

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

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

Address: No. 26,28, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan  
(R.O.C.)  
Tel: (07)871-3181

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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 September 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 July 1 to September 30, and January 1 to September 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

September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flow for the period from July 1 to September 30, and January 1 to September 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  
November 12, 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   | September 30, 2024   |            | December 31, 2023    |            | September 30, 2023   |            |
|------|--|----------------------|------------|----------------------|------------|----------------------|------------|
|      |  | Amount               | %          | Amount               | %          | Amount               | %          |
|      | <b>Current assets</b>  |                      |            |                      |            |                      |            |
| 1100 | Cash and cash equivalents (Note 6)   | \$ 831,691           | 7          | \$ 1,844,911         | 16         | \$ 1,731,708         | 15         |
| 1110 | Financial assets at fair value through profit or loss (Note 7)             | 413,628              | 4          | 355,994              | 3          | 155,250              | 2          |
| 1120 | Financial assets at fair value through other comprehensive income (Note 8) | 418,415              | 4          | 439,681              | 4          | 361,022              | 3          |
| 1140 | Contract assets (Note 22)  | 113,345              | 1          | 100,094              | 1          | 104,385              | 1          |
| 1150 | Notes receivable, net (Note 9)   | 486,063              | 4          | 540,279              | 5          | 631,111              | 6          |
| 1160 | Notes receivable - related parties (Notes 9 and 27)                        | 36,096               | -          | 52,767               | -          | 44,505               | -          |
| 1170 | Accounts receivable, net (Note 9)  | 1,529,735            | 14         | 1,756,136            | 15         | 1,553,970            | 14         |
| 1180 | Accounts receivable - related parties (Notes 9 and 27)                     | 108,712              | 1          | 130,335              | 1          | 108,241              | 1          |
| 1200 | Other receivables (Notes 9 and 27)   | 20,668               | -          | 17,491               | -          | 16,428               | -          |
| 130X | Inventories (Note 10)  | 2,601,971            | 23         | 2,240,554            | 20         | 2,496,587            | 22         |
| 1476 | Other financial assets (Note 11)   | 673,601              | 6          | 19,617               | -          | 3,544                | -          |
| 1479 | Other current assets   | 156,325              | 1          | 119,061              | 1          | 128,172              | 1          |
| 11XX | <b>Total current assets</b>  | <u>7,390,250</u>     | <u>65</u>  | <u>7,616,920</u>     | <u>66</u>  | <u>7,334,923</u>     | <u>65</u>  |
|      | <b>Non-current assets</b>  |                      |            |                      |            |                      |            |
| 1517 | Financial assets at fair value through other comprehensive income (Note 8) | 30,070               | -          | 29,706               | -          | 29,760               | -          |
| 1550 | Investments accounted for using equity method (Note 13)                    | 36,000               | -          | 33,527               | -          | 35,369               | -          |
| 1600 | Property, plant and equipment (Notes 14 and 28)                            | 3,273,147            | 29         | 3,257,462            | 28         | 3,347,440            | 30         |
| 1755 | Right-of-use assets (Note 15)  | 324,407              | 3          | 329,476              | 3          | 326,177              | 3          |
| 1760 | Investment property (Note 16)  | 202,436              | 2          | 203,699              | 2          | 204,120              | 2          |
| 1780 | Intangible assets  | 2,542                | -          | 2,992                | -          | 3,274                | -          |
| 1840 | Deferred income tax assets   | 49,012               | 1          | 50,076               | 1          | 43,799               | -          |
| 1915 | Equipment prepayments  | 35,964               | -          | 11,720               | -          | 17,726               | -          |
| 1920 | Guarantee deposits paid  | 19,506               | -          | 19,166               | -          | 21,318               | -          |
| 1980 | Other financial assets (Notes 11 and 28)                                   | 3,625                | -          | 3,560                | -          | 400                  | -          |
| 15XX | <b>Total non-current assets</b>  | <u>3,976,709</u>     | <u>35</u>  | <u>3,941,384</u>     | <u>34</u>  | <u>4,029,383</u>     | <u>35</u>  |
| 1XXX | <b>Total Assets</b>  | <u>\$ 11,366,959</u> | <u>100</u> | <u>\$ 11,558,304</u> | <u>100</u> | <u>\$ 11,364,306</u> | <u>100</u> |
|      | <b>Liabilities and Equity</b>  |                      |            |                      |            |                      |            |
|      | <b>Current liabilities</b>   |                      |            |                      |            |                      |            |
| 2100 | Short-term borrowings (Notes 17, 27 and 28)                                | \$ 13,619            | -          | \$ 1,378             | -          | \$ 11,059            | -          |
| 2130 | Contract liabilities (Note 22)   | 26,618               | -          | 58,385               | 1          | 62,997               | 1          |
| 2150 | Notes payable  | 24,937               | -          | 37,859               | -          | 10,740               | -          |
| 2170 | Accounts payable   | 751,249              | 7          | 886,380              | 8          | 917,745              | 8          |
| 2200 | Other payables (Notes 18 and 27)   | 284,020              | 3          | 396,000              | 3          | 344,333              | 3          |
| 2230 | Current income tax liabilities   | 63,747               | 1          | 140,904              | 1          | 101,551              | 1          |
| 2280 | Lease liability (Notes 15 and 27)  | 21,232               | -          | 20,400               | -          | 14,734               | -          |
| 2365 | Refund liabilities   | 55,204               | -          | 60,234               | 1          | 51,668               | 1          |
| 2399 | Other current liabilities  | 8,298                | -          | 21,112               | -          | 1,895                | -          |
| 21XX | <b>Total current liabilities</b>   | <u>1,248,924</u>     | <u>11</u>  | <u>1,622,652</u>     | <u>14</u>  | <u>1,516,722</u>     | <u>14</u>  |
|      | <b>Non-current liabilities</b>   |                      |            |                      |            |                      |            |
| 2550 | Provisions (Note 19)   | 5,672                | -          | 6,383                | -          | 10,053               | -          |
| 2570 | Deferred income tax liabilities  | 82,778               | 1          | 82,778               | 1          | 82,778               | 1          |
| 2580 | Lease liability (Notes 15 and 27)  | 19,464               | -          | 34,781               | -          | 24,753               | -          |
| 2640 | Net defined benefit liability  | 9,363                | -          | 14,229               | -          | 4,412                | -          |
| 2645 | Guarantee deposit received   | 9,618                | -          | 9,465                | -          | 9,597                | -          |
| 25XX | <b>Total non-current liabilities</b>                                       | <u>126,895</u>       | <u>1</u>   | <u>147,636</u>       | <u>1</u>   | <u>131,593</u>       | <u>1</u>   |
| 2XXX | <b>Total liabilities</b>   | <u>1,375,819</u>     | <u>12</u>  | <u>1,770,288</u>     | <u>15</u>  | <u>1,648,315</u>     | <u>15</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          |
|      | <b>Retained earnings</b>   |                      |            |                      |            |                      |            |
| 3310 | Legal reserve  | 2,082,370            | 19         | 1,999,353            | 17         | 1,999,353            | 18         |
| 3320 | Special reserve  | 490,499              | 4          | 490,499              | 4          | 490,499              | 4          |
| 3350 | Unappropriated earnings  | 5,781,196            | 51         | 5,811,676            | 51         | 5,608,938            | 49         |
| 3300 | <b>Total retained earnings</b>   | <u>8,354,065</u>     | <u>74</u>  | <u>8,301,528</u>     | <u>72</u>  | <u>8,098,790</u>     | <u>71</u>  |
| 3400 | Other equity   | (92,355)             | (1)        | (242,942)            | (2)        | (112,179)            | (1)        |
| 3XXX | <b>Total equity</b>  | <u>9,991,140</u>     | <u>88</u>  | <u>9,788,016</u>     | <u>85</u>  | <u>9,715,991</u>     | <u>85</u>  |
| 3X2X | <b>Total Liabilities and Equity</b>  | <u>\$ 11,366,959</u> | <u>100</u> | <u>\$ 11,558,304</u> | <u>100</u> | <u>\$ 11,364,306</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 |   | July 1 to<br>September 30,<br>2024         |            | July 1 to<br>September 30,<br>2023 |            | January 1 to<br>September 30,<br>2024 |            | January 1 to<br>September 30,<br>2023 |            |
|      |   | Amount                                     | %          | Amount                             | %          | Amount                                | %          | Amount                                | %          |
|      | Operating revenue<br>(Notes 22 and 27)  |  |            |                                    |            |                                       |            |                                       |            |
| 4100 | Goods sales<br>revenue  | \$2,223,255                                | 94         | \$2,149,037                        | 98         | \$6,572,799                           | 96         | \$6,564,594                           | 96         |
