumulated Depreciation	-	1,452	750	4,530	-	874	5,264	-	12,870
June 30	<u>\$ 107,155</u>	<u>\$ 24,596</u>	<u>\$ 707,539</u>	<u>\$ 132,663</u>	<u>\$ 4,989</u>	<u>\$ 45,224</u>	<u>\$ 87,370</u>	<u>\$ -</u>	<u>\$ 1,109,536</u>

June 30, 2024

Cost	\$ 107,155	\$ 86,840	\$ 1,149,382	\$ 152,309	\$ 21,663	\$ 164,966	\$ 205,595	\$ -	\$ 1,887,910
Accumulated Depreciation	-	( 62,244)	( 440,589)	( 19,646)	( 15,652)	( 115,091)	( 117,818)	-	( 771,040)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>( 1,254)</u>	<u>-</u>	<u>( 1,022)</u>	<u>( 4,651)</u>	<u>( 407)</u>	<u>-</u>	<u>( 7,334)</u>
	<u>\$ 107,155</u>	<u>\$ 24,596</u>	<u>\$ 707,539</u>	<u>\$ 132,663</u>	<u>\$ 4,989</u>	<u>\$ 45,224</u>	<u>\$ 87,370</u>	<u>\$ -</u>	<u>\$ 1,109,536</u>

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2023</u>									
Cost	\$ 181,182	\$ 165,220	\$ 1,002,873	\$ 71,136	\$ 20,984	\$ 149,633	\$ 193,728	\$ 45,481	\$ 1,830,237
Accumulated Depreciation	-	( 74,001)	( 350,094)	( 10,738)	( 14,079)	( 99,910)	( 93,244)	-	( 642,066)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>( 1,254)</u>	<u>-</u>	<u>( 1,022)</u>	<u>( 4,651)</u>	<u>( 407)</u>	<u>-</u>	<u>( 7,334)</u>
	<u>\$ 181,182</u>	<u>\$ 91,219</u>	<u>\$ 651,525</u>	<u>\$ 60,398</u>	<u>\$ 5,883</u>	<u>\$ 45,072</u>	<u>\$ 100,077</u>	<u>\$ 45,481</u>	<u>\$ 1,180,837</u>

January to June of 2023

January 1	\$ 181,182	\$ 91,219	\$ 651,525	\$ 60,398	\$ 5,883	\$ 45,072	\$ 100,077	\$ 45,481	\$ 1,180,837
Add - Cost	-	-	51,120	3,366	87	2,134	6,645	2,240	65,592
Transfer In of Prepaid Equipment Cost	-	-	18,240	16,606	-	-	10,300	-	45,146
Acceptance and transfer	-	-	35,576	-	-	-	-	( 35,576)	-
Depreciation Expense	-	( 3,153)	( 30,770)	( 3,829)	( 538)	( 4,831)	( 15,538)	-	( 58,659)

Disposal-Cost	( 74,027)	( 81,828)	( 5,143)	( 103)	( 55)	-	( 16,520)	-	( 177,676)
Disposal- Accumulated Depreciation	<u>-</u>	<u>17,639</u>	<u>5,143</u>	<u>12</u>	<u>12</u>	<u>-</u>	<u>16,367</u>	<u>-</u>	<u>39,173</u>
June 30	<u>\$ 107,155</u>	<u>\$ 23,877</u>	<u>\$ 725,691</u>	<u>\$ 76,450</u>	<u>\$ 5,389</u>	<u>\$ 42,375</u>	<u>\$ 101,331</u>	<u>\$ 12,145</u>	<u>\$ 1,094,413</u>
<u>June 30, 2023</u>									
Cost	\$ 107,155	\$ 83,392	\$ 1,102,666	\$ 91,005	\$ 21,016	\$ 151,767	\$ 194,153	\$ 12,145	\$ 1,763,299
Accumulated Depreciation	-	( 59,515)	( 375,721)	( 14,555)	( 14,605)	( 104,741)	( 92,415)	-	( 661,552)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>( 1,254)</u>	<u>-</u>	<u>( 1,022)</u>	<u>( 4,651)</u>	<u>( 407)</u>	<u>-</u>	<u>( 7,334)</u>
	<u>\$ 107,155</u>	<u>\$ 23,877</u>	<u>\$ 725,691</u>	<u>\$ 76,450</u>	<u>\$ 5,389</u>	<u>\$ 42,375</u>	<u>\$ 101,331</u>	<u>\$ 12,145</u>	<u>\$ 1,094,413</u>

- A. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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 2024 and 2023.
- C. Information on the pledge of property, plant and equipment by the Group is described in Note 8.
- D. 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 20 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 underlying assets such as business vehicles, parking spaces, stackers and staff dormitories does not exceed 12 months, and the leased assets with low value are air cleaners and print machines, etc.
- C. The book value of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 167	\$ 187	\$ 271
Buildings	116,987	109,661	113,753
Transport Equipment (business vehicles)	<u>2,353</u>	<u>3,534</u>	<u>4,230</u>
	<u>\$ 119,507</u>	<u>\$ 113,382</u>	<u>\$ 118,254</u>

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 11	\$ 98
Buildings	4,534	4,075
Transport Equipment (business vehicles)	<u>590</u>	<u>552</u>
	<u>\$ 5,135</u>	<u>\$ 4,725</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 21	\$ 192
Buildings	8,536	7,840
Transport Equipment(business vehicles)	<u>1,180</u>	<u>1,171</u>
	<u>\$ 9,737</u>	<u>\$ 9,203</u>

D. The additions to the Group's right-of-use assets were \$14,419 and \$7,210 and \$15,945 and \$29,638 for April to June of 2024 and 2023 and January to June of 2024 and 2023, respectively.

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

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 571	\$ 521
Expenses for short-term lease contracts	15,901	648
Lease of low-value assets	357	350
Fees for variable lease payments	1,241	1,250
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 1,199	\$ 1,030
Expenses for short-term lease contracts	18,946	1,918
Lease of low-value assets	652	693
Fees for variable lease payments	2,436	2,070
Lease modification benefit	- (	5)

F. The Group's total rental cash outflows for January to June 2024 and 2023 were \$31,961 and \$13,519, respectively.

G. When the Group determines the lease period, it takes into consideration all the facts and circumstances that will generate economic incentives for exercising or not exercising the right to renew the lease. The lease period will be re-estimated when a major event occurs in the assessment of the exercise or non-exercise of the right to renew the lease. Based on the assessment of exercising or not exercising the right to renew the lease, the Group's right-of-use assets and lease liabilities from January to June 2024 and 2023 were reduced by \$83 and \$1,063 respectively, and lease modification benefits of \$- and \$5 were recognized (listed as "Other gains and losses").

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

In the lease contract of the subsidiary company Yung Fu Co., Ltd., the subject matter of the variable lease payment clause is linked to the power generation income generated by the power plant and the announced land price. basis and are recognized as an expense in the period in which these payment terms are triggered.

(11) Investment property - net

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
	<u>Land</u>	<u>Land</u>
Balance of beginning and ending period	<u>\$ 32,452</u>	<u>\$ 32,452</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, 2024, December 31, 2023 and June 30, 2023 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 were all \$63,960 as of June 30, 2024, December 31, 2023 and June 30, 2023, 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

