

YUNG CHI PAINT & VARNISH MFG. CO., LTD  
AND SUBSIDIARIES

Consolidated Financial Statements for the period  
from January 1 to June 30, 2024 and 2023 and  
Independent Auditors' Review Report

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## Independent Auditors' Review Report

To Yung Chi Paint & Varnish Mfg. Co., Ltd.:

### **Introduction**

We have reviewed the consolidated balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD (“YUNG CHI” hereinafter) and its subsidiaries as of June 30, 2024 and 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flow for the period from January 1 through June 30, 2024 and 2023, and the notes to the consolidated financial statements (including the summary of significant accounting policies). Management is responsible for preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Accounting Standards 34 “Interim Financial Reporting” endorsed and announced by Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on reviews.

### **Scope of Review**

We conducted our reviewed in accordance with the Statement of Review Standards No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity”. The review procedures of consolidated financial statement consist of making inquiries, primarily of persons responsibility for financial and accounting matters, and applying analytical and other review procedures. Scope of review is less in scope of audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in audit procedures. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews, nothing has come to our attention that cause us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Yung Chi and its subsidiaries as of June

30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flow for the period from January 1 to June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards 34 “Interim Financial Reporting” endorsed and announced by Financial Supervisory Commission.

The engagement partners on the reviews resulting in this independent auditors’ review report are Jui-Hsuan Hsu and Yu-Hsiang Liu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
August 7, 2024

Notice to Readers

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

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Balance Sheets

Unit: NT\$1,000

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	<b>Current assets</b>						
1100	Cash and cash equivalents (Note 6)	\$ 1,580,048	13	\$ 1,844,911	16	\$ 1,511,803	13
1110	Financial assets at fair value through profit or loss (Note 7)	909,962	8	355,994	3	602,035	5
1120	Financial assets at fair value through other comprehensive income (Note 8)	444,620	4	439,681	4	380,637	3
1140	Contract assets (Note 22)	102,924	1	100,094	1	113,426	1
1150	Notes receivable, net (Note 9)	531,787	5	540,279	5	487,141	5
1160	Notes receivable - related parties (Notes 9 and 27)	30,536	-	52,767	-	40,767	-
1170	Accounts receivable, net (Note 9)	1,555,142	13	1,756,136	15	1,571,868	14
1180	Accounts receivable - related parties (Notes 9 and 27)	131,913	1	130,335	1	127,760	1
1200	Other receivables (Notes 9 and 27)	20,141	-	17,491	-	23,807	-
130X	Inventories (Note 10)	2,443,927	20	2,240,554	20	2,453,322	22
1476	Other financial assets (Note 11)	269,851	2	19,617	-	3,420	-
1479	Other current assets	151,156	1	119,061	1	75,328	1
11XX	Total current assets	<u>8,172,007</u>	<u>68</u>	<u>7,616,920</u>	<u>66</u>	<u>7,391,314</u>	<u>65</u>
	<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income (Note 8)	30,166	-	29,706	-	52,762	1
1550	Investments accounted for using equity method (Note 13)	32,238	-	33,527	-	34,655	-
1600	Property, plant and equipment (Notes 14 and 28)	3,303,943	27	3,257,462	28	3,305,625	29
1755	Right-of-use assets (Note 15)	331,096	3	329,476	3	320,349	3
1760	Investment property (Note 16)	202,857	2	203,699	2	204,541	2
1780	Intangible assets	2,502	-	2,992	-	3,317	-
1840	Deferred income tax assets	48,329	-	50,076	1	46,670	-
1915	Equipment prepayments	24,289	-	11,720	-	17,187	-
1920	Guarantee deposits paid	19,302	-	19,166	-	20,852	-
1980	Other financial assets (Notes 11 and 28)	3,625	-	3,560	-	400	-
15XX	Total non-current assets	<u>3,998,347</u>	<u>32</u>	<u>3,941,384</u>	<u>34</u>	<u>4,006,358</u>	<u>35</u>
1XXX	Total Assets	<u>\$ 12,170,354</u>	<u>100</u>	<u>\$ 11,558,304</u>	<u>100</u>	<u>\$ 11,397,672</u>	<u>100</u>
	<b>Liabilities and Equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Notes 17, 27 and 28)	\$ 4,885	-	\$ 1,378	-	\$ 13,916	-
2130	Contract liabilities (Note 22)	53,238	1	58,385	1	32,402	-
2150	Notes payable	44,551	-	37,859	-	4,860	-
2170	Accounts payable	964,180	8	886,380	8	729,365	7
2200	Other payables (Notes 18 and 27)	890,284	7	396,000	3	886,667	8
2230	Current income tax liabilities	134,099	1	140,904	1	150,518	1
2280	Lease liability (Notes 15 and 27)	21,379	-	20,400	-	14,662	-
2365	Refund liabilities	67,373	1	60,234	1	59,018	1
2399	Other current liabilities	12,281	-	21,112	-	1,750	-
21XX	Total current liabilities	<u>2,192,270</u>	<u>18</u>	<u>1,622,652</u>	<u>14</u>	<u>1,893,158</u>	<u>17</u>
	<b>Non-current liabilities</b>						
2550	Provisions (Note 19)	5,521	-	6,383	-	9,902	-
2570	Deferred income tax liabilities	82,778	1	82,778	1	82,778	1
2580	Lease liability (Notes 15 and 27)	24,039	-	34,781	-	27,238	-
2640	Net defined benefit liability	10,943	-	14,229	-	6,014	-
2645	Guarantee deposit received	9,648	-	9,465	-	9,345	-
25XX	Total non-current liabilities	<u>132,929</u>	<u>1</u>	<u>147,636</u>	<u>1</u>	<u>135,277</u>	<u>1</u>
2XXX	Total liabilities	<u>2,325,199</u>	<u>19</u>	<u>1,770,288</u>	<u>15</u>	<u>2,028,435</u>	<u>18</u>
	<b>Equity attributable to owners of the Company (Note 21)</b>						
3110	Capital stock	1,620,000	14	1,620,000	14	1,620,000	14
3200	Capital surplus	109,430	1	109,430	1	109,380	1
	Retained earnings						
3310	Legal reserve	2,082,370	17	1,999,353	17	1,999,353	18
3320	Special reserve	490,499	4	490,499	4	490,499	4
3350	Unappropriated earnings	5,593,378	46	5,811,676	51	5,389,809	47
3300	Total retained earnings	<u>8,166,247</u>	<u>67</u>	<u>8,301,528</u>	<u>72</u>	<u>7,879,661</u>	<u>69</u>
3400	Other equity	(50,522)	-	(242,942)	(2)	(239,804)	(2)
3XXX	Total equity	<u>9,845,155</u>	<u>81</u>	<u>9,788,016</u>	<u>85</u>	<u>9,369,237</u>	<u>82</u>
3X2X	Total Liabilities and Equity	<u>\$ 12,170,354</u>	<u>100</u>	<u>\$ 11,558,304</u>	<u>100</u>	<u>\$ 11,397,672</u>	<u>100</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Consolidated Statement of Comprehensive Income

		Unit: NT\$1,000, except earnings per share							
Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue (Notes 22 and 27)								
4100	Goods sales revenue	\$2,152,982	97	\$2,099,069	97	\$4,349,544	96	\$4,415,557	95
4520	Construction revenue	<u>75,680</u>	<u>3</u>	<u>74,850</u>	<u>3</u>	<u>164,431</u>	<u>4</u>	<u>221,633</u>	<u>5</u>
4000	Total operating revenue	<u>2,228,662</u>	<u>100</u>	<u>2,173,919</u>	<u>100</u>	<u>4,513,975</u>	<u>100</u>	<u>4,637,190</u>	<u>100</u>
	Operating cost (Notes 10, 23 and 27)								
5110	Sales cost	1,590,371	71	1,579,113	73	3,199,977	71	3,333,581	72
5520	Construction cost	<u>67,612</u>	<u>3</u>	<u>62,521</u>	<u>3</u>	<u>144,178</u>	<u>3</u>	<u>192,374</u>	<u>4</u>
5000	Total operating cost	<u>1,657,983</u>	<u>74</u>	<u>1,641,634</u>	<u>76</u>	<u>3,344,155</u>	<u>74</u>	<u>3,525,955</u>	<u>76</u>
5900	Operating gross profit	<u>570,679</u>	<u>26</u>	<u>532,285</u>	<u>24</u>	<u>1,169,820</u>	<u>26</u>	<u>1,111,235</u>	<u>24</u>
	Operating expenses (Notes 9, 23 and 27)								
6100	Marketing expenses	174,213	8	150,217	7	346,603	7	301,453	7
6200	General and administrative expenses	115,917	5	107,264	5	227,270	5	213,988	5
6300	R&D expense	61,813	3	55,762	2	121,203	3	118,023	2
6450	Expected credit impairment losses (reversal benefits)	( <u>786</u> )	<u>-</u>	<u>1,193</u>	<u>-</u>	( <u>10,853</u> )	<u>-</u>	( <u>2,303</u> )	<u>-</u>
6000	Total operating expenses	<u>351,157</u>	<u>16</u>	<u>314,436</u>	<u>14</u>	<u>684,223</u>	<u>15</u>	<u>631,161</u>	<u>14</u>
6900	Operating Income	<u>219,522</u>	<u>10</u>	<u>217,849</u>	<u>10</u>	<u>485,597</u>	<u>11</u>	<u>480,074</u>	<u>10</u>
	Non-operating income and expenses (Notes 23 and 27)								
7100	Income from interests	7,899	-	7,031	-	14,059	-	11,304	-
7010	Other income	10,451	1	7,442	-	21,299	-	12,753	1
7020	Other gains and losses	7,698	-	11,998	1	26,056	1	8,812	-
7050	Financial cost	( <u>243</u> )	<u>-</u>	( <u>281</u> )	<u>-</u>	( <u>616</u> )	<u>-</u>	( <u>650</u> )	<u>-</u>
7060	Share of profit or loss of associates accounted for using equity method (Note 13)	<u>55</u>	<u>-</u>	( <u>421</u> )	<u>-</u>	( <u>1,689</u> )	<u>-</u>	( <u>1,142</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>25,860</u>	<u>1</u>	<u>25,769</u>	<u>1</u>	<u>59,109</u>	<u>1</u>	<u>31,077</u>	<u>1</u>
7900	Net profits before tax	<u>245,382</u>	<u>11</u>	<u>243,618</u>	<u>11</u>	<u>544,706</u>	<u>12</u>	<u>511,151</u>	<u>11</u>
7950	Income tax expenses (Notes 4 and 24)	<u>53,654</u>	<u>2</u>	<u>53,929</u>	<u>2</u>	<u>113,213</u>	<u>2</u>	<u>110,752</u>	<u>2</u>
8200	Net profit in the current period	<u>191,728</u>	<u>9</u>	<u>189,689</u>	<u>9</u>	<u>431,493</u>	<u>10</u>	<u>400,399</u>	<u>9</u>