| 4520 | Construction<br>revenue   | <u>131,419</u>                             | <u>6</u>   | <u>41,810</u>                      | <u>2</u>   | <u>295,850</u>                        | <u>4</u>   | <u>263,443</u>                        | <u>4</u>   |
| 4000 | Total<br>operating<br>revenue   | <u>2,354,674</u>                           | <u>100</u> | <u>2,190,847</u>                   | <u>100</u> | <u>6,868,649</u>                      | <u>100</u> | <u>6,828,037</u>                      | <u>100</u> |
|      | Operating cost<br>(Notes 10, 23 and<br>27)  |  |            |                                    |            |                                       |            |                                       |            |
| 5110 | Sales cost  | 1,658,127                                  | 71         | 1,613,475                          | 73         | 4,858,104                             | 71         | 4,947,056                             | 73         |
| 5520 | Construction cost   | <u>123,406</u>                             | <u>5</u>   | <u>38,183</u>                      | <u>2</u>   | <u>267,584</u>                        | <u>4</u>   | <u>230,557</u>                        | <u>3</u>   |
| 5000 | Total<br>operating<br>cost  | <u>1,781,533</u>                           | <u>76</u>  | <u>1,651,658</u>                   | <u>75</u>  | <u>5,125,688</u>                      | <u>75</u>  | <u>5,177,613</u>                      | <u>76</u>  |
| 5900 | Operating gross<br>profit   | <u>573,141</u>                             | <u>24</u>  | <u>539,189</u>                     | <u>25</u>  | <u>1,742,961</u>                      | <u>25</u>  | <u>1,650,424</u>                      | <u>24</u>  |
|      | Operating expenses<br>(Notes 9, 23 and 27)  |  |            |                                    |            |                                       |            |                                       |            |
| 6100 | Marketing<br>expenses   | 191,489                                    | 8          | 158,191                            | 7          | 538,092                               | 8          | 459,644                               | 7          |
| 6200 | General and<br>administrative<br>expenses   | 117,533                                    | 5          | 111,319                            | 5          | 344,803                               | 5          | 325,307                               | 5          |
| 6300 | R&D expense   | 66,638                                     | 2          | 67,946                             | 3          | 187,841                               | 2          | 185,969                               | 2          |
| 6450 | Expected credit<br>impairment<br>reversal<br>benefits   | ( <u>3,417</u> )                           | -          | ( <u>7,009</u> )                   | -          | ( <u>14,270</u> )                     | -          | ( <u>9,312</u> )                      | -          |
| 6000 | Total<br>operating<br>expenses  | <u>372,243</u>                             | <u>15</u>  | <u>330,447</u>                     | <u>15</u>  | <u>1,056,466</u>                      | <u>15</u>  | <u>961,608</u>                        | <u>14</u>  |
| 6900 | Operating Income  | <u>200,898</u>                             | <u>9</u>   | <u>208,742</u>                     | <u>10</u>  | <u>686,495</u>                        | <u>10</u>  | <u>688,816</u>                        | <u>10</u>  |
|      | Non-operating<br>income and<br>expenses (Notes 23<br>and 27)  |  |            |                                    |            |                                       |            |                                       |            |
| 7100 | Income from<br>interests  | 6,235                                      | -          | 6,624                              | -          | 20,294                                | -          | 17,928                                | -          |
| 7010 | Other income  | 26,159                                     | 1          | 34,686                             | 1          | 47,458                                | 1          | 47,439                                | 1          |
| 7020 | Other gains and<br>losses   | ( <u>2,111</u> )                           | -          | 19,228                             | 1          | 23,945                                | -          | 28,040                                | -          |
| 7050 | Financial cost  | ( <u>215</u> )                             | -          | ( <u>265</u> )                     | -          | ( <u>831</u> )                        | -          | ( <u>915</u> )                        | -          |
| 7060 | Share of profit or<br>loss of<br>associates<br>accounted for<br>using equity<br>method (Note<br>13) | <u>2,676</u>                               | -          | <u>338</u>                         | -          | <u>987</u>                            | -          | ( <u>804</u> )                        | -          |
| 7000 | Total<br>non-operating<br>income and<br>expenses  | <u>32,744</u>                              | <u>1</u>   | <u>60,611</u>                      | <u>2</u>   | <u>91,853</u>                         | <u>1</u>   | <u>91,688</u>                         | <u>1</u>   |
| 7900 | Net profits before tax  | <u>233,642</u>                             | <u>10</u>  | <u>269,353</u>                     | <u>12</u>  | <u>778,348</u>                        | <u>11</u>  | <u>780,504</u>                        | <u>11</u>  |
| 7950 | Income tax expenses<br>(Notes 4 and 24)   | <u>45,824</u>                              | <u>2</u>   | <u>50,232</u>                      | <u>2</u>   | <u>159,037</u>                        | <u>2</u>   | <u>160,984</u>                        | <u>2</u>   |
| 8200 | Net profit in the<br>current period   | <u>187,818</u>                             | <u>8</u>   | <u>219,121</u>                     | <u>10</u>  | <u>619,311</u>                        | <u>9</u>   | <u>619,520</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 | ( 26,787)                | ( 1)     | ( 20,468)                | ( 1)      | ( 18,550)                  | -         | ( 5,566)                   | -         |
| 8360 | Items that will be reclassified to profit or loss   |                          |          |                          |           |                            |           |                            |           |
| 8361 | Exchange differences arising in the translation of foreign operations   | ( 15,046)                | ( 1)     | 148,101                  | 7         | 169,363                    | 2         | 95,838                     | 1         |
| 8300 | Other comprehensive income (net after tax) for the period   | ( 41,833)                | ( 2)     | 127,633                  | 6         | 150,813                    | 2         | 90,272                     | 1         |
| 8500 | Total comprehensive income for the period   | <u>\$145,985</u>         | <u>6</u> | <u>\$346,754</u>         | <u>16</u> | <u>\$770,124</u>           | <u>11</u> | <u>\$709,792</u>           | <u>10</u> |
| 8600 | Net income attributable to:   |                          |          |                          |           |                            |           |                            |           |
| 8610 | Owners of the Company   | <u>\$187,818</u>         |          | <u>\$219,121</u>         |           | <u>\$619,311</u>           |           | <u>\$619,520</u>           |           |
| 8700 | Total comprehensive income attributable to:   |                          |          |                          |           |                            |           |                            |           |
| 8710 | Owners of the Company   | <u>\$145,985</u>         |          | <u>\$346,754</u>         |           | <u>\$770,124</u>           |           | <u>\$709,792</u>           |           |
|      | Earnings per share (Note 25)  |                          |          |                          |           |                            |           |                            |           |
| 9710 | Basic   | <u>\$ 1.16</u>           |          | <u>\$ 1.35</u>           |           | <u>\$ 3.82</u>             |           | <u>\$ 3.82</u>             |           |
| 9810 | Diluted   | <u>\$ 1.16</u>           |          | <u>\$ 1.35</u>           |           | <u>\$ 3.82</u>             |           | <u>\$ 3.82</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 September 30, 2024   | -  | -               | -             | -               | 619,311                 | 619,311   | -   | -         | -            | 619,311     |
| D3   | Other comprehensive income for January 1 to September 30, 2024, net of income tax                        | -  | -               | -             | -               | -                       | -   | 169,363   | ( 18,550) | 150,813      | 150,813     |
| D5   | Total comprehensive income for January 1 to September 30, 2024   | -  | -               | -             | -               | 619,311                 | 619,311   | 169,363   | ( 18,550) | 150,813      | 770,124     |
| Q1   | Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21) | -  | -               | -             | -               | 226                     | 226   | -   | ( 226)    | ( 226)       | -           |
| Z1   | Balance on September 30, 2024  | \$1,620,000                                  | \$ 109,430      | \$2,082,370   | \$ 490,499      | \$5,781,196             | \$8,354,065   | (\$ 171,255)  | \$ 78,900 | (\$ 92,355)  | \$9,991,140 |
| 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 September 30, 2023   | -  | -               | -             | -               | 619,520                 | 619,520   | -   | -         | -            | 619,520     |
| D3   | Other comprehensive income for January 1 to September 30, 2023, net of income tax                        | -  | -               | -             | -               | -                       | -   | 95,838  | ( 5,566)  | 90,272       | 90,272      |
| D5   | Total comprehensive income for January 1 to September 30, 2023   | -  | -               | -             | -               | 619,520                 | 619,520   | 95,838  | ( 5,566)  | 90,272       | 709,792     |
| Q1   | Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21) | -  | -               | -             | -               | 7,909                   | 7,909   | -   | ( 7,909)  | ( 7,909)     | -           |
| Z1   | Balance on September 30, 2023  | \$1,620,000                                  | \$ 109,380      | \$1,999,353   | \$ 490,499      | \$5,608,938             | \$8,098,790   | (\$ 180,687)  | \$ 68,508 | (\$ 112,179) | \$9,715,991 |