	Concession	Computer software	Goodwill	Total
<u>January 1, 2024</u>				
Cost	\$ 809,385	\$ 2,326	\$ 19,003	\$ 830,714
Accumulated amortization	( 15,618)	( 1,119)	-	( 16,737)
	<u>\$ 793,767</u>	<u>\$ 1,207</u>	<u>\$ 19,003</u>	<u>\$ 813,977</u>
<u>January to June of 2024</u>				
January 1	\$ 793,767	\$ 1,207	\$ 19,003	\$ 813,977
Service concession agreement obtained	40,943	-	-	40,943
Amortization expense	( 22,692)	( 217)	-	( 22,909)
June 30	<u>\$ 812,018</u>	<u>\$ 990</u>	<u>\$ 19,003</u>	<u>\$ 832,011</u>
<u>June 30, 2024</u>				
Cost	\$ 850,328	\$ 2,326	\$ 19,003	\$ 871,657
Accumulated amortization	( 38,310)	( 1,336)	-	( 39,646)
	<u>\$ 812,018</u>	<u>\$ 990</u>	<u>\$ 19,003</u>	<u>\$ 832,011</u>
	Concession	Computer software	Goodwill	Total
<u>January 1, 2023</u>				
Cost	\$ 91,638	\$ 2,176	\$ 19,003	\$ 112,817
Accumulated amortization	( 400)	( 649)	-	( 1,049)
	<u>\$ 91,238</u>	<u>\$ 1,527</u>	<u>\$ 19,003</u>	<u>\$ 111,768</u>
<u>January to June of 2023</u>				
January 1	\$ 91,238	\$ 1,527	\$ 19,003	\$ 111,768
Service concession agreement obtained	92,167	-	-	( 92,167)
Amortization expense	( 3,682)	( 275)	-	( 3,957)
June 30	<u>\$ 179,723</u>	<u>\$ 1,252</u>	<u>\$ 19,003</u>	<u>\$ 199,978</u>

June 30, 2023

	\$ 183,805	\$ 2,176	\$ 19,003	\$ 204,984
Accumulated amortization	( 4,082)	( 924)	-	( 5,006)
	<u>\$ 179,723</u>	<u>\$ 1,252</u>	<u>\$ 19,003</u>	<u>\$ 199,978</u>

A. The information on amortization of intangible assets are as follows:

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Operating costs	\$ 11,528	\$ 2,311
Amortization expense	4	7
Administrative expenses	<u>51</u>	<u>44</u>
	<u>\$ 11,583</u>	<u>\$ 2,362</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Operating costs	\$ 22,799	\$ 3,843
Amortization expense	8	7
Administrative expenses	<u>102</u>	<u>107</u>
	<u>\$ 22,909</u>	<u>\$ 3,957</u>

B. The subsidiary - Yung Fu signed the “Rehabilitate, Operate and Transfer of Waste Incineration Plant in Kanding Pingtung County” with the Pingtung County Government (hereinafter collectively referred to as “both parties”) in the form of ROT (Rehabilitate, Operate and Transfer) for construction and labor services. Both parties agreed to follow the Act for Promotion of Private Participation in Infrastructure Projects and regulations formulated by the relevant competent authorities to have the subsidiary Yung Fu handle the construction and operation. The operation period is 20 years, and the operating assets and operating rights are returned to Pingtung County Government when the operation period expires. The important information is summarized as follows:

- ① The subsidiary - Yung Fu shall be responsible for the construction of the incineration plant and the maintenance and management of various facilities and equipment during the operation period, and promises to properly dispose of waste within the scope of processing capacity.
- ② During the operation period, the subsidiary - Yung Fu shall calculate the remuneration for operation and maintenance to be collected from the Pingtung County Government and the land rent, waste disposal fee, price change royalties, electricity sales increase royalties and other fees payable to the county government based on the contract terms.
- ③ The subsidiary - Yung Fu should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than \$967,382. Before the deadline for renovation works (December 31, 2024), the subsidiary - Yung

Fu should invest at least \$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 the Yung Fu, the subsidiary shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government.

④ The subsidiary - Yung Fu recognizes the rights to sell electricity and dispose of waste from the provision of construction and service upgrades and the renovation cost to be committed in the future as intangible assets and revenue (listed as “operating revenue”) from service concession, respectively in accordance with the provisions of IFRIC 12 “Service Concession Arrangements”.

⑤ As of June 30, 2024, the subsidiary - Yung Fu has invested \$716,474, with an achievement rate of 74.06%.

C. The Group did not capitalize any interests of the intangible assets from January to June, 2024 and 2023.

D. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Corporate Group had not provided intangible asset as pledged collaterals.

(13) Impairment of non-financial assets

The Group's did not recognize or reverse any impairment loss from January to June, 2024 and 2023. As of June 30, 2024, December 31, 2023 and June 30, 2023, the accumulated impairment loss recognized on the Group's non-financial assets were all \$7,334.

(14) Short-term loans

Type of borrowings	June 30, 2024	Interest Rate	Collateral
Guaranteed bank loans	\$ 560,917	2.40%~6.83%	Demand deposits, land, buildings & construction and Investment property
Unsecured bank loans	92,459	2.29%~2.54%	None
	<u>\$ 653,376</u>		
Type of borrowings	December 31, 2023	Interest Rate	Collateral
Guaranteed bank loans	<u>\$ 156,144</u>	2.30%~6.74%	Demand deposits, land, buildings & construction and Investment property
Type of borrowings	June 30, 2023	Interest Rate	Collateral
Guaranteed bank loans	<u>\$ 83,366</u>	2.28%~2.58%	Demand deposits, land, buildings & construction and Investment property

The interest expense recognized in profit or loss from April to June of 2024 and 2023 and January to June of 2024 and 2023 is described in Note 6, (28) Financial costs.

(15) Short-term bills payable

Nature of borrowing	June 30, 2024	Interest Rate	Collateral
Commercial paper	\$ 87,400	2.5%~2.74%	Demand deposits and Machinery & equipment
Less: Unamortized discount	( 233)		
	<u>\$ 87,167</u>		



<u>Nature of borrowing</u>	<u>December 31, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 70,200	2.67%	Demand deposits and Machinery & equipment
Less: Unamortized discount	( 193)		
	<u>\$ 70,007</u>		

<u>Nature of borrowing</u>	<u>June 30, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Commercial paper	\$ 93,000	2.60%~2.61%	Demand deposits and Machinery & equipment
Less: Unamortized discount	( 226)		
	<u>\$ 92,774</u>		

A. The above commercial paper payable is issued by Union Bank of Taiwan and International Bills Finance Corporation under guarantee for short-term liquidity purposes.

B. Interest expense recognized in profit or loss from April to June and January to June of 2024 and 2023 is described in Note 6, (28) Financial costs.

(16) Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Dividends payable	\$ 101,523	\$ -	\$ 199,417
Salary payable	59,103	71,558	52,595
Processing fees payable	25,102	13,753	9,840
Utilities payable	8,817	11,342	4,974
Equipment payable	4,244	26,263	20,767
Others (Less than 5%)	68,174	52,581	60,961
	<u>\$ 266,963</u>	<u>\$ 175,497</u>	<u>\$ 348,554</u>

(17) Bonds payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured convertible bonds	\$ 354,259	\$ 354,457	\$ 357,832
Less: Discount on bonds payable	( 9,780)	( 13,614)	( 17,573)
	<u>\$ 344,479</u>	<u>\$ 340,843</u>	<u>\$ 340,259</u>

A. In September 2022, the Company issued the domestic fourth series unsecured convertible bonds, the main terms of which are as follows:

- ① The Company was approved by the competent authority to raise and issue the fourth series domestic unsecured convertible bonds with a total amount of \$351,750 (related issuance cost of \$3,695), with a coupon rate of 0% and a maturity period of 3 years from September 30, 2022 to September 30, 2025. The convertible bonds are repayable in cash at 102.2669% 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 (December 31, 2022) to the maturity date (September 30, 2025), the holders of

the Bonds may request the conversion of the Bonds into common shares 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 shares shall be the same as those of the original issued common shares.

- 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.

- B. In 2023, the corporate bonds with a face value of \$100 were converted into 4 thousand shares of common stock. As of the date of record for the capital increase on March 22, 2023, the registration of changes has been completed (listed as "Common stock" \$37 and "Additional paid-in capital - Issue premium" \$63 and reversed "Additional paid-in capital – bonds Share Options" \$4).
- C. In 2023, the corporate bonds with a face value of \$3,300 were converted into 132 thousand shares of common stock. As of the date of record for the capital increase on January 29, 2024, the registration of changes has been completed (listed as "Common stock" \$1,320 and reversed "Share capital - certificate of entitlement to new shares from convertible bonds" \$1,320).
- D. In 2024, the corporate bonds with a face value of \$200 will convert into 8 thousand shares of common stock. As of June 30, 2024, the registration of changes has not yet been completed. (listed as "Share capital - certificate of entitlement to new shares from convertible bonds" \$80 and "Additional paid-in capital - Issue premium" \$126 and reversed "Additional paid-in capital – bonds Share Options" \$8).
- E. 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 -bonds Share Options" at \$13,784. As of June 30, 2024, December 31, 2023, and June 30, 2023, the balances of the above "Additional paid-in capital – bonds Share Options" were \$13,643, \$13,651 and \$13,780, respectively, after the issue, repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. In accordance with IFRS 9, "Financial Instruments", the embedded repurchase and resale rights are separated from the economic characteristics and risks of the principal debt instruments and are recorded as "Financial assets or liabilities at fair value through profit or loss - non-current" on the net basis. The effective interest rate of the master contract debt after the separation was 2.24%.