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Other comprehensive income (Note 21)								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	( 31,223)	( 1)	( 3,470)	-	8,237	-	14,902	-
8360	Items that will be reclassified to profit or loss								
8361	Exchange differences arising in the translation of foreign operations	<u>34,410</u>	<u>1</u>	( <u>61,471</u> )	( <u>3</u> )	<u>184,409</u>	<u>4</u>	( <u>52,263</u> )	( <u>1</u> )
8300	Other comprehensive income (net after tax) for the period	<u>3,187</u>	<u>-</u>	( <u>64,941</u> )	( <u>3</u> )	<u>192,646</u>	<u>4</u>	( <u>37,361</u> )	( <u>1</u> )
8500	Total comprehensive income for the period	<u>\$194,915</u>	<u>9</u>	<u>\$124,748</u>	<u>6</u>	<u>\$624,139</u>	<u>14</u>	<u>\$363,038</u>	<u>8</u>
8600	Net income attributable to:								
8610	Owners of the Company	<u>\$191,728</u>		<u>\$189,689</u>		<u>\$431,493</u>		<u>\$400,399</u>	
8700	Total comprehensive income attributable to:								
8710	Owners of the Company	<u>\$194,915</u>		<u>\$124,748</u>		<u>\$624,139</u>		<u>\$363,038</u>	
	Earnings per share (Note 25)								
9710	Basic	<u>\$ 1.18</u>		<u>\$ 1.17</u>		<u>\$ 2.66</u>		<u>\$ 2.47</u>	
9810	Diluted	<u>\$ 1.18</u>		<u>\$ 1.17</u>		<u>\$ 2.66</u>		<u>\$ 2.47</u>	

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

Chairperson: Chang Te-Jen    Manager: Chen Hung-Wei    Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Statement of Changes in Equity

Unit: NT\$1,000

		Equity attributable to owners of the Company					Other equity				
		Retained earnings					Exchange differences arising in the translation of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Total	Total equity	
Code		Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings					Total
A1	Balance as of January 1, 2024	\$1,620,000	\$ 109,430	\$1,999,353	\$ 490,499	\$5,811,676	\$8,301,528	(\$ 340,618)	\$ 97,676	(\$ 242,942)	\$9,788,016
	Earnings allocation and distribution for 2023 (Note 21)										
B1	Legal reserve	-	-	83,017	-	( 83,017)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 567,000)	( 567,000)	-	-	-	( 567,000)
D1	Net profit for January 1 to June 30, 2024	-	-	-	-	431,493	431,493	-	-	-	431,493
D3	Other comprehensive income for January 1 to June 30, 2024, net of income tax	-	-	-	-	-	-	184,409	8,237	192,646	192,646
D5	Total comprehensive income for January 1 to June 30, 2024	-	-	-	-	431,493	431,493	184,409	8,237	192,646	624,139
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	226	226	-	( 226)	( 226)	-
Z1	Balance on June 30, 2024	\$1,620,000	\$ 109,430	\$2,082,370	\$ 490,499	\$5,593,378	\$8,166,247	(\$ 156,209)	\$ 105,687	(\$ 50,522)	\$9,845,155
A1	Balance as of January 1, 2023	\$1,620,000	\$ 109,380	\$1,917,371	\$ 490,499	\$5,630,491	\$8,038,361	(\$ 276,525)	\$ 81,983	(\$ 194,542)	\$9,573,199
	Earnings allocation and distribution for 2022 (Note 21)										
B1	Legal reserve	-	-	81,982	-	( 81,982)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	( 567,000)	( 567,000)	-	-	-	( 567,000)
D1	Net profit for January 1 to June 30, 2023	-	-	-	-	400,399	400,399	-	-	-	400,399
D3	Other comprehensive income for January 1 to June 30, 2023, net of income tax	-	-	-	-	-	-	( 52,263)	14,902	( 37,361)	( 37,361)
D5	Total comprehensive income for January 1 to June 30, 2023	-	-	-	-	400,399	400,399	( 52,263)	14,902	( 37,361)	363,038
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	7,901	7,901	-	( 7,901)	( 7,901)	-
Z1	Balance on June 30, 2023	\$1,620,000	\$ 109,380	\$1,999,353	\$ 490,499	\$5,389,809	\$7,879,661	(\$ 328,788)	\$ 88,984	(\$ 239,804)	\$9,369,237

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui



YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Statement of Cash Flow

Unit: NT\$1,000

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flow from operating activities		
A10000	Pre-tax profit for the period	\$ 544,706	\$ 511,151
A20010	Adjustments for:		
A20100	Depreciation	113,799	98,178
A20200	Amortization	529	1,830
A20300	Reversal gains on expected credit impairment	( 10,853)	( 2,303)
A20400	Gains on financial assets at fair value through profit or loss	( 3,968)	( 4,106)
A20900	Financial cost	616	650
A21200	Income from interests	( 14,059)	( 11,304)
A22300	Share of profit or loss of associates accounted for using equity method	1,689	1,142
A22500	Gain on disposal and retirement of property, plant and equipment	( 1,009)	( 20)
A23700	Loss on inventory devaluation	15,623	-
A29900	Provisions reversed	( 862)	( 5,120)
A29900	Refund liabilities recognized	98,663	95,374
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 2,830)	( 17,871)
A31130	Notes receivable	8,432	127,721
A31140	Notes receivable - related parties	22,685	17,665
A31150	Accounts receivable	210,329	321,082
A31160	Accounts receivable - related parties	( 1,610)	( 27,301)
A31180	Other receivables	( 1,550)	1,498
A31200	Inventories	( 221,667)	117,373
A31240	Other current assets	( 32,105)	11,913
A32125	Contract liabilities	( 5,147)	( 22,884)
A32130	Notes payable	6,692	( 18,740)
A32150	Accounts payable	77,800	( 115,226)
A32180	Other accounts payable	( 77,874)	( 131,770)
A32230	Other current liabilities	( 8,831)	796
A32240	Net defined benefit liabilities	( 3,286)	( 3,248)
A32990	Refund liabilities	( 92,506)	( 81,592)

(Continued)

(Continued)

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
A33000	Cash flow from operating activities	\$ 623,406	\$ 864,888
A33100	Interest received	12,959	9,826
A33300	Interest paid	( 616)	( 1,111)
A33500	Income taxes paid	( 118,271)	( 117,046)
AAAA	Net cash generated by operating activities	<u>517,478</u>	<u>756,557</u>
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	( 3,697)
B00020	Disposal of financial assets at fair value through other comprehensive income	2,861	44,974
B00100	Acquisition of financial assets at fair value through profit or loss	( 550,000)	( 964,455)
B00200	Disposal of financial assets at fair value through profit or loss	-	366,526
B02700	Acquisition of property, plant and equipment	( 68,077)	( 77,440)
B02800	Proceeds from disposal of property, plant and equipment	1,027	47
B03700	Increase in guarantee deposit paid	( 136)	( 723)
B04500	Acquisition of intangible assets	( 9)	( 77)
B06500	Decrease (Increase) in other financial assets	( 250,299)	<u>1,321</u>
BBBB	Net cash used in investing activities	<u>( 864,633)</u>	<u>( 633,524)</u>
	Cash Flow from Financing Activities		
C00100	Increase in short-term borrowings	3,507	12,838
C03000	Increase in guarantee deposit received	183	5
C03800	Decrease in other payables	-	( 100,000)
C04020	Repayment of principal of lease liabilities	( 12,031)	( 10,454)
CCCC	Net cash used in financing activities	<u>( 8,341)</u>	<u>( 97,611)</u>
DDDD	Effects of exchange rate changes on cash and cash equivalents	<u>90,633</u>	<u>( 18,052)</u>
EEEE	Increase (Decrease) in cash and cash equivalents	( 264,863)	7,370
E00100	Cash and cash equivalents - beginning of period	<u>1,844,911</u>	<u>1,504,433</u>
E00200	Cash and cash equivalents - end of period	<u>\$1,580,048</u>	<u>\$1,511,803</u>

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

Chairperson: Chang Te-Jen    Manager: Chen Hung-Wei    Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Notes to the Consolidated Financial Statements

January 1 through June 30, 2024 and 2023

(All amounts are in NT\$ thousand unless otherwise specified)

I. Company History

Founded in May 1957 in Kaohsiung, YUNG CHI PAINT & VARNISH MFG. CO., LTD (the “Company” hereinafter) is mainly engaged in the manufacture and sale of paints and coatings and the undertaking of painting projects.

The Company’s shares began trading on Taiwan Stock Exchange in September 2000.

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

II. Date and procedures of approval of the financial statements

The consolidated financial statements were approved at the Board meeting on August 7, 2024.

III. Application of New Standards, Amendments, and Interpretations

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations (IFRIC), and SIC interpretations (SIC) (hereinafter collectively referred to as “IFRS Accounting Standards”) approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The application of the amended IFRS Accounting Standards approved and promulgated by the Financial Supervisory Commission won’t cause any significant changes to the accounting policy of the Company and its subsidiaries.

- (II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note )

Note :An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

- (III) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note )
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
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 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments 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

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

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will supersede IAS 1" Presentation of Financial Statements".

The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing,

financing, income taxes and discounted operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Up to the date when the consolidated financial statements were approved by the Board of Directors, the Company and subsidiaries assessed the effects of the said amendments to the standards and interpretations on their financial position and performance on a continuous basis. The relevant effects will be disclosed after the assessment.

#### IV. Summary of significant accounting policies

Except for the following policies, please refer to the summary of significant accounting policies in the 2023 Consolidated Financial Report.

##### (I) Compliance statement

The Consolidated Financial Report was formulated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed, published, and effected by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

##### (II) Basis of consolidation

For details of subsidiaries, shareholding percentage in them, and their business activities, refer to Note 12 and Appendix Tables 7 and 8.

##### (III) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

##### (IV) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

#### V. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

VI. Cash and cash equivalents

	June 30, 2024	December31, 2023	June 30, 2023
Cash on hand and working capital	\$ 1,736	\$ 1,504	\$ 1,642
Bank check and demand deposit	943,395	1,104,974	1,044,340
Cash equivalents (investment whose initial maturity date will be due within 3 months)			
Time deposits in banks	549,295	595,852	230,054
Bonds with repurchase agreement	<u>85,622</u>	<u>142,581</u>	<u>235,767</u>
	<u>\$ 1,580,048</u>	<u>\$ 1,844,911</u>	<u>\$ 1,511,803</u>

VII. Financial assets at fair value through profit or loss

	June 30, 2024	December31, 2023	June 30, 2023
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss			
Fund beneficiary certificates	<u>\$ 909,962</u>	<u>\$ 355,994</u>	<u>\$ 602,035</u>

VIII. Financial assets at fair value through other comprehensive income

	June 30, 2024	December31, 2023	June 30, 2023
<u>Current</u>			
TWSE-listed stocks	<u>\$ 444,620</u>	<u>\$ 439,681</u>	<u>\$ 380,637</u>
<u>Non-current</u>			
Domestic stock traded on the emerging stock market	\$ -	\$ -	\$ 7,271
Domestic shares not traded on an exchange or OTC	30,024	29,567	29,703
Foreign shares not traded on an exchange or OTC	<u>142</u>	<u>139</u>	<u>15,788</u>
	<u>\$ 30,166</u>	<u>\$ 29,706</u>	<u>\$ 52,762</u>

Since the Group holds the said equity instrument investment not for trading or gaining profits in the short term, the Group elects to designate them to be measured at fair value through other comprehensive income.