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<br>September 30,<br>2024 | January 1 to<br>September 30,<br>2023 |
|--------|---|---------------------------------------|---------------------------------------|
|        | Cash flow from operating activities   |                                       |                                       |
| A10000 | Pre-tax profit for the period   | \$ 778,348                            | \$ 780,504                            |
| A20010 | Adjustments for:  |                                       |                                       |
| A20100 | Depreciation  | 171,788                               | 155,885                               |
| A20200 | Amortization  | 794                                   | 2,120                                 |
| A20300 | Reversal gains on expected credit<br>impairment                               | ( 14,270)                             | ( 9,312)                              |
| A20400 | Gains on financial assets at fair value<br>through profit or loss             | ( 6,707)                              | ( 6,250)                              |
| A20900 | Financial cost  | 831                                   | 915                                   |
| A21200 | Income from interests   | ( 20,294)                             | ( 17,928)                             |
| A21300 | Dividend income   | ( 15,486)                             | ( 12,435)                             |
| A22300 | Share of profit or loss of associates<br>accounted for using equity<br>method | ( 987)                                | 804                                   |
| A22500 | Loss (gain) on disposal and retiremen<br>of property, plant and equipment     | ( 377)                                | 164                                   |
| A23700 | Loss on inventory devaluation   | 12,470                                | -                                     |
| A29900 | Provisions reversed   | ( 711)                                | ( 4,969)                              |
| A29900 | Refund liabilities recognized   | 132,415                               | 123,857                               |
| A30000 | Net changes in operating assets and<br>liabilities                            |                                       |                                       |
| A31125 | Contract assets   | ( 13,251)                             | ( 8,830)                              |
| A31130 | Notes receivable  | 54,358                                | ( 16,322)                             |
| A31140 | Notes receivable - related parties  | 17,011                                | 13,851                                |
| A31150 | Accounts receivable   | 238,714                               | 344,398                               |
| A31160 | Accounts receivable - related parties   | 22,064                                | ( 7,384)                              |
| A31180 | Other receivables   | ( 331)                                | 8,733                                 |
| A31200 | Inventories   | ( 376,826)                            | 71,939                                |
| A31240 | Other current assets  | ( 37,279)                             | ( 40,937)                             |
| A32125 | Contract liabilities  | ( 31,767)                             | 7,711                                 |
| A32130 | Notes payable   | ( 12,922)                             | ( 12,860)                             |
| A32150 | Accounts payable  | ( 135,131)                            | 73,154                                |
| A32180 | Other accounts payable  | ( 110,795)                            | ( 63,964)                             |
| A32230 | Other current liabilities   | ( 12,814)                             | 941                                   |
| A32240 | Net defined benefit liabilities   | ( 4,866)                              | ( 4,850)                              |
| A32990 | Refund liabilities  | ( <u>137,886</u> )                    | ( <u>117,974</u> )                    |

(Continued)

(Continued)