F. Interest expense recognized in profit or loss for April to June and January to June, 2024 and 2023 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, 2024</u>	<u>Collateral</u>
Guaranteed bank loans	2026.3.2~2038.8.9	2.58%~ 2.94%	\$ 256,072	Demand deposits and Machinery & equipment
Unsecured bank loans	2036.12.31	2.79%~ 2.89%	<u>661,326</u>	None
			917,398	
Less: Portion due within one year or one business cycle			( <u>94,605</u> )	
			<u>\$ 822,793</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>December 31, 2023</u>	<u>Collateral</u>
Guaranteed bank loans	2026.3.2~2038.8.9	2.45%~ 2.82%	\$ 277,758	Demand deposits, Machinery & equipment and construction in progress
Unsecured bank loans	2024.12.31	2.67%~ 2.77%	<u>245,000</u>	None
			522,758	
Less: Portion due within one year or one business cycle			( <u>306,331</u> )	
			<u>\$ 216,427</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>June 30, 2023</u>	<u>Collateral</u>
Guaranteed bank loans	2024.12.31~2029.3.21	2.45%~ 2.82%	\$ 186,692	Demand deposits and Machinery & equipment
Unsecured bank loans	2024.12.31	2.64%~ 2.67%	<u>135,000</u>	None
			321,692	
Less: Portion due within one year or one business cycle			( <u>33,685</u> )	
			<u>\$ 288,007</u>	

The interest expense recognized in profit or loss from April to June of 2024 and 2023 and January to June of 2024 and 2023 is described in Note 6, (28) for the 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 2025, 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 2024 and 2023 and January to June of 2024 and 2023, the Group recognized pension costs of \$- in accordance with the above pension plan.
- ② The Group estimated contribution to the retirement plan for the 2025 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 \$3,674 and \$3,543 and \$7,522 and \$7,467 from April to June of 2024 and 2023 and January to June of 2024 and 2023, respectively, based on the above pension plan.

(20) Share capital and advance receipt

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 2024</u>	<u>January to June of 2023</u>
Number of shares at the beginning of the period	100,059	99,410
Conversion of employee stock options	212	295
Conversion of corporate bonds	<u>132</u>	<u>4</u>
Ending balance	<u><u>100,403</u></u>	<u><u>99,709</u></u>

B. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 180 units were exercised between November to December 2022(the proceeds from the subscription were \$3,366), 115 units were exercised between January to March 2023(the proceeds from the subscription were \$2,150). As of the date of record for the capital increase on January 11, 2023 and March 22, 2023, the registration of changes has been completed (listed as “Common stock” \$2,949 and “Additional paid-in capital - Issue premium” of \$2,567). And 350 units were exercised between January to June 2023 the proceeds from the subscription were \$6,545 (listed as “Capital collected in advance”), until June 30, 2023, the registration of changes has not been completed.

C. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 212 units were exercised between October 2023 to January 2024 (the proceeds from the subscription were \$3,668). As of the date of record for the capital increase on January 29, 2024, had completed the change of registration (listed as “Common stock” \$2,120 and “Additional paid-in capital - Issuance Premium” \$1,548). And 99 units were exercised between February to June 2024 the proceeds from the subscription were \$1,713 (listed as “Capital collected in advance”), until June 30, 2024, the registration of changes has not been completed.

D. Please refer to Note 6, (17) for the conversion of bonds payable from January to June, 2024 and 2023.

E. As of June 30, 2024, 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 \$1,004,027, divided into 100,403 thousand shares of NT\$10 each. All proceeds from shares issued have been collected.

(21) Additional Paid-in Capital

January to June of 2024						
	Issuance Premium	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Bonds stock options	Employee stock options	Others	Total
Balance of January 1	\$ 909,815	\$ 154,160	\$ 13,651	\$ 11,265	\$ 6,741	\$ 1,095,632
Conversion of bonds into capital stock	126	-	( 8)	-	-	118
Employee stock options into capital stock	<u>1,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,548</u>
Balance of June 30	<u>\$ 911,489</u>	<u>\$ 154,160</u>	<u>\$ 13,643</u>	<u>\$ 11,265</u>	<u>\$ 6,741</u>	<u>\$ 1,097,298</u>

  

January to June of 2023						
	Issuance Premium	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Bonds stock options	Employee stock options	Others	Total
Balance of January 1	\$ 915,511	\$ 154,160	\$ 13,784	\$ 12,018	\$ 6,741	\$ 1,102,214
Conversion of bonds into capital stock	63	-	( 4)	-	-	59
Employee stock options into capital stock	2,567	-	-	-	-	2,567
Expired employee stock options	1,912	-	-	( 1,912)	-	-
Employee Stock Options Compensation Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>714</u>	<u>-</u>	<u>714</u>
Balance of June 30	<u>\$ 920,053</u>	<u>\$ 154,160</u>	<u>\$ 13,780</u>	<u>\$ 10,820</u>	<u>\$ 6,741</u>	<u>\$ 1,105,554</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”, “Additional paid-in capital - Bonds stock options” and “Additional paid-in capital - Employee stock options”, please refer to Note 6, (20) Share capital and advance receipt, Note 6, (17) Bonds payable and Note 6, (22) Share-based payment to employees.

(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, 2024, the subscription price for employee stock options has been adjusted to NT\$17.3. 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, 2024 and 2023 (relative to the item listed as “Additional paid-in capital - Employee Stock Options”) was \$- and \$414, 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”) was \$- and \$300 from January to June, 2024 and 2023, respectively.

- ① The number of options and the weighted-average exercise price of the stock option plan for compensated employees from January to June, 2024 and 2023 are disclosed as follows:

Share Options	January to June of 2024	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the period	730	\$ 17.3
Share options exercised this period	(191)	17.3
Number of ordinary shares outstanding at the end of period	539	17.3
Options exercisable at the end of the period	539	17.3
Options approved and outstanding at the end of the period	-	-

Share Options	January to June of 2023	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the period	2,820	\$ 18.7
Share options exercised this period	( 465)	18.7
Options expired at the end of the period	( 1,495)	18.7
Number of ordinary shares outstanding at the end of period	<u>860</u>	18.7
Options exercisable at the end of the period	<u>280</u>	18.7
Options approved and outstanding at the end of the period	<u>-</u>	-

Please refer to Note 6 (20) Share capital and advance receipts for details of the Company's 2024 and 2023 collection of payment for 191 and 465 units, respectively, of employee stock options.

- 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:

	October 21, 2020
Date of granting	
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

### (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. 1090150022 dated March 31, 2021. 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. The board meeting on March 22, 2023 resolved to distribute 2022 earnings as cash dividends of \$199,417 (NT\$2 per share). The board meeting on March 13, 2024, resolved to distribute 2023 earnings as cash dividends of \$100,413 (NT\$1 per share), which has not yet been distributed (listed as "Other Payables").