IX. Notes receivable (including those due from related parties); accounts receivable (including those due from related parties); and other receivables

(I) Notes receivable and accounts receivable (including overdue receivables)

	<u>June 30,</u> <u>2024</u>	<u>December31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
Notes receivable (including those due from related parties)			
Measured at amortized cost			
Arising from operating activities	\$ 568,127	\$ 599,244	\$ 533,584
Less: loss allowance	<u>5,804</u>	<u>6,198</u>	<u>5,676</u>
	<u>\$ 562,323</u>	<u>\$ 593,046</u>	<u>\$ 527,908</u>
Accounts receivable (including those due from related parties)			
Measured at amortized cost			
Total book value	\$ 1,741,175	\$ 1,944,923	\$ 1,759,319
Less: loss allowance	<u>54,120</u>	<u>58,452</u>	<u>59,691</u>
	<u>\$ 1,687,055</u>	<u>\$ 1,886,471</u>	<u>\$ 1,699,628</u>
Overdue receivables			
Total book value	\$ 9,908	\$ 15,136	\$ 15,101
Less: loss allowance	<u>9,908</u>	<u>15,136</u>	<u>15,101</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The credit period provided by the Group to customers averages about 90 days to 100 days; receivables do not accrue interest. To mitigate credit risk, the Group has a dedicated team be responsible for determining the credit limits, approving credit lending, and executing other monitoring procedures, so as to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of receivables on the balance sheet date so as to ensure that appropriate impairment loss has been recognized for uncollectible receivables.

The Group recognizes the allowance for receivables based on the



lifetime ECL, which is calculated using the provision matrix, taking into account a customer's historical default record and current financial standing and the industrial and economic conditions. According to the Group's historical credit loss record, the loss patterns do not differ among different customer bases, so the provision matrix does not look into individual customer bases but instead estimates the ECL rate based on the number of days past due of receivables.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Group cannot estimate a reasonable recoverable amount, the Group transfers the receivables to overdue receivables while providing sufficient loss allowance. When it is sure that the receivables cannot be recovered, the Group directly writes off related receivables, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The loss allowance the Group recognized for receivables based on the provision matrix is as follows:

#### June 30, 2024

	Not past due	1~90 days past due	91~270 days past due	271~630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$2,137,644	\$ 94,402	\$ 46,899	\$ 20,293	\$ 16,601	\$ 3,371	\$2,319,210
Loss allowance	( 37,194 )	( 1,888 )	( 4,690 )	( 6,088 )	( 16,601 )	( 3,371 )	( 69,832 )
Amortized cost	<u>\$2,100,450</u>	<u>\$ 92,514</u>	<u>\$ 42,209</u>	<u>\$ 14,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,249,378</u>

#### December 31, 2023

	Not past due	1~90 days past due	91~270 days past due	271~630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$2,388,670	\$ 88,034	\$ 33,459	\$ 23,542	\$ 22,544	\$ 3,054	\$2,559,303
Loss allowance	( 42,018 )	( 1,761 )	( 3,346 )	( 7,063 )	( 22,544 )	( 3,054 )	( 79,786 )
Amortized cost	<u>\$2,346,652</u>	<u>\$ 86,273</u>	<u>\$ 30,113</u>	<u>\$ 16,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,479,517</u>

#### June 30, 2023

	Not past due	1~90 days past due	91~270 days past due	271~630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$2,047,107	\$ 135,639	\$ 65,782	\$ 34,635	\$ 21,026	\$ 3,815	\$2,308,004
Loss allowance	( 35,946 )	( 2,713 )	( 6,578 )	( 10,390 )	( 21,026 )	( 3,815 )	( 80,468 )
Amortized cost	<u>\$2,011,161</u>	<u>\$ 132,926</u>	<u>\$ 59,204</u>	<u>\$ 24,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,227,536</u>

Movements in the loss allowance for receivables are as follows:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Balance - beginning of period	\$ 79,786	\$ 84,902
Reversed in the current period	( 10,853)	( 2,303)
Written off in the current period	( 256)	( 1,405)
Net exchange differences	<u>1,155</u>	<u>( 726)</u>
Balance - end of period	<u>\$ 69,832</u>	<u>\$ 80,468</u>

(II) Other receivables

The Group recognizes the loss allowance for other receivables based on the lifetime ECL. As at June 30, 2024, December 31, 2023, and June 30, 2023, there were no overdue other receivables; accordingly, there was no balance of loss allowance based on our assessment.

X. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished-goods	\$ 792,193	\$ 750,331	\$ 760,131
Products	21,528	14,854	21,869
Raw materials	1,509,519	1,392,373	1,622,816
Materials	18,517	19,943	17,395
Inventory in transit	<u>102,170</u>	<u>63,053</u>	<u>31,111</u>
	<u>\$ 2,443,927</u>	<u>\$ 2,240,554</u>	<u>\$ 2,453,322</u>

The cost of inventories recognized as cost of goods sold in April 1 to June 30, 2024 and 2023, and in January 1 to June 30, 2024 and 2023 was NT\$1,590,371 thousand, NT\$1,579,113 thousand, NT\$3,199,977 thousand and NT\$3,333,581 thousand, respectively. The cost of goods sold included reversal of loss on inventories of NT\$9,151 thousand, NT\$0 thousand, NT\$15,623 thousand, and NT\$0 thousand.

## XI. Other financial assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Time deposits whose original maturity date is more than three months apart	\$ 253,606	\$ 3,372	\$ 3,420
Project deposit	<u>16,245</u>	<u>16,245</u>	<u>-</u>
	<u>\$ 269,851</u>	<u>\$ 19,617</u>	<u>\$ 3,420</u>
<u>Non-current</u>			
Time deposits pledged	\$ 400	\$ 400	\$ 400
Project deposit	<u>3,225</u>	<u>3,160</u>	<u>-</u>
	<u>\$ 3,625</u>	<u>\$ 3,560</u>	<u>\$ 400</u>

For information on pledged financial assets, see Note 28.

## XII. Subsidiary

Entities in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership interests and voting rights in percentage terms (%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Bmass Investment Co., Ltd (Bmass)	Professional investment company	100	100	100	
	Cmass Investment Co., Ltd (Cmass)	Professional investment company	100	100	100	
	Emass Investment International Co., Ltd (Emass)	Professional investment company	100	100	100	
Bmass	YUNG CHI PAINT & VARNISH MFG. (Kunshan) Co., Ltd. (YUNG CHI Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	100	
	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. (YUNG CHI Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	100	
Cmass	Dmass Investment International Co., Ltd (Dmass)	Professional investment company	100	100	100	
Emass	Yung Chi America Corp. (YUNG CHI USA)	Professional investment company	100	100	100	
Dmass	YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD. (YUNG CHI Vietnam)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	100	
	YUNG CHI PAINT & VARNISH MFG. (Malaysia) CO., LTD. (YUNG CHI Malaysia)	Manufacture and sale of paints	100	100	100	
YUNG CHI USA	Continental Coatings, Inc.	Sale and processing of paints	100	100	100	

XIII. Investments accounted for using equity method

	June 30, 2024	December 31, 2023	June 30, 2023
Individually insignificant associate	<u>\$ 32,238</u>	<u>\$ 33,527</u>	<u>\$ 34,655</u>

Summary information on individually insignificant associates

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
The Group's share				
Net profit (loss) for the period	\$ 55	(\$ 421)	(\$ 1,689)	(\$ 1,142)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 55</u>	<u>(\$ 421)</u>	<u>(\$ 1,689)</u>	<u>(\$ 1,142)</u>

The Group's investments accounted for using the equity method as at June 30, 2024 and 2023 were recognized and disclosed based on the investees' financial statements for the same period that were not audited by CPAs. However, the Group's management does not think that using the said investees' financial statements not audited by CPAs will affect any material effects.

XIV. Property, plant and equipment

January 1 to June 30, 2024

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
<u>Cost</u>							
Balance as of January 1, 2024	\$ 1,050,891	\$ 1,910,346	\$ 1,619,887	\$ 97,507	\$ 309,096	\$ 76,379	\$ 5,064,106
Increase	-	9,070	24,683	11,033	6,066	9,814	60,666
Disposal	-	-	( 4,113)	( 4,350)	( 1,304)	-	( 9,767)
Net exchange differences	4,680	65,734	44,967	1,810	7,560	620	125,371
Balance as of June 30, 2024	<u>\$ 1,055,571</u>	<u>\$ 1,985,150</u>	<u>\$ 1,685,424</u>	<u>\$ 106,000</u>	<u>\$ 321,418</u>	<u>\$ 86,813</u>	<u>\$ 5,240,376</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2024	\$ -	\$ 566,906	\$ 941,551	\$ 79,425	\$ 218,762	\$ -	\$ 1,806,644
Depreciation	-	28,223	53,727	3,561	14,112	-	99,623
Disposal	-	-	( 4,095)	( 4,350)	( 1,304)	-	( 9,749)
Net exchange differences	-	14,897	19,605	1,349	4,064	-	39,915
Balance as of June 30, 2024	<u>\$ -</u>	<u>\$ 610,026</u>	<u>\$ 1,010,788</u>	<u>\$ 79,985</u>	<u>\$ 235,634</u>	<u>\$ -</u>	<u>\$ 1,936,433</u>
Net amount on December 31, 2023	<u>\$ 1,050,891</u>	<u>\$ 1,343,440</u>	<u>\$ 678,336</u>	<u>\$ 18,082</u>	<u>\$ 90,334</u>	<u>\$ 76,379</u>	<u>\$ 3,257,462</u>
Net amount on June 30, 2024	<u>\$ 1,055,571</u>	<u>\$ 1,375,124</u>	<u>\$ 674,636</u>	<u>\$ 26,015</u>	<u>\$ 85,784</u>	<u>\$ 86,813</u>	<u>\$ 3,303,943</u>