| Code   |  | January 1 to<br>September 30,<br>2024 | January 1 to<br>September 30,<br>2023 |
|--------|--|---------------------------------------|---------------------------------------|
| A33000 | Cash flow from operating activities  | \$ 496,093                            | \$1,260,961                           |
| A33100 | Interest received  | 17,448                                | 16,594                                |
| A33200 | Dividends received   | 15,486                                | 12,435                                |
| A33300 | Interest paid  | ( 831)                                | ( 1,376)                              |
| A33500 | Income taxes paid  | ( 235,130)                            | ( 213,374)                            |
| AAAA   | Net cash generated by operating activities   | <u>293,066</u>                        | <u>1,075,240</u>                      |
|        | Cash Flow from Investing Activities  |                                       |                                       |
| B00010 | Acquisition of financial assets at fair value through other comprehensive income                     | ( 496)                                | ( 3,697)                              |
| B00020 | Disposal of financial assets at fair value through other comprehensive income                        | 2,861                                 | 50,971                                |
| B00030 | Proceeds from capital reduction of financial assets at fair value through other comprehensive income | -                                     | 16,166                                |
| B00100 | Acquisition of financial assets at fair value through profit or loss                                 | ( 650,000)                            | ( 1,312,875)                          |
| B00200 | Disposal of financial assets at fair value through profit or loss                                    | 599,073                               | 1,163,875                             |
| B02700 | Acquisition of property, plant and equipment   | ( 115,740)                            | ( 143,072)                            |
| B02800 | Proceeds from disposal of property, plant and equipment  | 1,090                                 | 684                                   |
| B03700 | Increase in guarantee deposit paid   | ( 340)                                | ( 1,189)                              |
| B04500 | Acquisition of intangible assets   | ( 313)                                | ( 300)                                |
| B06500 | Decrease (Increase) in other financial assets  | ( 654,049)                            | 1,197                                 |
| BBBB   | Net cash used in investing activities  | <u>( 817,914)</u>                     | <u>( 228,240)</u>                     |
|        | Cash Flow from Financing Activities  |                                       |                                       |
| C00100 | Increase in short-term borrowings  | 12,241                                | 9,981                                 |
| C03000 | Increase in guarantee deposit received   | 153                                   | 257                                   |
| C03800 | Decrease in other payables   | -                                     | ( 100,000)                            |
| C04020 | Repayment of principal of lease liabilities  | ( 16,530)                             | ( 14,205)                             |
| C04500 | Cash dividends paid  | ( 567,000)                            | ( 567,000)                            |
| CCCC   | Net cash used in financing activities  | <u>( 571,136)</u>                     | <u>( 670,967)</u>                     |
| DDDD   | Effects of exchange rate changes on cash and cash equivalents  | <u>82,764</u>                         | <u>51,242</u>                         |
| EEEE   | Increase (Decrease) in cash and cash equivalents   | ( 1,013,220)                          | 227,275                               |
| 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>\$ 831,691</u>                     | <u>\$1,731,708</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 September 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 November 12, 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

|   | September<br>30, 2024 | December<br>31, 2023 | September<br>30, 2023 |
|---|-----------------------|----------------------|-----------------------|
| Cash on hand and working capital  | \$ 1,607              | \$ 1,504             | \$ 1,565              |
| Bank check and demand deposit   | 562,973               | 1,104,974            | 1,347,886             |
| Cash equivalents (investment whose initial maturity date will be due within 3 months) |                       |                      |                       |
| Time deposits in banks  | 214,141               | 595,852              | 234,433               |
| Bonds with repurchase agreement   | <u>52,970</u>         | <u>142,581</u>       | <u>147,824</u>        |
|   | <u>\$ 831,691</u>     | <u>\$ 1,844,911</u>  | <u>\$ 1,731,708</u>   |

VII. Financial assets at fair value through profit or loss

|  | September<br>30, 2024 | December<br>31, 2023 | September<br>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>\$ 413,628</u>     | <u>\$ 355,994</u>    | <u>\$ 155,250</u>     |

VIII. Financial assets at fair value through other comprehensive income

|  | September<br>30, 2024 | December<br>31, 2023 | September<br>30, 2023 |
|--|-----------------------|----------------------|-----------------------|
| <u>Current</u>                                   |                       |                      |                       |
| TWSE-listed stocks                               | <u>\$ 418,415</u>     | <u>\$ 439,681</u>    | <u>\$ 361,022</u>     |
| <u>Non-current</u>                               |                       |                      |                       |
| Domestic shares not traded on an exchange or OTC | \$ 29,912             | \$ 29,567            | \$ 29,585             |
| Foreign shares not traded on an exchange or OTC  | <u>158</u>            | <u>139</u>           | <u>175</u>            |
|  | <u>\$ 30,070</u>      | <u>\$ 29,706</u>     | <u>\$ 29,760</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)

|  | September<br>30, 2024 | December<br>31, 2023 | September<br>30, 2023 |
|--|-----------------------|----------------------|-----------------------|
| Notes receivable (including those due from related parties)    |                       |                      |                       |
| Measured at amortized cost                                     |                       |                      |                       |
| Arising from operating activities                              | \$ 527,875            | \$ 599,244           | \$ 681,441            |
| Less: loss allowance   | <u>5,716</u>          | <u>6,198</u>         | <u>5,825</u>          |
|  | <u>\$ 522,159</u>     | <u>\$ 593,046</u>    | <u>\$ 675,616</u>     |
| Accounts receivable (including those due from related parties) |                       |                      |                       |
| Measured at amortized cost                                     |                       |                      |                       |
| Total book value   | \$ 1,688,944          | \$ 1,944,923         | \$ 1,715,558          |
| Less: loss allowance   | <u>50,497</u>         | <u>58,452</u>        | <u>53,347</u>         |
|  | <u>\$ 1,638,447</u>   | <u>\$ 1,886,471</u>  | <u>\$ 1,662,211</u>   |
| Overdue receivables  |                       |                      |                       |
| Total book value   | \$ 7,021              | \$ 15,136            | \$ 13,679             |
| Less: loss allowance   | <u>7,021</u>          | <u>15,136</u>        | <u>13,679</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:

### September 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 | \$2,031,502        | \$ 111,275         | \$ 43,240            | \$ 23,673             | \$ 13,695                   | \$ 455                    | \$2,223,840        |
| Loss allowance   | ( 35,432 )         | ( 2,226 )          | ( 4,324 )            | ( 7,102 )             | ( 13,695 )                  | ( 455 )                   | ( 63,234 )         |
| Amortized cost   | <u>\$1,996,070</u> | <u>\$ 109,049</u>  | <u>\$ 38,916</u>     | <u>\$ 16,571</u>      | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$2,160,606</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> |

### September 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 | \$2,199,146        | \$ 132,850         | \$ 30,263            | \$ 24,901             | \$ 20,006                   | \$ 3,512                  | \$2,410,678        |
| Loss allowance   | ( 36,179 )         | ( 2,657 )          | ( 3,027 )            | ( 7,470 )             | ( 20,006 )                  | ( 3,512 )                 | ( 72,851 )         |
| Amortized cost   | <u>\$2,162,967</u> | <u>\$ 130,193</u>  | <u>\$ 27,236</u>     | <u>\$ 17,431</u>      | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$2,337,827</u> |

Movements in the loss allowance for receivables are as follows:

|                                   | January 1 to<br>September 30,<br>2024 | January 1 to<br>September 30,<br>2023 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Balance - beginning of period     | \$ 79,786                             | \$ 84,902                             |
| Reversed in the current period    | ( 14,270)                             | ( 9,312)                              |
| Written off in the current period | ( 3,316)                              | ( 3,355)                              |
| Net exchange differences          | <u>1,034</u>                          | <u>616</u>                            |
| Balance - end of period           | <u>\$ 63,234</u>                      | <u>\$ 72,851</u>                      |

(II) Other receivables

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

X. Inventories

|                      | September<br>30,2024 | December<br>31, 2023 | September<br>30,2023 |
|----------------------|----------------------|----------------------|----------------------|
| Finished-goods       | \$ 796,656           | \$ 750,331           | \$ 804,822           |
| Products             | 25,457               | 14,854               | 20,516               |
| Raw materials        | 1,693,982            | 1,392,373            | 1,629,976            |
| Materials            | 21,031               | 19,943               | 18,618               |
| Inventory in transit | <u>64,845</u>        | <u>63,053</u>        | <u>22,655</u>        |
|                      | <u>\$ 2,601,971</u>  | <u>\$ 2,240,554</u>  | <u>\$ 2,496,587</u>  |

The cost of inventories recognized as cost of goods sold in July 1 to September 30, 2024 and 2023, and in January 1 to September 30, 2024 and 2023 was NT\$1,658,127 thousand, NT\$1,613,475 thousand, NT\$4,858,104 thousand and NT\$4,947,056 thousand, respectively. The cost of goods sold included loss on inventory devaluation of NT\$0 thousand, NT\$0 thousand, NT\$12,470 thousand, and NT\$0 thousand.