#### (24) Operating revenue

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Customer contract revenue	\$ 984,912	\$ 929,867
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Customer contract revenue	\$ 1,929,676	\$ 1,905,678

#### 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 2024</u>	<u>April to June of 2023</u>
Revenue from sales of screws	\$ 223,269	\$ 263,277
Revenue from scrap iron	239,723	270,077
Logistics and transport revenue	117,699	79,719
Contracting revenue	109,966	55,217
Revenue from electricity sales	79,219	68,788
Project revenue	17,753	9,036
Labor service operation revenue	11,612	11,228
Others	92,248	34,154
	<u>891,489</u>	<u>791,496</u>



Service concession arrangement:

Revenue from electricity sales	37,097	41,209
Waste treatment revenue	31,752	37,248
Project revenue	19,745	52,023
Operating revenue	<u>4,829</u>	<u>7,891</u>
	<u>93,423</u>	<u>138,371</u>
	<u>\$ 984,912</u>	<u>\$ 929,867</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Revenue from sales of screws	\$ 443,597	\$ 647,005
Revenue from scrap iron	471,673	490,219
Logistics and transport revenue	223,616	159,880
Contracting revenue	190,128	115,165
Revenue from electricity sales	144,862	110,075
Project revenue	75,407	45,858
Labor service operation revenue	22,460	18,703
Others	<u>136,281</u>	<u>64,853</u>
	<u>1,708,024</u>	<u>1,651,758</u>

Service concession arrangement:

Revenue from electricity sales	104,054	71,537
Waste treatment revenue	64,682	75,661
Project revenue	40,943	92,167
Operating revenue	<u>11,973</u>	<u>14,555</u>
	<u>221,652</u>	<u>253,920</u>
	<u>\$ 1,929,676</u>	<u>\$ 1,905,678</u>

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 810,671	\$ 739,495
Revenue recognized gradually over time	<u>174,241</u>	<u>190,372</u>
	<u>\$ 984,912</u>	<u>\$ 929,867</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Cut-off point of revenue recognition		
Revenue recognized at a particular point in time	\$ 1,525,027	\$ 1,552,586
Revenue recognized gradually over time	<u>404,649</u>	<u>353,092</u>
	<u>\$ 1,929,676</u>	<u>\$ 1,905,678</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>January 1, 2023</u>
Contractual Asset- current	<u>\$ 5,881</u>	<u>\$ 5,881</u>	<u>\$ 8,984</u>	<u>\$ 12,711</u>
Contractual Liabilities - current and non-current:				
Unearned receipts	<u>\$ 232,111</u>	<u>\$ 206,183</u>	<u>\$ 130,931</u>	<u>\$ 127,185</u>

① The opening contract liabilities were recognized in income of \$5,367, \$3,745, \$6,717 and \$18,298 for April to June, and January to June, 2024 and 2023, respectively.

② Outstanding long-term contracts

For the date ended June 30, 2024, December 31, 2023 and June 30, 2023, the amortized contract costs of the unfulfilled part of the long-term contracts signed by the subsidiary of Yung Fu and customers were all \$13,084. The management expects that the amortized transaction price of the outstanding performance obligations as of June 30, 2024, December 31, 2023 and June 30, 2023, will be recognized as revenue in 2022 to 2024.

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 2024</u>	<u>April to June of 2023</u>
Interest from bank deposits	\$ 2,325	\$ 4,390
Interest income from financial assets measured at amortized cost	517	247
Other interest incomes	13	10
	<u>\$ 2,855</u>	<u>\$ 4,647</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Interest from bank deposits	\$ 4,409	\$ 6,938
Interest income from financial assets measured at amortized cost	535	275
Other interest incomes	23	17
	<u>\$ 4,967</u>	<u>\$ 7,230</u>

(26) Other income

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Invalidation of gains in accounts payable	\$ 23,192	\$ -
Insurance claims income	6,429	-
Fee income	1,300	-
Lease income	190	322
Dividend income	631	-
Other income	133	6,876
	<u>\$ 31,875</u>	<u>\$ 7,198</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Invalidation of gains in accounts payable	\$ 23,192	\$ -
Insurance claims income	6,429	-
Fee income	1,300	-
Lease income	407	696
Dividend income	631	-
Other income	1,748	10,192
	<u>\$ 33,707</u>	<u>\$ 10,888</u>

(27) Other gains or losses

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 108,190	\$ 745
Net gain on disposal of property, plant and equipment	147	11,548
Net foreign currency exchange gain	4,092	8,693
Net gain (loss) on disposal of investments accounted for under the equity method	490	( 3,684)
Other loss	( 142)	( 52)
	<u>\$ 112,777</u>	<u>\$ 17,250</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 114,596	\$ 1,061
Net (loss) gain on disposal of property, plant and equipment	( 27)	11,516
Net foreign currency exchange gain	12,120	11,600
Gain arising from lease modifications	-	5
Net gain (loss) on disposal of investments accounted for under the equity method	490	( 3,684)
Other loss	( 16)	( 51)
	<u>\$ 127,163</u>	<u>\$ 20,447</u>

(28) Financial costs

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Interest expense		
Bank loans	\$ 9,498	\$ 2,743
Convertible bonds	1,923	1,898
Lease liabilities	571	521
Others	6	-
	<u>\$ 11,998</u>	<u>\$ 5,162</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Interest expense		
Bank loans	\$ 15,986	\$ 4,537
Convertible bonds	3,835	3,786
Lease liabilities	1,199	1,030
Others	<u>6</u>	<u>2</u>
	<u>\$ 21,026</u>	<u>\$ 9,355</u>

(29) Additional information on the nature of expenses

	<u>April to June of 2024</u>			<u>April to June of 2023</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	\$ 88,815	\$ 20,846	\$ 109,661	\$ 74,271	\$ 23,579	\$ 97,850
Depreciation	\$ 32,566	\$ 4,450	\$ 37,016	\$ 29,015	\$ 5,038	\$ 34,053
Amortization expense	\$ 11,528	\$ 55	\$ 11,583	\$ 2,311	\$ 51	\$ 2,362

	<u>January to June of 2024</u>			<u>January to June of 2023</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	\$ 172,049	\$ 43,088	\$ 215,137	\$ 147,335	\$ 48,694	\$ 196,029
Depreciation	\$ 64,124	\$ 8,191	\$ 72,315	\$ 57,947	\$ 9,915	\$ 67,862
Amortization expense	\$ 22,799	\$ 110	\$ 22,909	\$ 3,843	\$ 114	\$ 3,957

(30) Employee benefits expenses

	<u>April to June of 2024</u>			<u>April to June of 2023</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expenses	\$ 75,141	\$ 19,096	\$ 94,237	\$ 60,333	\$ 19,227	\$ 79,560
Employee compensation costs	-	-	-	-	437	437
Labor and health insurance expenses	7,386	1,164	8,550	7,134	1,695	8,829
Pension expense	3,047	627	3,674	2,691	852	3,543
Other personnel expenses	<u>3,241</u>	<u>( 41)</u>	<u>3,200</u>	<u>4,113</u>	<u>1,368</u>	<u>5,481</u>
	<u>\$ 88,815</u>	<u>\$ 20,846</u>	<u>\$ 109,661</u>	<u>\$ 74,271</u>	<u>\$ 23,579</u>	<u>\$ 97,850</u>

	<u>January to June of 2024</u>			<u>January to June of 2023</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expenses	\$ 145,264	\$ 36,943	\$ 182,207	\$ 121,830	\$ 40,491	\$ 162,321
Employee compensation costs	-	-	-	-	793	793
Labor and health insurance expenses	14,794	2,680	17,474	13,858	3,327	17,185
Pension expense	6,106	1,416	7,522	5,789	1,678	7,467
Other personnel expenses	<u>5,885</u>	<u>2,049</u>	<u>7,934</u>	<u>5,858</u>	<u>2,405</u>	<u>8,263</u>
	<u>\$ 172,049</u>	<u>\$ 43,088</u>	<u>\$ 215,137</u>	<u>\$ 147,335</u>	<u>\$ 48,694</u>	<u>\$ 196,029</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' and directors' remuneration were \$1,223, \$810, \$1,223 and \$1,688 from April to June and January to June of 2024 and 2023. The abovementioned amounts were recognized as payroll expenses, and are estimated based on the profitability of the year and the percentage specified in the Articles of Incorporation. The board of directors resolution on March 13, 2024 approved the actual distribution of employees' and directors' remuneration were both of \$3,406, were the same as amount recognized in the 2023 financial report.