## January 1 to June 30, 2023

Cost	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Balance as of January 1, 2023	\$ 1,050,904	\$ 1,926,387	\$ 1,180,588	\$ 94,295	\$ 259,205	\$ 470,370	\$ 4,981,749
Increase	-	5,252	446,965	2,989	39,809	( 400,297 )	94,718
Disposal	-	-	( 9,344 )	-	( 797 )	-	( 10,141 )
Reclassification	-	-	( 76 )	-	76	-	-
Net exchange differences	1,153	( 22,175 )	( 18,174 )	( 606 )	( 1,398 )	100	( 41,100 )
Balance as of June 30, 2023	<u>\$ 1,052,057</u>	<u>\$ 1,909,464</u>	<u>\$ 1,599,959</u>	<u>\$ 96,678</u>	<u>\$ 296,895</u>	<u>\$ 70,173</u>	<u>\$ 5,025,226</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2023	\$ -	\$ 515,783	\$ 868,037	\$ 75,868	\$ 197,642	\$ -	\$ 1,657,330
Depreciation	-	28,480	40,927	2,840	12,090	-	84,337
Disposal	-	-	( 9,317 )	-	( 797 )	-	( 10,114 )
Reclassification	-	-	( 76 )	-	76	-	-
Net exchange differences	-	( 5,050 )	( 5,897 )	( 473 )	( 532 )	-	( 11,952 )
Balance as of June 30, 2023	<u>\$ -</u>	<u>\$ 539,213</u>	<u>\$ 893,674</u>	<u>\$ 78,235</u>	<u>\$ 208,479</u>	<u>\$ -</u>	<u>\$ 1,719,601</u>
Net amount on June 30, 2023	<u>\$ 1,052,057</u>	<u>\$ 1,370,251</u>	<u>\$ 706,285</u>	<u>\$ 18,443</u>	<u>\$ 88,416</u>	<u>\$ 70,173</u>	<u>\$ 3,305,625</u>

The Group's property, plant and equipment were depreciated on a straight-line basis over the following useful lives:

Buildings and structures	5~55 years
Machinery and equipment	2~25 years
Transportation equipment	5~40 years
Other facilities	3~40 years

For the amount of property, plant, and equipment pledged as borrowing collateral by the Group, see Note 28.

## XV. Lease agreement

### (I) Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Book value of right-of-use assets			
Land	\$ 289,754	\$ 280,423	\$ 283,092
Buildings	40,209	47,866	35,497
Transportation equipment	1,133	1,187	1,760
	<u>\$ 331,096</u>	<u>\$ 329,476</u>	<u>\$ 320,349</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Increase in right-of-use assets			<u>\$ 535</u>	<u>\$ 396</u>
Depreciation expenses -				
Right-of-use assets				
Land	\$ 1,867	\$ 1,819	\$ 3,688	\$ 3,639
Buildings	4,567	4,406	9,057	8,786
Transportation equipment	<u>302</u>	<u>286</u>	<u>589</u>	<u>573</u>
	<u>\$ 6,736</u>	<u>\$ 6,511</u>	<u>\$ 13,334</u>	<u>\$ 12,998</u>

(II) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Book value of lease liabilities			
Current	<u>\$ 21,379</u>	<u>\$ 20,400</u>	<u>\$ 14,662</u>
Non-current	<u>\$ 24,039</u>	<u>\$ 34,781</u>	<u>\$ 27,238</u>

The discount rates (%) for lease liabilities are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	1.775~2.625	1.775~2.625	2.625
Transportation equipment	2.625	2.625	2.625

(III) Material lease activities and terms

The Group leased land and buildings from others and used them as plants, operating premises, and shipping hubs, with a lease term of 3~50 years. The Group did not have an option to buy the land and buildings underlying the lease at the termination of the lease period.

The Group leased transportation equipment for use in business travel; the lease period was 3 years. There was no contractual term which grants the Group the right to renew the lease or buy the underlying assets at the expiration of the lease term.

(IV) Other lease information

For the agreement under which the Group leases out investment property recognized as an operating lease, see Note 16.

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term lease expense	<u>\$ 1,373</u>	<u>\$ 1,271</u>	<u>\$ 2,740</u>	<u>\$ 2,400</u>
Low-value asset lease expense	<u>\$ 182</u>	<u>\$ 175</u>	<u>\$ 350</u>	<u>\$ 328</u>
Total cash outflow from leases			<u>\$15,737</u>	<u>\$13,764</u>

For employee dormitory lease qualified as a short-term lease and the lease of office accessories like photocopiers that qualifies as a lease whose underlying assets are of low value, the Group applies the recognition exemption to them, and does not recognize any right-of-use assets or lease liability for them.

XVI Investment property

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 162,079	\$ 162,079	\$ 162,079
Buildings and structures	<u>40,778</u>	<u>41,620</u>	<u>42,462</u>
	<u>\$ 202,857</u>	<u>\$ 203,699</u>	<u>\$ 204,541</u>

Except for the recognition of depreciation, there were no major additions, disposals or impairment to investment property from January 1 to June 30 in 2024 and 2023. Buildings and structures recognized as investment property are depreciated on a straight-line basis over their useful lives (15 to 50 years).

The lease term of an investment property lease is between 1 and 5 years; the lessee does not have the option to purchase the investment property at the termination of the lease term.

Total future lease payments to be generated from investment property recognized as an operating lease is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ 4,270	\$ 3,203	\$ 4,102
Year 2	999	716	673
Year 3	<u>116</u>	<u>202</u>	<u>111</u>
	<u>\$ 5,385</u>	<u>\$ 4,121</u>	<u>\$ 4,886</u>

Their fair value stood at NT\$637,281 thousand on June 30, 2024, December 31, 2023, and June 30, 2023. The fair value of investment property is assessed by referencing independent property appraisers' appraisal arrived at by using Level 3 fair value inputs, and by referencing the value derived using direct capitalization method and the comparable method that looks into the transaction price of similar properties on the market. The significant unobservable input used, the capitalization rate of profits, was 1.50% in both years.

XVII. Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Secured loans			
Loan against L/C - settled before interest accrual	<u>\$ 4,885</u>	<u>\$ 1,378</u>	<u>\$ 13,916</u>

XVIII. Other accounts payable

	June 30, 2024	December 31, 2023	June 30, 2023
Dividends payable	\$ 567,000	\$ -	\$ 567,000
Salary and bonus payable	119,032	162,862	117,101
Employee and director compensation payable	34,562	22,637	31,956
Advertising expenditure	19,337	29,671	-
Construction and equipment payable	13,406	8,248	55,220
Business tax payable	5,078	30,225	13,786
Others	<u>131,869</u>	<u>142,357</u>	<u>101,604</u>
	<u>\$ 890,284</u>	<u>\$ 396,000</u>	<u>\$ 886,667</u>



XIX. Provisions

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Construction warranty	<u>\$ 5,521</u>	<u>\$ 6,383</u>	<u>\$ 9,902</u>

The provisions for construction warranty are the present value of the management's best estimate of outflow of future economic benefits arising from the warranty obligations; such estimate is estimated based on historical warranty experience.

XX. Post-employment benefit plan

Employee benefit expenses defined post-retirement benefit plan were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022. In April 1 to June 30, 2024 and 2023, and in January 1 to June 30, 2024 and 2023, the amounts of retirement benefit were NT\$263 thousand, NT\$305 thousand, NT\$527 thousand and NT\$610 thousand, respectively.

XXI. Equity

(I) Capital stock

	June 30, 2024	December 31, 2023	June 30, 2023
Authorized shares (in thousand shares)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
	June 30, 2024	December 31, 2023	June 30, 2023
Number of issued shares fully paid (in thousand shares)	<u>162,000</u>	<u>162,000</u>	<u>162,000</u>
Issued capital	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>

A share of issued common stock had a par value of NTD10 and was entitled to one voting right and dividends.

(II) Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
Available for makeup of loss, distribution of cash dividends, or transfer into capital (Note)			
Additional paid-in capital	\$106,385	\$106,385	\$106,385
Only available for makeup of loss			
Asset disposal gain	2,612	2,612	2,612
Others	<u>433</u>	<u>433</u>	<u>383</u>
	<u>\$109,430</u>	<u>\$109,430</u>	<u>\$109,380</u>

Note: These capital reserves may be used to make up losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(III) Retained earnings and dividend policy

According to the dividend policy prescribed in the Company's Articles of Incorporation, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserves. The remainder may be set aside as special reserves, or the previous recognized special reserves may be reversed, in accordance with laws and regulations. If there is remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus, and shall submit the distribution proposal to the Shareholders Meeting for approval.

Considering capital expenditure needs and a sound financial planning requisite for sustainable development, the Company shall

distribute no less than 50% of the annual earnings as shareholder dividends in principle. The Company may distribute dividends in cash or in shares. Considering the Company's growth rate and capital expenditure status, the Company shall distribute earnings more in cash than in shares; the cash dividends distributed shall not be less than 60% of total dividends distributed in the given year.

Legal reserves may be used to make up for losses. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by no greater than 25% may be appropriated as capital or distributed in cash.

The appropriation of earnings for 2023 and 2022 was approved by the shareholders in the shareholders' meetings in May 2024 and June 2023, respectively. The appropriations and dividends per share were as follows:

	Earnings Distribution Proposal		Dividend per share	
	2023	2022	2023	2022
Legal reserve	\$ 83,017	\$ 81,982		
Cash dividends	567,000	567,000	\$ 3.5	\$ 3.5

As of June 30, 2024 and 2023, the above-mentioned cash dividends distributed in 2023 and 2022 have not been paid and have been included in other payables.