## XI. Other financial assets

|  | September<br>30,2024 | December<br>31, 2023 | September<br>30,2023 |
|--|----------------------|----------------------|----------------------|
| <u>Current</u>   |                      |                      |                      |
| Time deposits whose original maturity date is more than three months apart | \$ 657,356           | \$ 3,372             | \$ 3,544             |
| Project deposit  | <u>16,245</u>        | <u>16,245</u>        | <u>-</u>             |
|  | <u>\$ 673,601</u>    | <u>\$ 19,617</u>     | <u>\$ 3,544</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<br>in percentage terms (%) |                      |                       | Description |
|------------------|--|--|--|----------------------|-----------------------|-------------|
|                  |  |  | September<br>30, 2024  | December 31,<br>2023 | September<br>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

|                                      | September<br>30, 2024 | December 31,<br>2023 | September<br>30, 2023 |
|--------------------------------------|-----------------------|----------------------|-----------------------|
| Individually insignificant associate | <u>\$ 36,000</u>      | <u>\$ 33,527</u>     | <u>\$ 35,369</u>      |

Summary information on individually insignificant associates

|                                  | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|----------------------------------|------------------------------------|------------------------------------|--|--|
| The Group's share                |                                    |                                    |  |  |
| Net profit (loss) for the period | \$2,676                            | \$ 338                             | \$ 987                                   | (\$ 804)                                 |
| Other comprehensive income       | <u>-</u>                           | <u>-</u>                           | <u>-</u>                                 | <u>-</u>                                 |
| Total comprehensive income       | <u>\$2,676</u>                     | <u>\$ 338</u>                      | <u>\$ 987</u>                            | <u>(\$ 804)</u>                          |

The Group's investments accounted for using the equity method as at September 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 September 30, 2024

| Cost                                | Land                | Buildings and<br>structures | Machinery<br>and<br>equipment | Transportation<br>equipment | Other<br>facilities | Unfinished<br>construction<br>and<br>equipment<br>pending<br>acceptance | Total               |
|-------------------------------------|---------------------|-----------------------------|-------------------------------|-----------------------------|---------------------|---|---------------------|
| Balance as of January 1,<br>2024    | \$ 1,050,891        | \$ 1,910,346                | \$ 1,619,887                  | \$ 97,507                   | \$ 309,096          | \$ 76,379   | \$ 5,064,106        |
| Increase                            | -                   | 35,108                      | 39,739                        | 11,233                      | 16,791              | ( 12,560)   | 90,311              |
| Disposal                            | -                   | -                           | ( 5,754)                      | ( 4,360)                    | ( 1,659)            | -   | ( 11,773)           |
| Net exchange differences            | <u>2,534</u>        | <u>63,509</u>               | <u>41,165</u>                 | <u>1,817</u>                | <u>6,034</u>        | <u>855</u>  | <u>115,914</u>      |
| Balance as of September 30,<br>2024 | <u>\$ 1,053,425</u> | <u>\$ 2,008,963</u>         | <u>\$ 1,695,037</u>           | <u>\$ 106,197</u>           | <u>\$ 330,262</u>   | <u>\$ 64,674</u>  | <u>\$ 5,258,558</u> |
| <u>Accumulated depreciation</u>     |                     |                             |                               |                             |                     |   |                     |
| Balance as of January 1,<br>2024    | \$ -                | \$ 566,906                  | \$ 941,551                    | \$ 79,425                   | \$ 218,762          | \$ -  | \$ 1,806,644        |
| Depreciation                        | -                   | 42,748                      | 80,940                        | 5,355                       | 21,475              | -   | 150,518             |
| Disposal                            | -                   | -                           | ( 5,041)                      | ( 4,360)                    | ( 1,659)            | -   | ( 11,060)           |
| Net exchange differences            | <u>-</u>            | <u>15,390</u>               | <u>19,426</u>                 | <u>1,441</u>                | <u>3,052</u>        | <u>-</u>  | <u>39,309</u>       |
| Balance as of September 30,<br>2024 | <u>\$ -</u>         | <u>\$ 625,044</u>           | <u>\$ 1,036,876</u>           | <u>\$ 81,861</u>            | <u>\$ 241,630</u>   | <u>\$ -</u>   | <u>\$ 1,985,411</u> |
| Net amount on December<br>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 September<br>30, 2024 | <u>\$ 1,053,425</u> | <u>\$ 1,383,919</u>         | <u>\$ 658,161</u>             | <u>\$ 24,336</u>            | <u>\$ 88,632</u>    | <u>\$ 64,674</u>  | <u>\$ 3,273,147</u> |

## January 1 to September 30, 2023

|                                  | 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, 2023    | \$ 1,050,904        | \$ 1,926,387             | \$ 1,180,588            | \$ 94,295                | \$ 259,205        | \$ 470,370   | \$ 4,981,749        |
| Increase                         | -                   | 5,400                    | 451,838                 | 5,513                    | 52,345            | ( 398,425 )  | 116,671             |
| Disposal                         | -                   | -                        | ( 13,865 )              | -                        | ( 2,092 )         | -  | ( 15,957 )          |
| Reclassification                 | -                   | -                        | ( 76 )                  | -                        | 76                | -  | -                   |
| Net exchange differences         | 4,184               | 31,481                   | 19,021                  | 863                      | 4,211             | 746  | 60,506              |
| Balance as of September 30, 2023 | <u>\$ 1,055,088</u> | <u>\$ 1,963,268</u>      | <u>\$ 1,637,506</u>     | <u>\$ 100,671</u>        | <u>\$ 313,745</u> | <u>\$ 72,691</u>   | <u>\$ 5,142,969</u> |
| <u>Accumulated depreciation</u>  |                     |                          |                         |                          |                   |  |                     |
| Balance as of January 1, 2023    | \$ -                | \$ 515,783               | \$ 868,037              | \$ 75,868                | \$ 197,642        | \$ -   | \$ 1,657,330        |
| Depreciation                     | -                   | 42,530                   | 68,753                  | 4,701                    | 19,038            | -  | 135,022             |
| Disposal                         | -                   | -                        | ( 13,018 )              | -                        | ( 2,091 )         | -  | ( 15,109 )          |
| Reclassification                 | -                   | -                        | ( 76 )                  | -                        | 76                | -  | -                   |
| Net exchange differences         | -                   | 6,464                    | 8,889                   | 699                      | 2,234             | -  | 18,286              |
| Balance as of September 30, 2023 | <u>\$ -</u>         | <u>\$ 564,777</u>        | <u>\$ 932,585</u>       | <u>\$ 81,268</u>         | <u>\$ 216,899</u> | <u>\$ -</u>  | <u>\$ 1,795,529</u> |
| Net amount on September 30, 2023 | <u>\$ 1,055,088</u> | <u>\$ 1,398,491</u>      | <u>\$ 704,921</u>       | <u>\$ 19,403</u>         | <u>\$ 96,846</u>  | <u>\$ 72,691</u>   | <u>\$ 3,347,440</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