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 (benefit) components:

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Current income tax:		
Current tax on profits for the year	\$ 2,484	\$ 5,260
Unappropriated earnings	3,555	-
In respect of prior periods	( 8,292)	( 1,989)
Total current income tax	( 2,253)	3,271

Deferred income tax:

Generation and reversal of temporary differences	( 9,995)	( 22,571)
Income tax (benefit) expense	(\$ 12,248)	(\$ 19,300)

January to June of 2024 January to June of 2023

Current income tax:

Current tax on profits for the year	\$ 4,192	\$ 16,989
Unappropriated earnings	3,555	-
In respect of prior periods	( 8,292)	( 1,989)
Total current income tax	( 545)	15,000

Deferred income tax:

Generation and reversal of temporary differences	( 21,166)	( 35,215)
Income tax (benefit) expense	(\$ 21,711)	(\$ 20,215)

B. The Company's income tax has been approved by the tax authorities until 2022, and no administrative relief has been provided as of August 9, 2024.

(32) Earnings per share

	<u>April to June of 2024</u>		
	Amount	Weighted average	Earnings
	After tax	hare outstanding	per share
		(thousand shares)	(NT\$)
<u>Basic earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	<u>\$ 85,833</u>	<u>100,403</u>	<u>\$ 0.85</u>
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 85,833	100,403	
Effect of dilutive potential ordinary shares:			
Compensation of employees	-	148	
Employee stock option	-	143	
Bonds payable	<u>1,538</u>	<u>13,856</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	<u>\$ 87,371</u>	<u>114,550</u>	<u>\$ 0.76</u>

April to June of 2023			
	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	\$ 7,292	99,709	\$ 0.07
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 7,292	99,709	
Effect of dilutive potential ordinary shares:			
Compensation of employees	-	74	
Bonds payable	-	689	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ 7,292	100,472	\$ 0.07

January to June of 2024			
	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	\$ 70,475	100,350	\$ 0.70
<u>Diluted earnings per share</u>			
Net income attributable to equity holders of the parent company for the period	\$ 70,475	100,350	
Effect of dilutive potential ordinary shares:			
Compensation of employees	-	211	
Employee stock option	-	254	
Bonds payable	3,068	13,860	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$ 73,543	114,675	\$ 0.64

January to June of 2023			
	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	\$ 49,069	99,646	\$ 0.49
<u>Diluted earnings per share</u>			

Net income attributable to equity holders  
of the parent company for the period

\$ 49,069 99,646

Effect of dilutive potential ordinary shares:

Compensation of employees

- 211

Employee stock option

- 812

Bonds payable

3,029 12,959

Net income attributable to ordinary shareholders  
plus assumed conversion

of all dilutive potential ordinary share

\$ 52,098 113,628 \$ 0.46

(33) Supplemental cash flow information

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

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
① Acquisition of property, plant and equipment	\$ 25,488	\$ 65,592
Add: Notes payable at beginning of period (including related parties)	9,047	46,748
Other payables at the beginning of the period	26,263	30,780
Less: Notes payable at end of period (including related parties)	( 68)	( 45,843)
Other payables at the end of the period	( 4,244)	( 20,767)
Cash paid for acquisition of property, plant and equipment	<u>\$ 56,486</u>	<u>\$ 76,510</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
② Disposal of property, plant and equipment	\$ 171	\$ 150,019
Less: Other receivable at the end of the period	( 125)	( 21,945)
Cash receipts from disposal of property, plant and equipment	<u>\$ 46</u>	<u>\$ 128,074</u>

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

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
① Transfer of prepayments for equipment to property, plant and equipment	<u>\$ 54,873</u>	<u>\$ 45,146</u>
② Conversion of convertible bonds into capital stock and capital surplus	<u>\$ 198</u>	<u>\$ 96</u>
③ Undistributed cash dividends of the company declared	<u>\$ 100,413</u>	<u>\$ 199,417</u>
④ Undistributed cash dividends in non-controlling interests of the subsidiary declared	<u>\$ 1,110</u>	<u>\$ -</u>



C. The Group sold the 100% equity of subsidiary - TSG Transport Corp. to the related parties - United Fiber Optic Communication Inc. and lose the control of subsidiary on June 28, 2024 (please refer to Note 4, (3) for the description of the basis of consolidation), the following information are consideration received for the transaction and assets and liabilities of the subsidiary:

	<u>June 30, 2024</u>
Consideration for disposal of subsidiary	\$ 23,480
Assets and liabilities for disposal of subsidiary	
Cash and cash equivalents	21,747
Other current assets	2,541
Other non-current assets	13
Other current liabilities	( 1,311)
Identifiable net asset	<u>22,990</u>
Gains on disposal of subsidiary	<u>\$ 490</u>

(34) Changes in liabilities arising from financing activities

	Short-term	Short-term	Lease	Bonds payable	Long-term loans		Total liabilities
	<u>Loans</u>	<u>Bills payable</u>	<u>liabilities</u>	(including the	(including the	Guarantee	arising from
				due 1 year)	due 1 year)	deposits	financing activities
January 1, 2024	\$ 156,144	\$ 70,007	\$ 118,262	\$ 340,843	\$ 522,758	\$ 33,628	\$ 1,241,642
Net change in							
financing cash flows	497,232	17,200	( 8,728)	-	394,640	6,066	906,410
Other non-cash							
transactions	-	( 40)	15,862	3,636	-	-	19,458
June 30, 2024	\$ 653,376	\$ 87,167	\$ 125,396	\$ 344,479	\$ 917,398	\$ 36,694	\$ 2,167,510

	Short-term	Short-term	Lease	Bonds payable	Long-term loans		Total liabilities
	<u>Loans</u>	<u>Bills payable</u>	<u>liabilities</u>	(including the	(including the	Guarantee	arising from
				due 1 year)	due 1 year)	deposits	financing activities
January 1, 2023	\$ 63,000	\$ 95,944	\$ 101,182	\$ 336,569	\$ 136,062	\$ 35,190	\$ 767,947
Net change in							
financing cash flows	20,366	( 3,000)	( 7,808)	-	185,630	2,111	197,299
Other non-cash							
transactions	-	( 170)	28,570	3,690	-	-	32,090
June 30, 2023	\$ 83,366	\$ 92,774	\$ 121,944	\$ 340,259	\$ 321,692	\$ 37,301	\$ 997,336

## 7. Related party transaction

### (1) Name and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Taiwan Steel Group United Co., Ltd.	Corporate director of the company
Chun Yu Works & Co., Ltd.	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co., Ltd.	Other related parties
TMP Steel Corp.	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
TSG Engineering Corp.	Other related parties (Note)
United Fiber Optic Communication Inc.	Other related parties

(Note) TSG Engineering Corp. was the subsidiary of the Group, therefore, the Group sold the 100% equity of the subsidiary to United Fiber Optic Communication Inc. on June 28, 2024, TSG Engineering Corp. became other related parties of the Group on the report day.

### (2) Significant transactions with the related parties

#### A. Sale of goods

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Product sales:		
Gloria Material Technology Corp	\$ 117,078	\$ 80,926
Other related parties	<u>116,076</u>	<u>37,138</u>
	<u>\$ 233,154</u>	<u>\$ 118,064</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Product sales:		
Gloria Material Technology Corp	\$ 212,043	\$ 164,983
Other related parties	<u>191,262</u>	<u>77,921</u>
	<u>\$ 403,305</u>	<u>\$ 242,904</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 2024</u>	<u>April to June of 2023</u>
Product Purchase:		
Chun Yu Works & Co., Ltd.	\$ 153,331	\$ 105,720
Other related parties	<u>12,786</u>	<u>2,375</u>
	<u>\$ 166,117</u>	<u>\$ 108,095</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Product Purchase:		
Chun Yu Works & Co., Ltd.	\$ 267,229	\$ 226,624
Other related parties	<u>15,449</u>	<u>2,902</u>
	<u>\$ 282,678</u>	<u>\$ 229,526</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>Item</u>	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Chun Zu Machinery Industry	Machine	\$ 550	\$ 25,369
Other related parties	Machine	<u>1,762</u>	<u>87</u>
		<u>\$ 2,312</u>	<u>\$ 25,456</u>
	<u>Item</u>	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Chun Zu Machinery Industry	Machine	\$ 550	\$ 34,713
Other related parties	Machine	<u>1,762</u>	<u>87</u>
		<u>\$ 2,312</u>	<u>\$ 34,800</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 2023</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>(Losses) gains from disposal</u>
Other related parties	Machine	<u>\$ 684</u>	<u>\$ -</u>
		<u>January to June of 2023</u>	
	<u>Item</u>	<u>Price from disposal</u>	<u>(Losses) gains from disposal</u>
Other related parties	Machine	<u>\$ 684</u>	<u>\$ -</u>

There were no cases from April to June and January to June of 2024.