(IV) Other equity

1. Exchange differences arising in the translation of foreign operations

	January 1 to June 30, 2024	January 1 to June 30, 2023
Opening balance	( <u>\$340,618</u> )	( <u>\$276,525</u> )
Exchange difference arising from translation of the net assets of foreign operations	<u>184,409</u>	<u>52,263</u>
Closing balance	( <u>\$156,209</u> )	( <u>\$328,788</u> )

2. Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income

	January 1 to June 30, 2024	January 1 to June 30, 2023
Opening balance	\$ 97,676	\$ 81,983
Recognized in the current period		
Accumulated gains and losses from disposal of equity instruments are transferred to retained earnings	( 226)	( 7,901)
Equity instruments -unrealized gains or losses	<u>8,237</u>	<u>14,902</u>
Closing balance	<u>\$105,687</u>	<u>\$ 88,984</u>

XXII. Operating revenue

(I) Customer contract revenue breakdown

January 1 to June 30, 2024

<u>Type of product or service</u>	Paint Business Department	Coating Engineering Department	<u>Total</u>
Product sales revenue	\$ 4,349,544	\$ -	\$ 4,349,544
Construction revenue	<u>-</u>	<u>164,431</u>	<u>164,431</u>
	<u>\$ 4,349,544</u>	<u>\$ 164,431</u>	<u>\$ 4,513,975</u>
 <u>Primary regional markets</u>			
Taiwan	\$ 3,113,053	\$ 164,431	\$ 3,277,484
China	601,772	-	601,772
Others	<u>634,719</u>	<u>-</u>	<u>634,719</u>
	<u>\$ 4,349,544</u>	<u>\$ 164,431</u>	<u>\$ 4,513,975</u>
 <u>Revenue recognition time point</u>			
At a point in time	\$ 4,349,544	\$ -	\$ 4,349,544
Fulfilled as time elapses	<u>-</u>	<u>164,431</u>	<u>164,431</u>
	<u>\$ 4,349,544</u>	<u>\$ 164,431</u>	<u>\$ 4,513,975</u>

January 1 to June 30, 2023

	Paint Business Department	Coating Engineering Department	Total
<u>Type of product or service</u>			
Product sales revenue	\$ 4,415,557	\$ -	\$ 4,415,557
Construction revenue	<u>-</u>	<u>221,633</u>	<u>221,633</u>
	<u>\$ 4,415,557</u>	<u>\$ 221,633</u>	<u>\$ 4,637,190</u>
<u>Primary regional markets</u>			
Taiwan	\$ 3,127,303	\$ 221,633	\$ 3,348,936
China	720,550	-	720,550
Others	<u>567,704</u>	<u>-</u>	<u>567,704</u>
	<u>\$ 4,415,557</u>	<u>\$ 221,633</u>	<u>\$ 4,637,190</u>
<u>Revenue recognition time point</u>			
At a point in time	\$ 4,415,557	\$ -	\$ 4,415,557
Fulfilled as time elapses	<u>-</u>	<u>221,633</u>	<u>221,633</u>
	<u>\$ 4,415,557</u>	<u>\$ 221,633</u>	<u>\$ 4,637,190</u>

(II) Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Notes receivable and accounts receivable	<u>\$ 2,249,378</u>	<u>\$ 2,479,517</u>	<u>\$ 2,227,536</u>	<u>\$ 2,663,674</u>
Contract assets				
Coating Engineering	<u>\$ 102,924</u>	<u>\$ 100,094</u>	<u>\$ 113,426</u>	<u>\$ 95,555</u>
Contract liabilities				
Coating Engineering	\$ 49,098	\$ 57,675	\$ 26,426	\$ 54,043
Product sales	<u>4,140</u>	<u>710</u>	<u>5,976</u>	<u>1,243</u>
	<u>\$ 53,238</u>	<u>\$ 58,385</u>	<u>\$ 32,402</u>	<u>\$ 55,286</u>

Changes in contract assets and contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

(III) Customer contracts outstanding

As of June 30, 2024, December 31, 2023, and June 30, 2023, transaction price allocated to unfulfilled performance obligation was NT\$989,186 thousand, NT\$960,303 thousand and NT\$520,962 thousand,

respectively. The Company will recognize it as construction revenue when construction items are completed; such revenue is expected to be recognized in 1 to 3 years.

XXIII. Net profits before tax

(I) Income from interest

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Bank deposit	\$ 6,534	\$ 4,433	\$ 10,682	\$ 7,212
Others	<u>1,365</u>	<u>2,598</u>	<u>3,377</u>	<u>4,092</u>
	<u>\$ 7,899</u>	<u>\$ 7,031</u>	<u>\$ 14,059</u>	<u>\$ 11,304</u>

(II) Other income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Lease income	\$ 2,348	\$ 2,427	\$ 4,697	\$ 4,853
Subsidy income	4,061	-	8,122	-
Others	<u>4,042</u>	<u>5,015</u>	<u>8,480</u>	<u>7,900</u>
	<u>\$ 10,451</u>	<u>\$ 7,442</u>	<u>\$ 21,299</u>	<u>\$ 12,753</u>

(III) Other gains and losses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net foreign exchange gain	\$ 5,627	\$ 11,049	\$ 22,719	\$ 9,448
Gain (loss) on disposal of property, plant and equipment	544	( 1)	1,009	20
Gains on financial assets at fair value through profit	2,681	2,852	3,968	4,106
Others	<u>( 1,154)</u>	<u>( 1,902)</u>	<u>( 1,640)</u>	<u>( 4,762)</u>
	<u>\$ 7,698</u>	<u>\$ 11,998</u>	<u>\$ 26,056</u>	<u>\$ 8,812</u>

(IV) Financial cost

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Financial cost				
Interest on financing facilities	\$ -	\$ -	\$ -	\$ 68
Interest on lease liabilities	<u>243</u>	<u>281</u>	<u>616</u>	<u>582</u>
	<u>\$ 243</u>	<u>\$ 281</u>	<u>\$ 616</u>	<u>\$ 650</u>

(V) Depreciation and amortization

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Property, plant and equipment	\$ 50,519	\$ 44,391	\$ 99,623	\$ 84,337
Right-of-use assets	6,736	6,511	13,334	12,998
Investment property	421	422	842	843
Intangible assets	260	1,535	519	1,820
Other current assets	<u>5</u>	<u>5</u>	<u>10</u>	<u>10</u>
	<u>\$ 57,941</u>	<u>\$ 52,864</u>	<u>\$114,328</u>	<u>\$100,008</u>
Summary of depreciation by function				
Operating cost	\$ 21,929	\$ 20,635	\$ 43,409	\$ 39,338
Operating expenses	35,325	30,267	69,547	57,997
Others	<u>422</u>	<u>422</u>	<u>843</u>	<u>843</u>
	<u>\$ 57,676</u>	<u>\$ 51,324</u>	<u>\$113,799</u>	<u>\$ 98,178</u>
Summary of amortization by function				
Operating cost	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>265</u>	<u>1,540</u>	<u>529</u>	<u>1,830</u>
	<u>\$ 265</u>	<u>\$ 1,540</u>	<u>\$ 529</u>	<u>\$ 1,830</u>

(VI) Employee benefit expenses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits				
Salary	\$225,414	\$207,880	\$449,242	\$413,725
Labor insurance and health insurance	12,755	12,446	26,904	26,293
Others	<u>14,530</u>	<u>11,890</u>	<u>28,717</u>	<u>24,900</u>
	<u>252,699</u>	<u>232,216</u>	<u>504,863</u>	<u>464,918</u>
Post-employment benefit				
Defined contribution plan	7,343	6,811	14,476	13,681
Defined benefit plan	<u>263</u>	<u>305</u>	<u>527</u>	<u>610</u>
	<u>7,606</u>	<u>7,116</u>	<u>15,003</u>	<u>14,291</u>
	<u>\$260,305</u>	<u>\$239,332</u>	<u>\$519,866</u>	<u>\$479,209</u>
Summary by function				
Operating cost	\$107,583	\$ 94,545	\$214,687	\$188,418
Operating expenses	<u>152,722</u>	<u>144,787</u>	<u>305,179</u>	<u>290,791</u>
	<u>\$260,305</u>	<u>\$239,332</u>	<u>\$519,866</u>	<u>\$479,209</u>

(VII) Employee and director compensation

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee and director compensation and allocate 1% ~ 5% of such profits as employee compensation and no greater than 0.5% as director compensation. The compensation of employees and remuneration of directors and supervisors in April 1 to June 30, 2024 and 2023, and in January 1 to June 30, 2024 and 2023, respectively, were as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Employee compensation	<u>\$5,138</u>	<u>\$4,018</u>	<u>\$10,284</u>	<u>\$8,217</u>
Director compensation	<u>\$ 820</u>	<u>\$ 609</u>	<u>\$1,641</u>	<u>\$1,244</u>

The Compensation of employees and remuneration of directors and supervisors in 2023 and 2022 which have been approved by the



Corporation's board of directors in March 2024 and 2023, respectively, were as follows:

	<u>2023</u>	<u>2022</u>
Employee compensation	\$ 19,529	\$ 19,392
Director compensation	3,108	3,103

There is no difference between the actual payment of compensation of employees and remuneration of directors and the amounts recognized in the consolidated financial statements in 2023 and 2022.

The information about compensation to employees and directors determined by the Board of Directors may be viewed at TWSE's Market Observation Post System (MOPS).

#### XXIV. Income tax

##### (I) Income tax recognized in profit or loss

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Current income tax				
In respect of the current period	\$ 49,017	\$ 45,973	\$108,478	\$147,769
Additional levy on undistributed earnings	6,507	6,042	6,507	6,042
Adjustments for the previous year	4	( 2,437)	( 3,520)	( 2,437)
Deferred income tax				
In respect of the current period	2,025	4,391	5,647	( 40,582)
Adjustments for the previous year	( 3,899)	( 40)	( 3,899)	( 40)
	<u>\$ 53,654</u>	<u>\$ 53,929</u>	<u>\$113,213</u>	<u>\$110,752</u>

The profit-seeking enterprise income tax applicable to the Company is 20% and the applicable tax rate on the Company's unappropriated earnings is 5%. The tax incurred by subsidiaries is calculated based on the applicable tax rate in the country where they operate.

(II) Authorization of income tax

The Company's profit-seeking enterprise income tax returns have been approved by competent tax authorities through 2020; subsidiaries have paid their income tax through 2023 in full to competent local tax authorities.

XXV. Earnings per share

The earnings and the weighted average number of common shares used for calculating earnings per share are as follows:

Net profit in the current period

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net profit attributable to owners of the Company	<u>\$191,728</u>	<u>\$189,689</u>	<u>\$431,493</u>	<u>\$400,399</u>

Shares

Unit: 1,000 shares

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Weighted average number of common shares used for calculating basic earnings per share	162,000	162,000	162,000	162,000
Plus: Potential common shares that are dilutive - employee compensation	<u>126</u>	<u>109</u>	<u>227</u>	<u>221</u>
Weighted average number of shares used for calculating diluted earnings per share	<u>162,126</u>	<u>162,109</u>	<u>162,227</u>	<u>162,221</u>

Where the Company may elect to distribute employee remuneration in shares or in cash, when calculating the diluted EPS, the Company assumes that all employee remuneration is distributed in shares and counts the potentially dilutive common shares - when deemed dilutive - in the weighted average number of shares outstanding. The Group continues to consider the dilutive effect of such potentially delusive common shares when calculating the dilutive

EPS before the number of share dividends is to be resolved on in the following year.

XXVI. Financial instruments

- (I) Fair value information – financial instruments not measured at fair value

The book value of the Group’s financial instruments not measured at fair value, e.g., cash and cash equivalents, receivables, and payables, is a reasonable approximation of fair value.