|                                   | September 30, 2024 | December 31, 2023 | September 30, 2023 |
|-----------------------------------|--------------------|-------------------|--------------------|
| Book value of right-of-use assets |                    |                   |                    |
| Land                              | \$ 287,968         | \$ 280,423        | \$ 292,586         |
| Buildings                         | 35,154             | 47,866            | 32,118             |
| Transportation equipment          | 1,285              | 1,187             | 1,473              |
|                                   | <u>\$ 324,407</u>  | <u>\$ 329,476</u> | <u>\$ 326,177</u>  |

|  | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|--|------------------------------------|------------------------------------|--|--|
| Increase in right-of-use<br>assets             |                                    |                                    | \$ 932                                   | \$ 396                                   |
| Depreciation expenses -<br>Right-of-use assets |                                    |                                    |  |  |
| Land   | \$ 1,865                           | \$ 1,824                           | \$ 5,553                                 | \$ 5,463                                 |
| Buildings                                      | 4,563                              | 4,491                              | 13,620                                   | 13,277                                   |
| Transportation<br>equipment                    | <u>245</u>                         | <u>286</u>                         | <u>834</u>                               | <u>859</u>                               |
|  | <u>\$ 6,673</u>                    | <u>\$ 6,601</u>                    | <u>\$ 20,007</u>                         | <u>\$ 19,599</u>                         |

(II) Lease liabilities

|                                 | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|---------------------------------|----------------------|----------------------|----------------------|
| Book value of lease liabilities |                      |                      |                      |
| Current                         | <u>\$ 21,232</u>     | <u>\$ 20,400</u>     | <u>\$ 14,734</u>     |
| Non-current                     | <u>\$ 19,464</u>     | <u>\$ 34,781</u>     | <u>\$ 24,753</u>     |

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

|                          | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|--------------------------|----------------------|----------------------|----------------------|
| Buildings                | 1.775~2.625          | 1.775~2.625          | 2.625                |
| Transportation equipment | 1.775~2.625          | 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.

|                                   | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|-----------------------------------|------------------------------------|------------------------------------|--|--|
| Short-term lease expense          | <u>\$ 3,593</u>                    | <u>\$ 823</u>                      | <u>\$ 6,333</u>                          | <u>\$ 3,223</u>                          |
| Low-value asset lease<br>expense  | <u>\$ 165</u>                      | <u>\$ 163</u>                      | <u>\$ 515</u>                            | <u>\$ 491</u>                            |
| Total cash outflow from<br>leases |                                    |                                    | <u>\$24,209</u>                          | <u>\$18,766</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

|                          | September<br>30, 2024 | December 31,<br>2023 | September<br>30,2023 |
|--------------------------|-----------------------|----------------------|----------------------|
| Land                     | \$162,079             | \$162,079            | \$162,079            |
| Buildings and structures | <u>40,357</u>         | <u>41,620</u>        | <u>42,041</u>        |
|                          | <u>\$202,436</u>      | <u>\$203,699</u>     | <u>\$204,120</u>     |

Except for the recognition of depreciation, there were no major additions, disposals or impairment to investment property from January 1 to September 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:

|        | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|--------|----------------------|----------------------|----------------------|
| Year 1 | \$ 4,421             | \$ 3,203             | \$ 3,406             |
| Year 2 | 553                  | 716                  | 588                  |
| Year 3 | -                    | 202                  | 245                  |
|        | <u>\$ 4,974</u>      | <u>\$ 4,121</u>      | <u>\$ 4,239</u>      |

Their fair value stood at NT\$637,281 thousand on September 30, 2024, December 31, 2023, and September 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

|   | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|---|----------------------|----------------------|----------------------|
| Secured loans   |                      |                      |                      |
| Loan against L/C - settled<br>before interest accrual | <u>\$ 13,619</u>     | <u>\$ 1,378</u>      | <u>\$ 11,059</u>     |

XVIII. Other accounts payable

|   | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|---|----------------------|----------------------|----------------------|
| Salary and bonus payable                      | \$125,487            | \$162,862            | \$138,916            |
| Employee and director<br>compensation payable | 16,722               | 22,637               | 38,365               |
| Business tax payable                          | 7,142                | 30,225               | 10,556               |
| Construction and equipment<br>payable         | 7,063                | 8,248                | 12,080               |
| Advertising expenditure                       | 1,780                | 29,671               | 1,498                |
| Others  | <u>125,826</u>       | <u>142,357</u>       | <u>142,918</u>       |
|   | <u>\$ 284,020</u>    | <u>\$ 396,000</u>    | <u>\$ 344,333</u>    |

XIX. Provisions

|                       | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|-----------------------|----------------------|----------------------|----------------------|
| <u>Non-current</u>    |                      |                      |                      |
| Construction warranty | <u>\$ 5,672</u>      | <u>\$ 6,383</u>      | <u>\$ 10,053</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 July 1 to September 30, 2024 and 2023, and in January 1 to September 30, 2024 and 2023, the amounts of retirement benefit were NT\$264 thousand, NT\$303 thousand, NT\$791 thousand and NT\$913 thousand, respectively.

XXI. Equity

(I) Capital stock

|   | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
|---|----------------------|----------------------|----------------------|
| Authorized shares (in<br>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>  |
|   | September<br>30,2024 | December 31,<br>2023 | September<br>30,2023 |
| Number of issued shares<br>fully paid (in thousand<br>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

|  | <u>September<br/>30,2024</u> | <u>December 31,<br/>2023</u> | <u>September<br/>30,2023</u> |
|--|------------------------------|------------------------------|------------------------------|
| Available for makeup of<br>loss, distribution of cash<br>dividends, or transfer into<br>capital (Note) |                              |                              |                              |
| Additional paid-in<br>capital  | \$106,385                    | \$106,385                    | \$106,385                    |
| Only available for makeup<br>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 |

(IV) Other equity

1. Exchange differences arising in the translation of foreign operations

|  | January 1 to<br>September 30,<br>2024 | January 1 to<br>September 30,<br>2023 |
|--|---------------------------------------|---------------------------------------|
| Opening balance  | <u>(\$340,618)</u>                    | <u>(\$276,525)</u>                    |
| Exchange difference arising from translation of the net assets of foreign operations | <u>169,363</u>                        | <u>95,838</u>                         |
| Closing balance  | <u>(\$171,255)</u>                    | <u>(\$180,687)</u>                    |

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

|  | January 1 to<br>September 30,<br>2024 | January 1 to<br>September 30,<br>2023 |
|--|---------------------------------------|---------------------------------------|
| Opening balance  | \$ 97,676                             | \$ 81,983                             |
| Recognized in the<br>current period  |                                       |                                       |
| Accumulated gains<br>and losses from<br>disposal of equity<br>instruments are<br>transferred to<br>retained earnings | ( 226)                                | ( 7,909)                              |
| Equity instruments<br>-unrealized gains<br>or losses   | ( 18,550)                             | 5,566                                 |
| Closing balance  | <u>\$ 78,900</u>                      | <u>\$ 68,508</u>                      |