③ Share transaction: please refer to Note 4, (3) for the description of the basis of consolidation.

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

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Other related parties	<u>\$ 9,874</u>	<u>\$ 2,692</u>

	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Other related parties	<u>\$ 15,540</u>	<u>\$ 5,509</u>

E. Accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Gloria Material Technology Corp	\$ 64,539	\$ 42,331	\$ 45,389
Other related parties	<u>98,178</u>	<u>71,403</u>	<u>23,368</u>
	<u>\$ 162,717</u>	<u>\$ 113,734</u>	<u>\$ 68,757</u>

F. Advance payment

	<u>June 30, 2024</u>
Other related parties	<u>\$ 3,300</u>

There were no such events on December 31, 2023 and June 30, 2023.

G. Notes payable

	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Chun Zu Machinery Industry Co., Ltd.	\$ 9,047	\$ 43,217
Other related parties	<u>1,714</u>	<u>1,718</u>
	<u>\$ 10,761</u>	<u>\$ 44,935</u>

There were no such events on June 30, 2024.

H. Accounts payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Chun Yu Works & Co., Ltd.	\$ 105,516	\$ 92,640	\$ 31,526
Other related parties	<u>5,221</u>	<u>460</u>	<u>200</u>
	<u>\$ 110,737</u>	<u>\$ 93,100</u>	<u>\$ 31,726</u>

I. Other accounts payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other related parties	<u>\$ 12,563</u>	<u>\$ 2,164</u>	<u>\$ 983</u>

(3) Compensation of key management personnel

	<u>April to June of 2024</u>	<u>April to June of 2023</u>
Salary and other short-term employee benefits	<u>\$ 3,917</u>	<u>\$ 12,951</u>
	<u>January to June of 2024</u>	<u>January to June of 2023</u>
Salary and other short-term employee benefits	<u>\$ 9,755</u>	<u>\$ 17,861</u>

## 8. Pledged asset

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

<u>Assets</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>Purpose</u>
Pledged demand deposits (Note 1)	\$ 260,152	\$ 229,429	\$ 199,098	Performance bond, short-term borrowings, short-term bills payable and long-term loan guarantees
Pledged bonds (Note 1)	-	-	29,936	Short-term bills payable
Land (Note 2)	14,251	14,251	107,155	Performance bond and short-term borrowings
House and Building - net (Note 2)	4,584	4,665	16,933	Performance bond and short-term borrowings
Machinery & equipment (Note 2)	187,378	211,018	216,633	Short-term bills payable and long-term loan guarantees
Construction in progress (Note 2)	-	12,145	-	Long-term loan guarantee
Investment property (Note 3)	32,452	32,452	32,452	Short-term loan guarantees
Guarantee deposits paid	<u>1,378</u>	<u>2,078</u>	<u>778</u>	Performance bond
	<u>\$ 500,195</u>	<u>\$ 506,038</u>	<u>\$ 602,985</u>	

(Note 1) Listed as "Financial assets at amortized cost - current" and "Financial assets at amortized cost - non-current".

(Note 2) Listed as "Property, plant and equipment".

(Note 3) Listed as "Investment property - Net".

## 9. Significant contingent liabilities and unrecognized commitments

- (1) As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had contracted but not yet paid capital expenditures of \$25,854, \$48,458 and \$62,012, respectively, for the acquisition of property, plant and equipment.
- (2) As of June 30, 2024, December 31, 2023 and June 30, 2023, 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 \$152,780, \$55,647 and \$147,137, respectively.
- (3) As of June 30, 2024, December 31, 2023 and June 30, 2023, the performance bond issued by the bank for the Group's for Yung Fu's contracting for works were \$524,127, \$534,127 and \$512,170, respectively.

(4) As of June 30, 2024, 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>
Environmental Protection Bureau of Hsinchu City	Performance and preparation enhancement turnkey project for garbage recycling plant in Hsinchu City	\$ 445,300	2023.7.3~ 2024.8.31
Environmental Protection Bureau of Hsinchu City	Contract operation and management of garbage recycling plant in Hsinchu City	Request for payment based on actual monthly volume processed	2022.2.16~ 2042.2.15
Environmental Protection Bureau of Taitung County	Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center	\$ 538,255	2021.1.1~ 2025.1.31
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) Please refer to Note 6. (12) intangible assets.

#### 10. Significant catastrophic losses

None such cases.

#### 11. Material Events After the Balance Sheet Date

The subsidiary - Yung Fu Co passed the number of private equity is limited on 20,000 thousand shares through extraordinary shareholders' meeting on July 31, 2024 and the board of directors was authorized to process transactions twice within one year based on market conditions and the company's operational needs. The subsidiary - Yung Fu Co passed to process the first capital increases in cash through private placement and issue 16,500 thousand shares common stock, the subscription price is NT\$ 12.20 per share, through the board of directors on August 9, 2024, and the capital increases in cash ex-date is on August 12, 2024.

#### 12. Others

##### (1) 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 number 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, (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, 2024			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 1,692	32.45	\$ 54,905
EUR: NTD	3,699	34.71	128,392
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	2,826	32.45	91,704
EUR: NTD	44	34.71	1,527

December 31, 2023			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,113	30.71	\$ 95,600
EUR: NTD	5,253	33.98	178,497
<u>Financial liability</u>			
<u>Monetary items</u>			
EUR: NTD	139	33.98	4,723

June 30, 2023			
	Foreign currency (in thousand)	Exchange Rate	Book Value
(Foreign currency: Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD: NTD	\$ 6,306	31.14	\$ 196,369
EUR: NTD	2,810	33.81	95,006
JPY: NTD	124,428	0.2150	26,752
<u>Financial liability</u>			
<u>Monetary items</u>			
USD: NTD	92	33.14	2,865
EUR: NTD	117	33.81	3,956

- 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, the Euro and the Japanese yen, all other factors remaining constant, the Group's net income would have increased/decreased by \$720 and \$2,491 for January through June of 2024 and 2023, respectively.
- b. Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2024 and 2023 amounted to \$4,092, \$8,693, \$12,120 and \$11,600 respectively.

**b. Price risk**

- (a) 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) 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 \$2,876 and \$475 from January to June 2024 and 2023, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it have increased or decreased by \$792 and \$1,215 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 \$137 and \$331 from January to June 2024 and 2023, 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:

	<u>January to June of 2024</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Balance of beginning and ending period	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23</u>

	January to June of 2023		
	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, 2024, December 31, 2023 and June 30, 2023, the Group held money market positions of \$648,230, \$844,894 and \$1,193,748, respectively, which are expected to generate immediate cash flow to manage liquidity risk.
- c. The Group's unutilized borrowings are shown as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Floating rate			
Mature within one year	\$ 624,849	\$ 773,439	\$ 2,295,046
Maturity of more than 1 year	261,829	787,645	132,664
	<u>\$ 886,678</u>	<u>\$ 1,561,084</u>	<u>\$ 2,427,710</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:

June 30, 2024	Less than 1 year	1 to 2 Years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term loans	\$ 660,013	\$ -	\$ -	\$ -
Short-term bills payable	87,400	-	-	-
Notes payable (including related parties)	11,184	-	-	-
Accounts payable (including related parties)	640,857	-	-	-
Other payables	266,963	-	-	-
Lease liabilities	21,429	20,755	56,925	36,649
Bonds payable	-	-	362,283	-
Long-term loans (including current portion)	110,931	121,885	231,291	486,104
Guarantee deposits received	-	-	39,694	-

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 158,612	\$ -	\$ -	\$ -
Short-term bills payable	70,200	-	-	-
Notes payable (including related parties)	29,829	-	-	-
Accounts payable (including related parties)	917,534	-	-	-
Other payables	175,497	-	-	-
Lease liabilities	17,667	17,048	47,769	45,175
Bonds payable	-	-	362,492	-
Long-term loans (including current portion)	319,652	70,318	86,677	77,978
Guarantee deposits received	-	-	33,628	-
<u>June 30, 2023</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term loans	\$ 84,102	\$ -	\$ -	\$ -
Short-term bills payable	93,000	-	-	-
Notes payable (including related parties)	60,882	-	-	-
Accounts payable (including related parties)	319,230	-	-	-
Other payables	348,554	-	-	-
Lease liabilities	17,929	17,024	47,900	47,900
Bonds payable	-	-	365,944	-
Long-term loans (including current portion)	41,360	174,099	52,356	70,718
Guarantee deposits received	-	37,301	-	-

### (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. The fair value of the Group's investment in listed stocks, beneficiary certificates and others are included in Level 1.