- (II) Fair value information – financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>June 30, 2024</u>				
Financial assets at fair value through profit or loss				
Fund benefit certificate	<u>\$909,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$909,962</u>
Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	\$444,620	\$ -	\$ -	\$444,620
Domestic shares not traded on an exchange or OTC	-	-	30,024	30,024
Foreign shares not traded on an exchange or OTC	-	-	142	142
	<u>\$444,620</u>	<u>\$ -</u>	<u>\$ 30,166</u>	<u>\$474,786</u>
<u>December 31, 2023</u>				
Financial assets at fair value through profit or loss				
Fund benefit	<u>\$355,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,994</u>

certificate

Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	\$439,681	\$ -	\$ -	\$439,681
Domestic shares not traded on an exchange or OTC	-	-	29,567	29,567
Foreign shares not traded on an exchange or OTC	-	-	139	139
	<u>\$439,681</u>	<u>\$ -</u>	<u>\$ 29,706</u>	<u>\$469,387</u>

June 30, 2023

Financial assets at fair value through profit or loss				
Fund benefit certificate	<u>\$602,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,035</u>

Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	\$380,637	\$ -	\$ -	\$380,637
Domestic stock traded on the emerging stock market	7,271	-	-	7,271
Domestic shares not traded on an exchange or OTC	-	-	29,703	29,703
Foreign shares not traded on an exchange or OTC	-	-	15,788	15,788
	<u>\$387,908</u>	<u>\$ -</u>	<u>\$ 45,491</u>	<u>\$433,399</u>

There was no transfer between Level 1 and Level 2 fair value measurement for the period from January 1 to June 30, 2024 and 2023.

2. Reconciliation of the financial assets measured at Level 3 fair value

	Financial assets at fair value through profit or loss
	<u>January 1 to June 30, 2023</u>
Balance - beginning of period	\$ -
Purchase	264,455
Disposal	( 266,214)
Recognized in profit or loss	1,759
Net exchange differences	<u>-</u>
Balance - end of period	<u><u>\$ -</u></u>

	Financial assets at fair value through other comprehensive income	
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Balance - beginning of period	\$ 29,706	\$ 44,711
Recognized in other comprehensive income	437	774
Net exchange differences	<u>23</u>	<u>6</u>
Balance - end of period	<u><u>\$ 30,166</u></u>	<u><u>\$ 45,491</u></u>

3. Level 3 fair value valuation techniques and inputs

The fair value of investment products is estimated by referencing the contract's expected earnings yield; the fair value of unlisted shares is estimated based on the company's net worth.

(III) Type of financial instruments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets			
Financial assets at fair value through profit or loss	\$ 909,962	\$ 355,994	\$ 602,035
Financial assets at fair value through other comprehensive income -	474,786	469,387	433,399

Equity instrument investment			
Financial assets at amortized cost (Note 1)	4,142,345	4,384,262	3,787,818
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,413,921	1,391,316	1,136,171

Note 1: The balance includes financial assets measured at amortized cost, e.g., cash and cash equivalents, other financial assets, notes receivable (including those due from related parties), accounts receivable (including those due from related parties), other receivables, and guarantee deposit paid.

Note 2: The balance included the financial liabilities measured at amortized cost such as short-term borrowings, notes payable, accounts payable, other payables, refund liabilities, and guarantee deposits received.

(IV) Financial risk management purpose and policy

The Group's financial risk management objectives are to manage the market risk, credit risk, and liquidity risk arising from operations. We also identify, measure, and manage the said risks according to our policy and risk preference, and seek to reduce the potentially adverse impact on the Group's financial position and financial performance.

The Group has put the said financial risk management policy in writing based on applicable regulations. Risk management work is carried out through close collaboration between the Group's business units and financial department, which are responsible for identifying, assessing, and avoiding financial risks and implementing the policy approved by the Board of Directors.

1. Market risk

(1) Exchange rate risk

The Group is exposed to the risk of exchange rate changes because it participates in purchase or sale

transactions denominated in a currency other than its functional currency.

For the book value of the Group's monetary financial assets and monetary financial liabilities denominated in a currency other than the functional currency on the balance sheet date, refer to Note 30.

The Group is affected primarily by fluctuation in the exchange rate of USD. Below is a sensitivity analysis of the scenarios in which the exchange rate of each functional currency against each relevant foreign currency increases or decrease by 1%. The 1% represents the Group's assessment of a reasonable range of exchange rate change.

The sensitivity analysis includes only the foreign currency monetary items still outstanding on the balance sheet date. Scenario 1 as described in the following table represents the Group's profit or loss had each functional currency appreciated by 1% against USD. Scenario 2 as described in the following table represents the Group's profit or loss had each functional currency depreciated by 1% against the USD.

	<u>Effect of USD currency (Note)</u>	
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Scenario 1 - Pre-tax profit or loss	(\$ 2,803)	(\$ 5,301)
Scenario 2 - Pre-tax profit or loss	2,803	5,301

Note: Mainly comes from cash and cash equivalents, receivables, other receivables, other financial assets, short-term borrowings, and payables which were

still outstanding on the balance sheet date and for which no cash flow hedge is purchased.

(2) Interest rate risk

The Group's interest rate risk mainly comes from bank deposits and repo bonds, by which the interest income generated would be impacted if interest rate changes. The Group does not expect to be significantly impacted by interest rate change.

(3) Other price risk

The Group is exposed to the risk of equity price change because it invests in domestic and foreign listed and unlisted shares, and fund benefit certificate.

If equity price goes down/up 1%, the pre-tax profit for the period from January 1 to June 30, 2024 and 2023 will go down/up NT\$9,100 thousand and NT\$6,020 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit or loss, and other comprehensive income for the period from January 1 to June 30, 2024 and 2023 will go down/up NT\$4,748 thousand and NT\$4,334 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss from the failure of customers or financial instrument counterparties to fulfill their obligations, and mainly comes from the Group's bank deposits, other financial instruments, and the receivables due from customers that are generated from operations,

Operations manage customer credit risk based on the Group's customer credit risk management policy, procedures, and control. Such assessment accounts for the customer's financial condition,



past transaction record, current economic environment, and the Group's internal credit rating. In addition, where appropriate, the Group uses some credit enhancement (e.g., trade advance, asset as collateral, etc.) to reduce the credit risk from certain customers.

The balance of customer receivables indicative of a credit concentration risk of the group is as follows:

Customer name	June 30, 2024	December 31, 2023	June 30, 2023
Yieh Phui Group	<u>\$399,678</u>	<u>\$398,768</u>	<u>\$421,524</u>

The financial department manages the credit risk accompanying bank deposits and other financial instruments according to the Group's policy. The Group's counterparties are all creditable banks, posing insignificant concern over default.

### 3. Liquidity risk

The Group's financial department monitors the forecast of the Group's liquidity needs to ensure that sufficient fund is available to meet operational needs, and maintains an amount of committed loan that is sufficient and left intact, at all times. As of June 30, 2024, December 31, 2023 and June 30, 2023, the amount of the Group's committed loans which have yet to be drawn on was NT\$1,244,865 thousand, NT\$1,247,849 thousand and NT\$1,235,441 thousand, respectively.

The remaining contractual maturity analysis for non-derivative financial liabilities was compiled based on the undiscounted cash flows from financial liabilities (including principal and estimated interest) on the earliest date on which the Group will be demanded to pay. Therefore, the bank loans which the Group is able to pay in full immediately if so demanded are listed in the earliest interval in the following table, without factoring in the chance of banks' immediate execution of the right. The maturity analysis for other non-derivative financial liabilities

was compiled based on the repayment date specified on the contract.

	Within 1 year	1~5 years	More than 5 years	Total
<u>June 30, 2024</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,966,388	\$ 9,648	\$ -	\$1,976,036
Floating rate liability	4,885	-	-	4,885
Lease liabilities	21,940	24,105	-	46,045
	<u>\$1,993,213</u>	<u>\$ 33,753</u>	<u>\$ -</u>	<u>\$2,026,966</u>
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,380,473	\$ 9,465	\$ -	\$1,389,938
			More than 5	
	Within 1 year	1~5 years	years	Total
Floating rate liability	1,378	-	-	1,378
Lease liabilities	21,385	35,367	-	56,752
	<u>\$1,403,236</u>	<u>\$ 44,832</u>	<u>\$ -</u>	<u>\$1,448,068</u>
<u>June 30, 2023</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,679,910	\$ 9,345	\$ -	\$1,689,255
Floating rate liability	13,916	-	-	13,916
Lease liabilities	15,550	27,928	-	43,478
	<u>\$1,709,376</u>	<u>\$ 37,273</u>	<u>\$ -</u>	<u>\$1,746,649</u>

## XXVII. Related Party Transactions

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.
Yong Ying Investment Co., Ltd.	Substantive related party
Jieyou Industrial Co., Ltd.	Substantive related party
Sanxiangmin Co., Ltd.	Substantive related party
JAUH - HSING ENTERPRISE CO., LTD.	Substantive related party
Yung Yu Paint Shop	Substantive related party
YUNG FEW PAINT CO., LTD.	Substantive related party
PPG Yung Chi Coating Co., Ltd.	Associate
TLT Engineering Sdn Bhd	Associate
Chang Te-Hsiung	Member of the Company's key management
Chang Te-Jen	Member of the Company's key management
Chang Te-Sheng	Member of the Company's key management
Chang Te-Hsien	Member of the Company's key management

Transactions between the Group and related parties are as follows:

(I) Operating revenue

General ledger account	Type of related party	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Goods sales revenue	The Company assumes the key managemen t role in other company	\$106,532	\$101,010	\$222,784	\$237,563
	Substantive related party	<u>26,972</u>	<u>35,999</u>	<u>52,269</u>	<u>64,870</u>
		<u>\$133,504</u>	<u>\$137,009</u>	<u>\$275,053</u>	<u>\$302,433</u>

Terms for sale to related parties are the same as those for an arm's length transaction.

(II) Receivables due from related parties

General ledger account	Type of related party	June 30, 2024	December 31, 2023	June 30, 2023
Notes and Accounts receivables	The Company assumes the key management role in other company	\$113,334	\$111,300	\$105,028
	Substantive related party	<u>49,115</u>	<u>71,802</u>	<u>63,499</u>
		<u>\$162,449</u>	<u>\$183,102</u>	<u>\$168,527</u>
Other receivables	Substantive related party	<u>\$ 144</u>	<u>\$ 118</u>	<u>\$ 132</u>

(III) Payables due to related parties (excluding financing facilities)

General ledger account	Type of related party	June 30, 2024	December 31, 2023	June 30, 2023
Other payables	Substantive related party	<u>\$ 1,754</u>	<u>\$ 1,253</u>	<u>\$ 1,868</u>

The outstanding balance of the payables due to related parties was not secured against collateral.

(IV) Joint suretyship:

Joint surety for short-term borrowings as of June 30, 2024, December 31, 2023 and June 30, 2023 was provided by the key management.

(V) Other related party transactions

1. Lease agreements

The Company leased operational premises and shipping hubs from substantive related parties and members of the Company's key management. The lease term was 3 years and the rental, which was negotiated upon by referencing the rental charged in nearby areas, did not differ significantly from general lease terms and conditions. Lease liabilities recognized by the Company for said leases amounted to NT\$16,553 thousand, NT\$21,629 thousand and NT\$2,074 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

2. Lease agreements

Subsidiaries leased warehouses and plants to associates under an operating lease; the lease term was three years and three months, and the rental was agreed upon by referencing the rentals charged in nearby areas. There were no similar transactions with other related parties for comparison. Lease income recognized for the period from April 1 to June 30 in 2024 and 2023 and from January 1 to June 30 in 2024 and 2023 were NT\$1,023 thousand, NT\$1,045 thousand, NT\$2,048 thousand and NT\$2,076 thousand respectively.