XXII. Operating revenue

(I) Customer contract revenue breakdown

January 1 to September 30, 2024

| <u>Type of product or service</u>             | <u>Paint<br/>Business<br/>Department</u> | <u>Coating<br/>Engineering<br/>Department</u> | <u>Total</u>        |
|---|--|---|---------------------|
| Product sales revenue                         | \$ 6,572,799                             | \$ -  | \$ 6,572,799        |
| Construction revenue                          | -  | 295,850                                       | 295,850             |
|   | <u>\$ 6,572,799</u>                      | <u>\$ 295,850</u>                             | <u>\$ 6,868,649</u> |
| <br><u>Primary regional markets</u>           |  |   |                     |
| Taiwan  | \$ 4,639,026                             | \$ 295,850                                    | \$ 4,934,876        |
| China   | 971,813                                  | -   | 971,813             |
| Others  | 961,960                                  | -   | 961,960             |
|   | <u>\$ 6,572,799</u>                      | <u>\$ 295,850</u>                             | <u>\$ 6,868,649</u> |
| <br><u>Revenue recognition time<br/>point</u> |  |   |                     |
| At a point in time                            | \$ 6,572,799                             | \$ -  | \$ 6,572,799        |
| Fulfilled as time elapses                     | -  | 295,850                                       | 295,850             |
|   | <u>\$ 6,572,799</u>                      | <u>\$ 295,850</u>                             | <u>\$ 6,868,649</u> |

January 1 to September 30, 2023

|   | Paint<br>Business<br>Department | Coating<br>Engineering<br>Department | Total               |
|---|---------------------------------|--------------------------------------|---------------------|
| <u>Type of product or service</u>         |                                 |                                      |                     |
| Product sales revenue                     | \$ 6,564,594                    | \$ -                                 | \$ 6,564,594        |
| Construction revenue                      | <u>-</u>                        | <u>263,443</u>                       | <u>263,443</u>      |
|   | <u>\$ 6,564,594</u>             | <u>\$ 263,443</u>                    | <u>\$ 6,828,037</u> |
| <u>Primary regional markets</u>           |                                 |                                      |                     |
| Taiwan                                    | \$ 4,584,890                    | \$ 263,443                           | \$ 4,848,333        |
| China                                     | 1,082,470                       | -                                    | 1,082,470           |
| Others                                    | <u>897,234</u>                  | <u>-</u>                             | <u>897,234</u>      |
|   | <u>\$ 6,564,594</u>             | <u>\$ 263,443</u>                    | <u>\$ 6,828,037</u> |
| <u>Revenue recognition time<br/>point</u> |                                 |                                      |                     |
| At a point in time                        | \$ 6,564,594                    | \$ -                                 | \$ 6,564,594        |
| Fulfilled as time elapses                 | <u>-</u>                        | <u>263,443</u>                       | <u>263,443</u>      |
|   | <u>\$ 6,564,594</u>             | <u>\$ 263,443</u>                    | <u>\$ 6,828,037</u> |

(II) Contract balance

|   | September<br>30, 2024 | December 31,<br>2023 | September<br>30, 2023 | January 1,<br>2023 |
|---|-----------------------|----------------------|-----------------------|--------------------|
| Notes receivable and<br>accounts receivable | <u>\$2,160,606</u>    | <u>\$2,479,517</u>   | <u>\$2,337,827</u>    | <u>\$2,663,674</u> |
| Contract assets                             |                       |                      |                       |                    |
| Coating Engineering                         | <u>\$ 113,345</u>     | <u>\$ 100,094</u>    | <u>\$ 104,385</u>     | <u>\$ 95,555</u>   |
| Contract liabilities                        |                       |                      |                       |                    |
| Coating Engineering                         | \$ 24,929             | \$ 57,675            | \$ 61,313             | \$ 54,043          |
| Product sales                               | <u>1,689</u>          | <u>710</u>           | <u>1,684</u>          | <u>1,243</u>       |
|   | <u>\$ 26,618</u>      | <u>\$ 58,385</u>     | <u>\$ 62,997</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 September 30, 2024, December 31, 2023, and September 30, 2023, transaction price allocated to unfulfilled performance obligation was NT\$1,328,837 thousand, NT\$960,303 thousand and NT\$924,771

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

|              | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|--------------|------------------------------------|------------------------------------|--|--|
| Bank deposit | \$ 5,106                           | \$ 4,101                           | \$ 15,788                                | \$ 11,313                                |
| Others       | <u>1,129</u>                       | <u>2,523</u>                       | <u>4,506</u>                             | <u>6,615</u>                             |
|              | <u>\$ 6,235</u>                    | <u>\$ 6,624</u>                    | <u>\$ 20,294</u>                         | <u>\$ 17,928</u>                         |

(II) Other income

|                 | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|-----------------|------------------------------------|------------------------------------|--|--|
| Lease income    | \$ 2,588                           | \$ 2,499                           | \$ 7,285                                 | \$ 7,352                                 |
| Dividend income | 15,486                             | 12,435                             | 15,486                                   | 12,435                                   |
| Subsidy income  | 4,061                              | -                                  | 12,183                                   | -  |
| Others          | <u>4,024</u>                       | <u>19,752</u>                      | <u>12,504</u>                            | <u>27,652</u>                            |
|                 | <u>\$ 26,159</u>                   | <u>\$ 34,686</u>                   | <u>\$ 47,458</u>                         | <u>\$ 47,439</u>                         |

(III) Other gains and losses

|  | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|--|------------------------------------|------------------------------------|--|--|
| Net foreign exchange gain (loss)                         | (\$ 666)                           | \$ 18,034                          | \$ 22,053                                | \$ 27,482                                |
| Gain (loss) on disposal of property, plant and equipment | ( 632)                             | ( 184)                             | 377                                      | ( 164)                                   |
| Gains on financial assets at fair value through profit   | 2,739                              | 2,144                              | 6,707                                    | 6,250                                    |
| Others   | <u>( 3,552)</u>                    | <u>( 766)</u>                      | <u>( 5,192)</u>                          | <u>( 5,528)</u>                          |
|  | <u>(\$ 2,111)</u>                  | <u>\$ 19,228</u>                   | <u>\$ 23,945</u>                         | <u>\$ 28,040</u>                         |

(IV) Financial cost

|                                     | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|-------------------------------------|------------------------------------|------------------------------------|--|--|
| Financial cost                      |                                    |                                    |  |  |
| Interest on financing<br>facilities | \$ -                               | \$ -                               | \$ -                                     | \$ 68                                    |
| Interest on lease<br>liabilities    | <u>215</u>                         | <u>265</u>                         | <u>831</u>                               | <u>847</u>                               |
|                                     | <u>\$ 215</u>                      | <u>\$ 265</u>                      | <u>\$ 831</u>                            | <u>\$ 915</u>                            |