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 Group's investment in listed stocks - private placement (liquidity discount is 22.61%) and call options of the convertible bonds are included in Level 2.

Level 3: Unobservable inputs to assets or liabilities. The fair value of the Group's investment in stock of private entity is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6, (11).

C. Expect for bonds payable (including those due within one year ) paid as expected for cash flow of the balance sheet date of market interest rates discount is measured at present value, 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, accounts receivable (including related parties), other receivables, financial assets at amortized cost - non-current, refundable deposits, short-term loans, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term loans (including those due within one year) and guarantee deposit received) approximate their fair values.

D. 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, 2024</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				
Beneficiary certificates	\$ 1,419	\$ -	\$ -	\$ 1,419
Equity securities	54,012	232,150	-	286,162
Call options of corporate bonds	-	416	-	416
	<u>\$ 55,431</u>	<u>\$ 232,566</u>	<u>\$ -</u>	<u>\$ 287,997</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 57,354</u>	<u>\$ -</u>	<u>\$ 21,842</u>	<u>\$ 79,196</u>
<u>December 31, 2023</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				

Beneficiary certificates	\$ 2,837	\$ -	\$ -	\$ 2,837
Equity securities	64,162	127,050	-	191,212
Call options of corporate bonds	<u>-</u>	<u>416</u>	<u>-</u>	<u>416</u>
	<u>\$ 66,999</u>	<u>\$ 127,466</u>	<u>\$ -</u>	<u>\$ 194,465</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 95,707</u>	<u>\$ -</u>	<u>\$ 21,842</u>	<u>\$ 117,549</u>
<u>June 30, 2023</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 profit or loss				
Beneficiary certificates	\$ 11,267	\$ -	\$ -	\$ 11,267
Equity securities	36,209	-	-	36,209
Call options of corporate bonds	<u>-</u>	<u>420</u>	<u>-</u>	<u>420</u>
	<u>\$ 47,476</u>	<u>\$ 420</u>	<u>\$ -</u>	<u>\$ 47,896</u>
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ 103,199</u>	<u>\$ -</u>	<u>\$ 18,322</u>	<u>\$ 121,531</u>

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

- ① 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>Emerging stocks</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Average trading price	Net value

- ② Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- ③ The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In

accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- F. The valuation of derivative financial instruments is based on valuation models widely accepted by market participants, such as present discounted value techniques and option pricing models. The call options of corporate bonds are usually evaluated according to the binomial tree convertible bond model.
- G. There was no transfer between Level 1 and Level 2 from January to June, 2024 and 2023.
- H. The following table is the change of Level 3 financial instruments from January to June, 2023:

	<u>January to June 2023</u>
	<u>Equity instrument</u>
January 1	\$ -
Transfer from investments accounted for under equity method	<u>18,332</u>
June 30	<u>\$ 18,332</u>

There were no such events from January to June of 2024.

(Note) Transfer from equity method investment, please refer to Note 6(8), Equity method investment.

- I. Financial Department is in charge of valuation procedures for fair value measurements being categorized within Level 2 and Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at June 30, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 21,842	Market comparable companies	(1) Price to earnings ratio multiple	3.01%	The higher the multiple and control premium, the higher the fair value
			(2) Discount for lack of marketability	20%	The higher the discount for lack of market- ability, the lower the fair value

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 21,842	Market comparable companies	(1) Price to earnings ratio multiple	2.78%	The higher the multiple and control premium, the higher the fair value
			(2) Discount for lack of marketability	20%	The higher the discount for lack of market- ability, the lower the fair value

	<u>Fair value at June 30, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity:					
Unlisted shares	\$ 18,332	Market comparable companies	(1) Price to earnings ratio multiple  (2) Discount for lack of marketability	2.45%  20%	The higher the multiple and control premium, the higher the fair value  The higher the discount for lack of marketability, the lower the fair value

The difference of some financial assets between the fair value and the carrying amount is not significant, therefore has not been adjusted.

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

<u>Juen 30, 2024</u>						
	<u>Input</u>	<u>Change</u>	<u>Recognized in profit or loss</u>		<u>Recognized in profit or loss comprehensive income</u>	
			<u>Favourable Change</u>	<u>Unfavourable Change</u>	<u>Favourable Change</u>	<u>Unfavourable Change</u>
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 5%	\$ -	\$ -	\$ 1,005	(\$ 1,005)
	Discount for lack of marketability	± 10%	-	-	502	( 502)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,507</u>	<u>(\$ 1,507)</u>



			December 31, 2023			
	<u>Input</u>	<u>Change</u>	<u>Recognized in profit or loss</u>		<u>Recognized in profit or loss comprehensive income</u>	
			<u>Favourable Change</u>	<u>Unfavourable Change</u>	<u>Favourable Change</u>	<u>Unfavourable Change</u>
Financial assets						
Equity instrument	Price to earnings ratio multiple	± 5%	\$ -	\$ -	\$ 1,005	(\$ 1,005)
	Discount for lack of marketability	± 10%	-	-	502	( 502)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,507</u>	<u>(\$ 1,507)</u>
			June 30, 2023			
	<u>Input</u>	<u>Change</u>	<u>Recognized in profit or loss</u>		<u>Recognized in profit or loss comprehensive income</u>	
			<u>Favourable Change</u>	<u>Unfavourable Change</u>	<u>Favourable Change</u>	<u>Unfavourable Change</u>
Financial assets						
Equity instrument	Price to earnings ratio multiple	±5%	\$ -	\$ -	\$ 831	(\$ 831)
	Discount for lack of marketability	±10%	-	-	415	( 415)
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,246</u>	<u>(\$ 1,246)</u>

### 13. Additional Disclosures

(In accordance with the regulations, only information from January to June 2024 is disclosed.)

#### (1) Significant transactions information

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

B. Endorsement and guarantee for others: Please refer to Table 2.

C. Marketable securities held at the end of the period: Please refer to Table 3.

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

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

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

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

H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: None.

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.

(4) Information on main investors Information on principal shareholders

Information on main investors Information on principal shareholders: Please refer to 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 2024				
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Other	Total
Net external revenue	\$ 515,485	\$ 641,842	\$ 771,492	\$ 857	\$ 1,929,676
Net internal revenue	-	11,753	( 789)	8,196	19,160
Interest revenue	3,638	299	991	39	4,967
Depreciation and Amortization	38,800	5,362	51,062	-	95,224
Interest expense	4,839	996	15,191	-	21,026
Departmental net income (loss) before income taxes	98,433	572	( 63,888)	( 7,210)	27,907
Segment assets	2,029,609	615,843	3,252,887	-	5,898,339
Segment liabilities	933,235	252,674	2,154,696	-	3,340,605

January to June of 2023

	Screw		Environmental		
	Manufacturing	Transportation	Business	Other	Total
	<u>Department</u>	<u>Department</u>	<u>Department</u>		
Net external revenue	\$ 647,201	\$ 570,073	\$ 688,404	\$ -	\$ 1,905,678
Net internal revenue	-	7,665	-	-	7,665
Interest revenue	6,469	216	545	-	7,230
Depreciation and Amortization	36,626	3,592	31,601	-	71,819
Interest expense	4,724	84	4,547	-	9,355
Departmental net income (loss)before income taxes	54,985	( 5,278)	( 27,548)	-	22,159
Segment assets	2,176,441	371,399	1,828,813	-	4,376,653
Segment liabilities	839,077	122,328	926,752	-	1,888,157

(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, 2024

Table 1

Unit: NT\$ thousand

<u>Code</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 shorterterm financing</u>	<u>Amount of recognized impairment loss</u>	<u>Collateral</u>		<u>Lending of funds to individual entities and limit of financing (Note 2)</u>	<u>Total limit of financing (Note 2)</u>	<u>Remarks</u>
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	Other-receivable related party	Y	\$ 150,000	\$ 150,000	\$ 30,000	2.50%	2	\$ -	Business development needs	\$ -	Name	Value	\$ 228,490	\$ 456,979	-

(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 maximum amount for total loan is 20% of its net value; the maximum amount for individual loans is as follows:

1. For entities with business transaction relationships: the amount 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 necessary short-term financing needs: the amount shall not exceed 10% of the Company's most recent audited or reviewed financial statements.