3. Commissioned processing fee

The Group's fire resistance coating materials are processed by a substantive related party on a commission basis. The said expenses for the period from April 1 to June 30 of 2024 and 2023

and from January 1 to June 30 of 2024 and 2023 were NT\$4,379 thousand, NT\$4,103 thousand, NT\$7,678 thousand and NT\$6,781 thousand respectively. There was no transaction between the Company and other related parties which is similar enough for comparison.

(VI) Remuneration to key management

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits	\$ 9,179	\$ 8,887	\$ 17,211	\$ 15,594
Post-employment benefit	<u>284</u>	<u>230</u>	<u>567</u>	<u>423</u>
	<u>\$ 9,463</u>	<u>\$ 9,117</u>	<u>\$ 17,778</u>	<u>\$ 16,017</u>

XXVIII. Pledged and Mortgaged Assets

The following assets were provided as collateral for short-term borrowings or guarantee for construction warranty or L/C issuance:

	June 30, 2024	December 31, 2024	June 30, 2023
Property, plant and equipment - net	\$ 361,415	\$ 361,954	\$ 358,152
Other financial assets - time deposit	<u>400</u>	<u>400</u>	<u>400</u>
	<u>\$ 361,815</u>	<u>\$ 362,354</u>	<u>\$ 358,552</u>

XXIX. Material contingent liabilities and unrecognized contractual commitments

As of June 30, 2024, the Group had the following material commitments yet to be fulfilled:

- (I) The L/Cs issued for purchase of materials but not used amounted to about NT\$14,630 thousand.
- (II) The guarantee letter issued by financial institutions for performance of contractual obligations amounted to about NT\$81,189 thousand.
- (III) The unfulfilled obligations under construction contracts undertaken amounted to about NT\$989,186 thousand.

XXX. Information on foreign currency assets and liabilities with significant effects

The information below is an aggregate amount by foreign currency that is not a functional currency of entities of the Group. The exchange rate disclosed is the exchange rate used to convert the foreign currency into a functional currency. Information on foreign currency assets and liabilities with significant effects is as follows:

Unit: In thousand foreign currency; exchange rate: dollars

	Foreign currency		Exchange rate	Book value
<u>June 30, 2024</u>				
Foreign currency assets				
Monetary items				
USD	\$ 10,866	32.4	(USD:TWD)	\$ 352,064
CNY	22,755	4.42	(CNY:TWD)	100,578
Foreign currency liabilities				
Monetary items				
USD	\$ 1,218	32.5	(USD:TWD)	\$ 39,608
CNY	3,663	4.47	(CNY:TWD)	16,372
<u>December 31, 2023</u>				
Foreign currency assets				
Monetary items				
USD	14,797	30.655	(USD:TWD)	453,602
CNY	13,625	4.302	(CNY:TWD)	58,616
Foreign currency liabilities				
Monetary items				
USD	1,081	30.755	(USD:TWD)	33,259
USD	1,205	24,030	(USD:VND)	36,930
<u>June 30, 2023</u>				
Foreign currency assets				
Monetary items				
USD	\$ 20,705	31.09	(USD:TWD)	\$ 643,710
CNY	9,114	4.257	(CNY:TWD)	38,798
Foreign currency liabilities				
Monetary items				
USD	2,322	31.19	(USD:TWD)	72,438

For the period from April 1 to June 30 of 2024 and 2023 and from January 1 to June 30, 2024 and 2023., net foreign exchange gains (losses) were gains of NT\$5,627 thousand, gains of NT\$11,049 thousand, gains of NT\$22,719 thousand and gains of NT\$9,448 thousand, respectively.+++++

XXXI. Supplementary Disclosures

(I) Significant Transactions and (II) Information on Investees

1. Loaning of funds to others: None. Appendix Table 1
2. Making endorsements/guarantees for others: Appendix Table 2.
3. Marketable securities held at the end of period (excluding investment in subsidiaries and associates): Appendix Table 3
4. Accumulated purchase or sale of the same marketable securities reaching NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Appendix Table 4.
8. Receivables due from related parties reaching NT\$100 million or 20% of paid-in capital or more: Appendix Table 5.
9. Engagement in derivatives trading: None.
10. Others: The business relationship and major transactions between the parent company and its subsidiaries and among subsidiaries and the amounts thereof: Appendix Table 6.
11. Information on investees: Appendix Table 7.

(III) Information on Investments in Mainland China

1. Name of investees in China; major business activities; paid-in capital; investment method; inward and outward remittance; shareholding percentage; investment gains or losses; book value of investments at the end of period; investment gain (loss) remitted

back; and limit on the amount of investment in China: Appendix Table 8.

2. Major transactions made with China investees through a third region, either directly or indirectly, and the price, payment terms, and unrealized gains or losses thereof:

- (1) Purchase amount and the percentage thereof, and balance of related payables and the percentage thereof at the end of period

The purchase amount made by the Company from the subsidiary YUNG CHI Kunshan for the period from January 1 to June 30, 2024 was as follows:

	<u>Purchase amount</u>	<u>Payables at the end of period</u>
YUNG CHI Kunshan	<u>\$ 25,855</u>	<u>\$ 16,368</u>

The price of goods purchased by the Company from YUNG CHI Kunshan is formulated by referencing the market price; the average credit period is about three months after acceptance of goods or receipt of required payment requisition documents. Such amount was written off during the preparation of the consolidated financial statements.

- (2) Sales amount and the percentage thereof, and balance of related receivables and the percentage thereof at the end of period

The amount of sales made by the Company to the subsidiary YUNG CHI Kunshan for the period from January 1 to June 30, 2024 was as follows:

	<u>Sales amount</u>	<u>Accounts receivable at the end of period</u>
YUNG CHI Kunshan	<u>\$ 38,910</u>	<u>\$ 20,501</u>



The price of goods sold by the Company to YUNG CHI Kunshan is set by using the cost-plus pricing approach; the average credit period is about 90 days to 100 days. The unrealized sales gain of NT\$1,763 thousand arising from the Company's sale of goods to YUNG CHI Kunshan as of June 30, 2024 was already written off when compiling the consolidated financial statements.

- (3) Asset transaction price and the amount of gain or loss arising therefrom: None.
- (4) The balance and purpose of endorsements and guarantees made for notes, or collateral provided, at the end of the period: None.
- (5) Financing facilities in terms of maximum balance, period-end balance, interest interval, and total interest in the same period: None.
- (6) Transactions significantly affected the profit or loss or financial position in the current period

The Company's purchase of materials on behalf of YUNG CHI Kunshan for the period from January 1 to June 30, 2024 is as follows; such amount was written off during the preparation of the consolidated financial statements:

	Transaction content	Transaction price	Other receivables at the end of period
YUNG CHI Kunshan	Purchase of material on behalf of another party	<u>\$28,599</u>	<u>\$13,958</u>

- (IV) Major shareholders: Name of major shareholders with a 5% or more stake in the Company, and the number and percentage of shares the person holds: Appendix Table 9.

### XXXII. Segment Information

Information provided for the operating decision makers to allocate resources and evaluate segment performance focuses on the type of products or services delivered or provided. The reportable segments of the Group are as follows:

- . Paint Business Department – mainly engaged in the manufacture and sale of various paint products.
- . Coating Engineering Department— engaged in the business of painting projects and structural coating or restoration.

#### Segment revenue and operating outcome

The revenue and operational outcome of the Group are analyzed by reportable segment as follows:

	<u>Paint Business Department</u>	<u>Coating Engineering</u>	<u>Reconciliati on and write-off</u>	<u>Consolidation</u>
<u>January 1 to June 30, 2024</u>				
Revenue from external customers	\$4,349,544	\$ 164,431	\$ -	\$4,513,975
Inter-segment revenue	<u>370,638</u>	<u>-</u>	( 370,638)	<u>-</u>
Segment revenue	<u>\$4,720,182</u>	<u>\$ 164,431</u>	( <u>\$370,638</u> )	<u>\$4,513,975</u>
Segment gross profit	<u>\$1,149,567</u>	<u>\$ 20,253</u>		\$1,169,820
Operating expenses				( 684,223)
Income from interests				14,059
Other income				21,299
Other gains and losses				26,056
Financial cost				( 616)
Share of profit or loss of associates accounted for using equity method				( <u>1,689</u> )
Net profits before tax				<u>\$ 544,706</u>
<u>January 1 to June 30, 2023</u>				
Revenue from external customers	\$4,415,557	\$ 221,633	\$ -	\$4,637,190
Inter-segment revenue	<u>285,427</u>	<u>-</u>	( <u>285,427</u> )	<u>-</u>
Segment revenue	<u>\$4,700,984</u>	<u>\$ 221,633</u>	( <u>\$285,427</u> )	<u>\$4,637,190</u>
Segment gross profit	<u>\$1,081,976</u>	<u>\$ 29,259</u>		\$1,111,235
Operating expenses				( 631,161)
Income from interests				11,304
Other income				12,753
Other gains and losses				8,812
Financial cost				( 650)
Share of profit or loss of associates accounted for				( <u>1,142</u> )

using equity method	
Net profits before tax	<u>\$ 511,151</u>

Segment profit means the profit earned by each segment. Such measurements serve as a basis for main operational decision makers to allocate resources to segments and evaluate their performance.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Loans to others

January 1 through June 30, 2024

Appendix Table 1

Unit: NT\$1,000

No.	Lending company	Borrowing company	Financial account	Whether a related party or not	Maximum balance during the period	Balance, end of period	Drawdown (Note 2)	Interest rate range (%)	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated provisions	Collateral		Limit of loans to a single borrower (Note 1)	Limit of total loaning of funds (Note 1)	Remarks
													Name	Value			
1	YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Other receivables	Yes	\$ 270,871	\$ 270,871	\$ 165,069	3.00	Short-term financing fund	\$ -	Working capital	\$ -	None	\$ -	\$ 558,275	\$ 558,275	Note3

Note 1: According to the "Regulations Governing Loaning of Funds" of YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD., the amount of intra-group loaning of funds made by an individual group entity or all group entities must not exceed 100% of the Company's paid-in capital.

Note 2: This is the amount converted using the exchange rates at the end of drawdown month.

Note 3: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Making endorsements/guarantees for others

January 1 through June 30, 2024

Appendix Table 2

Unit: NT\$1,000

No.	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsement/guarantees provided for a single party (Note 2)	Maximum balance for the period	Ending balance	Drawdown	Amount of endorsement/guarantees collateralized with properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statement (%)	Highest limit (Note 2)	Guarantee provided by parent company to subsidiary	Guarantee provided by subsidiary to a parent company	Guarantee provided to entities in Mainland China	Remarks
		Company name	Relationship (Note 1)											
0	The Company	Twinahead International Material Co., Ltd.	1	324,000	33,290	33,290	-	-	0.34	648,000	N	N	N	
0	The Company	Superkuma International Co., Ltd.	1	324,000	126,000	126,000	-	-	1.28	648,000	N	N	N	
0	The Company	Jusheng Co., Ltd.	1	324,000	31,835	31,835	-	-	0.32	648,000	N	N	N	
0	The Company	Chief-Go Co., Ltd.	1	324,000	99,786	99,786	-	-	1.01	648,000	N	N	N	
0	The Company	Quan Shao Industrial Co., Ltd.	1	324,000	24,302	24,302	-	-	0.25	648,000	N	N	N	
0	The Company	Quan Cheng Industrial Co., Ltd.	1	324,000	7,560	7,560	-	-	0.08	648,000	N	N	N	
0	The Company	Quan Young Engineering Co., Ltd.	1	324,000	6,326	6,326	-	-	0.06	648,000	N	N	N	

Note 1: Companies with which the Company transacts.

Note 2: This is in accordance with the Company's Regulations for Making of Endorsements and Guarantees, which cap the Company's provision of endorsement and guarantee at 40% of the Company's paid-in capital, and which also cap the Company's provision of endorsement and guarantee for a single enterprise at 20% of the Company's paid-in capital.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Marketable Securities Held at the End of Period

June 30, 2024.

Appendix Table 3

Unit: NT\$ thousand, unless otherwise stated

Investor	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	End of Period				Remarks							
				Shares/units	Book value	Shareholding Percentage (%)	Fair value								
The Company	Fund benefit certificate	The Company assumes the key management role in other company.	Financial assets at fair value through profit or loss-current	25,532,970	\$358,435	-	\$358,435								
	Taishin 1699 Money Market Fund														
	Franklin Huamei Money Market Fund														
	Shin Kong Jixing Money Market Fund														
	Risheng Money Market Fund														
											<u>\$909,962</u>	<u>\$909,962</u>			
	Common shares								The Company assumes the key management role in other company.	Financial assets at fair value through other comprehensive income - current	3,668,477	\$101,800	1.14	\$101,800	
	Sheng Yu Steel Co., Ltd.														
	China Steel Structure Co., Ltd.														
	Aerospace Industrial Development Corporation														
						<u>\$444,620</u>	<u>\$444,620</u>								
Common shares		Financial assets at fair value through other comprehensive income - non-current	3,520,359	\$ -	0.90	\$ -	Note1								
CANDO															

	Hua Nan Investment Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	85,887	-	15.85	-	Note2
	SHIN CHOU ENTERPRISE CO., LTD.	Financial assets at fair value through other comprehensive income - non-current	2,850,000	19,810	15.00	19,810	
	ASIA HEPATO GENE CO.	Financial assets at fair value through other comprehensive income - non-current	333,250	2,159	3.84	2,159	
	RISING CHEMICAL CO., LTD.	Financial assets at fair value through other comprehensive income - non-current	1,080,000	8,055	5.14	8,055	
				<u>\$ 30,024</u>		<u>\$ 30,024</u>	
Dmass Investment International Co., Ltd	Common shares SELATAN COATING & INSULATION SDN.BHD	Financial assets at fair value through other comprehensive income - non-current	50,000	<u>\$ 142</u>	10.00	<u>\$ 142</u>	

Note 1: Declared bankrupted by the bank.

Note 2: Suspended operations.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

January 1 through June 30, 2024

Appendix Table 4

Unit: NT\$ thousand, unless otherwise stated

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arms-length transaction and reasons therefor		Notes/ Accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales) (%)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Sales	\$222,784	4.94	The credit periods average 90 days to 100 days.	\$ -	-	\$113,334	5.04	-
	Continental Coatings, Inc.	Subsidiary	Sales	182,077	4.03	The credit periods average 90 days to 100 days.	-	-	121,641	5.41	Note

Note: Written off during compiling the consolidated financial statements.



YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Receivables due from related parties reaching NT\$100 million or 20% of paid-in capital or more  
June 30, 2024

Appendix Table 5

Unit: NT\$ thousand, unless otherwise stated

Company from which receivables are due	Transaction counterparty	Relationship	Balance of receivables due from related parties	Turnover rate	Overdue receivables due from related parties		Receivables due from related party that were recovered after the reporting period	Appropriated allowance for bad debt
					Amount	Handling method		
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	\$ 113,334	1.98	\$ -	-	\$ 47,603	\$ 2,313
	Continental Coatings, Inc.	Subsidiary	121,641 (Note)	2.18	-	-	21,642	-

Note: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

The business relationship and major transactions between the parent company and its subsidiaries

January 1 through June 30, 2024

Appendix Table 6

Unit: NT\$ thousand, unless otherwise stated

No.	Company name	Counterparty	Relationship with the company	Transaction details			Ratio to consolidated total operating revenues or total assets (%)
				General ledger account	Amount	Transaction terms	
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Sales	\$ 38,910	The credit periods average 90 days to 100 days.	0.86
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Accounts receivable	20,501	The credit periods average 90 days to 100 days.	0.17
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Other receivables	13,958	The credit periods average 90 days to 100 days.	0.11
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Purchase	25,855	The credit periods average 60 days to 90 days.	0.57
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Accounts payable	16,368	The credit periods average 60 days to 90 days.	0.13
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Parent company to subsidiary	Sales	36,837	The credit periods average 90 days to 100 days.	0.82
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Parent company to subsidiary	Sales	24,169	The credit periods average 90 days to 100 days.	0.54
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Parent company to subsidiary	Accounts receivable	16,706	The credit periods average 90 days to 100 days.	0.14
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Parent company to subsidiary	Other receivables	12,061	The credit periods average 90 days to 100 days.	0.10
0	The Company	Continental Coatings, Inc.	Parent company to subsidiary	Sales	182,077	The credit periods average 90 days to 100 days.	4.03
0	The Company	Continental Coatings, Inc.	Parent company to subsidiary	Accounts receivable	121,641	The credit periods average 90 days to 100 days.	1.00

1	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Subsidiary to subsidiary	Sales	54,354	The credit periods average payment at sight to 30 days.	1.20
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YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on investees

January 1 through June 30, 2024

Appendix Table 7

Unit: NT\$ thousand, unless otherwise stated

Name of investor	Investee	Region	Main business line	Original investment amount		Held at the period-end			Net Profit (Loss) of Investee Company in the period	Investment Gains (Losses) Recognized in the Period	Remarks
				End of This Period	End of This Period End of Previous Year	Shares	Percentage (%)	Book value			
The Company	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	\$ 652,182	\$ 652,182	16,714,658	94	\$ 2,745,811	\$ 4,718	\$ 4,438	Subsidiary (Note)
The Company	Cmass Investment Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	831,085	20,779	20,779	Subsidiary (Note)
The Company	Emass Investment International Co., Ltd	Samoa	Professional investment company	858,390	858,390	22,020,000	100	660,194	23,669	23,669	Subsidiary (Note)
The Company	PPG Yung Chi Coatings Co., Ltd	Vietnam	Paint and pigments manufacture	30,797	30,797	-	35	24,939	( 3,924 )	( 1,373 )	Associate
Cmass Investment Co., Ltd	Dmass Investment International Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	831,991	20,775	20,775	Subsidiary (Note)
Emass Investment International Co., Ltd	Yung Chi America Corp	USA	Professional investment company	858,390	858,390	2,202,000	100	673,860	23,669	23,669	Subsidiary (Note)
Yung Chi America Corp	Continental Coatings, Inc.	USA	Sale and processing of paints	507,554	507,554	10,736,000	100	352,222	26,177	26,177	Subsidiary (Note)
Dmass Investment International Co., Ltd	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	138,420	138,420	1,053,408	6	173,206	4,718	280	Subsidiary (Note)
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Vietnam	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	488,081	488,081	-	100	467,268	21,831	21,831	Subsidiary (Note)
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Malaysia	Manufacture and sale of paints	383,127	383,127	44,552,170	100	173,955	( 1,621 )	( 1,621 )	Subsidiary (Note)
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	TLT Engineering Sdn Bhd	Malaysia	Thermal insulation and painting projects	16,011	16,011	1,960,000	49	7,299	( 644 )	( 316 )	Associate

Note: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on Investments in Mainland China

January 1 through June 30, 2024

Appendix Table 8

Unit: NT\$ thousand, unless otherwise stated

Investee in Mainland China	Main business line	Paid-in Capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in this period		Accumulated amount of investments from Taiwan at the end of period	Profit (loss) of investee in the current period (Note 1)	The Company's shareholding of direct or indirect investment	Investment gains of losses recognized in current period (losses)	Investment book value at the end of the period	Profit received from investments as of the end of current period	Remarks
					Outflow	Inflow							
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	\$ 493,722	Investment in China through a company in a third region	\$ 483,140	\$ -	\$ -	\$ 483,140	\$ 68,786	100.00	\$ 68,786	\$ 1,614,675	\$ 1,366,447	Note5
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	1,517,013	Investment in China through a company in a third region	158,460	-	-	158,460	( 64,138 )	100.00	( 64,138 )	1,302,230	-	Note5

Name of investor	Accumulated amount of investments from Taiwan to Mainland China at the end of period (Note 2)	Investment amount approved by the Investment Review Committee, MOEA (Note 3)	Limit on the Company's investment in China (Note 4)
The Company	\$ 652,182	\$ 1,198,800	\$ 5,907,093

Note 1: The investment gain or loss is recognized based on the Taiwan parent's financial statements audited and attested by CPAs.

Note 2: The accumulated investment amount remitted from Taiwan to Bmass at the end of this period was US\$20,132 thousand, but the amount actually invested in YUNG CHI Kunshan and YUNG CHI Jiaxing by Bmass was US\$14,687 thousand and US\$ 5,132 thousand, respectively.

Note 3: This is the amount converted using the exchange rates at the end of June 2024.

Note 4: Calculated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" promulgated by the Investment Review Committee on August 29, 2008: Net worth \$9,848,155×60% = \$5,907,093

Note 5: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Information on Major Shareholders

June 30, 2024

Appendix Table 9

Name of major shareholder	shares	
	Number of shares held (shares)	Shareholding percentage
Yong Ying Investment Co., Ltd.	36,698,653	22.65%
Chang Te-Hsiung	12,248,846	7.56%
CITI Bank as the custodian of the dedicated investment account of Yuanta Securities (Hong Kong)	12,167,000	7.51%
Chang Te-Jen	11,529,971	7.11%
Chang Te-Sheng	10,365,996	6.39%
Huang Hsiang-Hui	9,336,101	5.76%