OFCO Industrial Corp. and subsidiaries

Provision of endorsements and guarantees to others

January 1 to June 30, 2024

Table 2

Unit: NT\$ thousand

<u>Party being endorsed/guaranteed</u>								<u>Ratio of</u> <u>Accumulated</u> <u>endorsements/</u> <u>guarantee amount to</u> <u>net worth of the</u> <u>endorser/guarantor</u> <u>company</u>	<u>Limit on total</u> <u>amount of</u> <u>endorsements/</u> <u>guarantee</u>	<u>Provision of</u> <u>endorsements/</u> <u>guarantee by</u> <u>parent company</u> <u>to subsidiary</u>	<u>Provision of</u> <u>endorsements/</u> <u>guarantee by</u> <u>subsidiary to</u> <u>parent company</u>	<u>Provision of</u> <u>endorsements/</u> <u>guarantee to party</u> <u>in Mainland China</u>	
<u>Endorser/guarantor</u>	<u>Company name</u>	<u>Relationship</u> <u>(Note 1)</u>	<u>Limit on</u> <u>endorsements/</u> <u>guarantees provided</u> <u>for a single party</u>	<u>Maximum</u> <u>balance during</u> <u>the period</u>	<u>Outstanding</u> <u>balance at</u> <u>June 30, 2024</u>	<u>Actual amount</u> <u>drawn down</u>	<u>Amount of</u> <u>endorsements/</u> <u>guarantees</u> <u>secured with</u> <u>collateral</u>						<u>Remarks</u>
OFCO Industrial Corp.	Yung Fu Co.,Ltd.	3	\$ 228,490	\$ 200,000	\$ 200,000	\$ 180,000	\$ -	8.75%	\$ 913,959	Y	N	N	(Note 2)

(Note 1) The following code represents the relationship with the Company:

1. Trading partner
2. Majority owned subsidiary
3. The Company direct and indirect owns over 50% ownership of the investee company
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2) The limit of total amount of endorsements shall not be higher of 40% of the Company's net worth, and the limit for a single party, except for the subsidiary owned over 90% by the Company shall not be higher of 20% of the Company's net worth, the others shall not be higher of 10% of the Company's net worth.

OFCO Industrial Corp. and Subsidiaries

Holding of Marketable Securities at the End of the Period (not Including Subsidiaries, Associates and Joint Ventures)

Juen 30, 2024

Table 3

Unit: NT\$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Item	Ending balance				Remarks
				Shares (thousands)	Carrying amount	Ownership (%)	Fair value	
OFCO Industrial Corp.	Stocks:							
	Chun Yu Works & Co., Ltd.	Other related parties	Financial assets at fair value through profit or loss - current	426	\$ 10,437	0.14%	\$ 10,437	-
	Argo Yachts Development Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,500	43,575	1.08%	43,575	-
	King House CO., Ltd. (Original name: EnSure Global Corp., Ltd.)	-	Financial assets at fair value through profit or loss - non-current	5,000	232,150	3.16%	232,150	-
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,688	35,751	0.51%	35,751	-
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	1,179	21,603	0.20%	21,603	-
TSG Transport Corp.	Beneficiary certificates:							
	GAM Multistock - Luxury Brands Equity USD E	-	Financial assets at fair value through profit or loss - current	-	1,419	-	1,419	-
	Stocks:							
	Taiwan Steel Insurance Broker Co., Ltd. (Original name: Titan Insurance Broker Co., Ltd.)	-	Financial assets at fair value through other comprehensive income or loss - non-current	500	20,093	12.51%	20,093	-
TSG Environmental Technology Corp.	Stocks:							
	Taiwan Steel Insurance Broker Co., Ltd. (Original name: Titan Insurance Broker Co., Ltd.)	-	Financial assets at fair value through other comprehensive income or loss - non-current	44	1,749	1.09%	1,749	-

(Note) The difference between the fair value and the book value of some of the above financial assets is not significant and therefore has not been adjusted.

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, 2024

Table 4

Unit: NT\$ thousand

Company Name	Related Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Percentage of total amount purchase (Sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
OFCO Industrial Corp.	Chun Yu Works & Co., Ltd.	Other related parties	Purchase	\$ 266,814	59%	Month end 30days	Not significantly different	Not significantly different	(\$ 105,516)	(95%)	-
TSG Transport Corp.	Gloria Material Technology Corp.	Other related parties	(Sales)	( 199,088)	(30%)	Month end 30days	Not significantly different	Not significantly different	63,549	30%	-
	TMP Steel Corp.	Other related parties	(Sales)	( 117,269)	(18%)	Month end 60days	Not significantly different	Not significantly different	71,325	34%	-

OFCO Industrial Corp. and subsidiaries  
Significant inter-company transactions during the reporting periods  
January 1 to June 30, 2024

Table 5

Unit: NT\$ thousand

			Transaction					Remarks
Code (Note 1)	Transaction Company	Counterparty	Relationship with the counter-party (Note 2)	Items	Amounts	Transaction Terms	Percentage of consolidated total operating revenues or total assets (Note 3)	
0	OFCO Industrial Corp.	Yung Fu Co.,Ltd.	1	Endorsement/Guarantees	\$ 200,000	-	3%	
				Other receivable	30,000	-	1%	
		TSG Transport Corp.	1	Other payable	3,563	-	-	
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	12,571	Credit terms: 40 days	1%	
				Accounts receivable	5,801	-	-	
2	Yung Fu Co.,Ltd.	TSG Engineering Corp.(Note 5)	3	Sales	4,641	-	-	
				Accounts receivable	8,196	by mutual agreement	-	

(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) In calculating the percentage, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

(Note 4) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is \$3 million.

(Note 5) Please refer to Note 4, (3) for the description of the basis of consolidation.



OFCO Industrial Corp. and subsidiaries

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

January 1 to June 30, 2024

Table 6

Unit: NT\$ thousand

<u>Investor</u>	<u>Investee</u>	<u>Location</u>	<u>Main Businesses and Products</u>	<u>Investment Amount</u>		<u>Shares held as at June 30, 2024</u>			<u>Income (loss) of investees for the period</u>	<u>Income (loss) on investment recognized in the period</u>	<u>Remarks</u>
				<u>End of the current period</u>	<u>End of Last Year</u>	<u>Number of shares</u>	<u>Ratio (%)</u>	<u>Carrying Amount</u>			
OFCO Industrial Corp.	TSG Transport Corp	Taiwan	Container rental, transportation and packing services, etc.	\$ 250,000	\$ 150,000	34,700,000	100%	\$ 371,524	\$ 9,811	\$ 9,811	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	40,000	40,000	4,000,000	100%	51,040	5,428	5,428	Subsidiary
	TSG Power Corp.	Taiwan	Energy technology services	194,554	194,554	18,000,000	100%	153,924	1,949	6,974	Subsidiary
	TSG Engineering Corp.	Taiwan	Comprehensive construction, etc.	-	22,470	-	-	-	781	781	(Note 1)
	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%	590,141	( 65,179)	( 44,322)	Subsidiary
TSG Transport Corp	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%	6,339	( 65,179)	-	Subsidiary (Note 2)
TSG Environmental Technology Corp.	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%	9,690	( 65,179)	-	Subsidiary (Note 2)

(Note 1) Please refer to Note 4, (3) for the description of the basis of consolidation.

(Note 2) 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, 2024

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 united Co.,Ltd.	12,000,000	11.93%	(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.