(V) Depreciation and amortization

|   | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|---|------------------------------------|------------------------------------|--|--|
| Property, plant and<br>equipment          | \$ 50,895                          | \$ 50,685                          | \$150,518                                | \$135,022                                |
| Right-of-use assets                       | 6,673                              | 6,601                              | 20,007                                   | 19,599                                   |
| Investment property                       | 421                                | 421                                | 1,263                                    | 1,264                                    |
| Intangible assets                         | 260                                | 284                                | 779                                      | 2,104                                    |
| Other current assets                      | <u>5</u>                           | <u>6</u>                           | <u>15</u>                                | <u>16</u>                                |
|   | <u>\$ 58,254</u>                   | <u>\$ 57,997</u>                   | <u>\$172,582</u>                         | <u>\$158,005</u>                         |
| Summary of<br>depreciation by<br>function |                                    |                                    |  |  |
| Operating cost                            | \$ 21,709                          | \$ 22,052                          | \$ 65,118                                | \$ 61,390                                |
| Operating expenses                        | 35,860                             | 35,234                             | 105,407                                  | 93,231                                   |
| Others                                    | <u>420</u>                         | <u>421</u>                         | <u>1,263</u>                             | <u>1,264</u>                             |
|   | <u>\$ 57,989</u>                   | <u>\$ 57,707</u>                   | <u>\$171,788</u>                         | <u>\$155,885</u>                         |
| Summary of<br>amortization by<br>function |                                    |                                    |  |  |
| Operating cost                            | \$ -                               | \$ -                               | \$ -                                     | \$ -                                     |
| Operating expenses                        | <u>265</u>                         | <u>290</u>                         | <u>794</u>                               | <u>2,120</u>                             |
|   | <u>\$ 265</u>                      | <u>\$ 290</u>                      | <u>\$ 794</u>                            | <u>\$ 2,120</u>                          |

(VI) Employee benefit expenses

|                                      | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|--------------------------------------|------------------------------------|------------------------------------|--|--|
| Short-term employee benefits         |                                    |                                    |  |  |
| Salary                               | \$226,656                          | \$205,116                          | \$675,898                                | \$618,841                                |
| Labor insurance and health insurance | 13,246                             | 12,362                             | 40,150                                   | 38,655                                   |
| Others                               | <u>15,269</u>                      | <u>12,863</u>                      | <u>43,986</u>                            | <u>37,763</u>                            |
|                                      | <u>255,171</u>                     | <u>230,341</u>                     | <u>760,034</u>                           | <u>695,259</u>                           |
| Post-employment benefit              |                                    |                                    |  |  |
| Defined contribution plan            | 7,394                              | 6,128                              | 21,870                                   | 19,809                                   |
| Defined benefit plan                 | <u>264</u>                         | <u>303</u>                         | <u>791</u>                               | <u>913</u>                               |
|                                      | <u>7,658</u>                       | <u>6,431</u>                       | <u>22,661</u>                            | <u>20,722</u>                            |
|                                      | <u>\$262,829</u>                   | <u>\$236,772</u>                   | <u>\$782,695</u>                         | <u>\$715,981</u>                         |
| Summary by function                  |                                    |                                    |  |  |
| Operating cost                       | \$111,391                          | \$ 96,428                          | \$326,078                                | \$284,846                                |
| Operating expenses                   | <u>151,438</u>                     | <u>140,344</u>                     | <u>456,617</u>                           | <u>431,135</u>                           |
|                                      | <u>\$262,829</u>                   | <u>\$236,772</u>                   | <u>\$782,695</u>                         | <u>\$715,981</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 July 1 to September 30, 2024 and 2023, and in January 1 to September 30, 2024 and 2023, respectively, were as follows:

|                       | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|-----------------------|------------------------------------|------------------------------------|--|--|
| Employee compensation | <u>\$ 4,137</u>                    | <u>\$ 5,567</u>                    | <u>\$14,421</u>                          | <u>\$13,784</u>                          |
| Director compensation | <u>\$ 660</u>                      | <u>\$ 842</u>                      | <u>\$ 2,301</u>                          | <u>\$ 2,086</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>July 1 to<br/>September<br/>30, 2024</u> | <u>July1 to<br/>September<br/>30, 2023</u> | <u>January 1<br/>to<br/>September<br/>30, 2024</u> | <u>January 1<br/>to<br/>September<br/>30, 2023</u> |
|---|---|--|--|--|
| Current income tax                              |   |  |  |  |
| In respect of the<br>current period             | \$ 46,508                                   | \$ 47,361                                  | \$154,986  | \$195,130  |
| Additional levy on<br>undistributed<br>earnings | -   | -  | 6,507  | 6,042  |
| Adjustments for the<br>previous year            | -   | -  | ( 3,520)   | ( 2,437)   |
| Deferred income tax                             |   |  |  |  |
| In respect of the<br>current period             | ( 684)                                      | 2,871                                      | 4,963  | ( 37,711)  |
| Adjustments for the<br>previous year            | -   | -  | ( 3,899)   | ( 40)  |
|   | <u>\$ 45,824</u>                            | <u>\$ 50,232</u>                           | <u>\$159,037</u>                                   | <u>\$160,984</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

|   | July 1 to<br>September<br>30, 2024 | July1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|---|------------------------------------|-----------------------------------|--|--|
| Net profit attributable to owners<br>of the Company | <u>\$187,818</u>                   | <u>\$219,121</u>                  | <u>\$619,311</u>                         | <u>\$ 619,520</u>                        |

Shares

Unit: 1,000 shares

|   | July 1 to<br>September<br>30, 2024 | July1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|---|------------------------------------|-----------------------------------|--|--|
| Weighted average number of<br>common shares used for<br>calculating basic earnings per<br>share | 162,000                            | 162,000                           | 162,000                                  | 162,000                                  |
| Plus: Potential common shares<br>that are dilutive - employee<br>compensation                   | <u>182</u>                         | <u>187</u>                        | <u>249</u>                               | <u>261</u>                               |
| Weighted average number of<br>shares used for calculating<br>diluted earnings per share         | <u>162,182</u>                     | <u>162,187</u>                    | <u>162,249</u>                           | <u>162,261</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

|   | <u>Level 1</u>   | <u>Level 2</u> | <u>Level 3</u>   | <u>Total</u>     |
|---|------------------|----------------|------------------|------------------|
| <u>September 30, 2024</u>   |                  |                |                  |                  |
| Financial assets at fair value through profit or loss             |                  |                |                  |                  |
| Fund benefit certificate  | <u>\$413,628</u> | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$413,628</u> |
| Financial assets at fair value through other comprehensive income |                  |                |                  |                  |
| TWSE-listed stocks  | \$418,415        | \$ -           | \$ -             | \$418,415        |
| Domestic shares not traded on an exchange or OTC                  | -                | -              | 29,912           | 29,912           |
| Foreign shares not traded on an exchange or OTC                   | <u>-</u>         | <u>-</u>       | <u>158</u>       | <u>158</u>       |
|   | <u>\$418,415</u> | <u>\$ -</u>    | <u>\$ 30,070</u> | <u>\$448,485</u> |

| <u>December 31, 2023</u>  |                  |             |                  |                   |
|---|------------------|-------------|------------------|-------------------|
| Financial assets at fair value through profit or loss             |                  |             |                  |                   |
| Fund benefit certificate  | <u>\$355,994</u> | <u>\$ -</u> | <u>\$ -</u>      | <u>\$ 355,994</u> |
| 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>  |
| <u>September 30, 2023</u>   |                  |             |                  |                   |
| Financial assets at fair value through profit or loss             |                  |             |                  |                   |
| Fund benefit certificate  | <u>\$155,250</u> | <u>\$ -</u> | <u>\$ -</u>      | <u>\$155,250</u>  |
| Financial assets at fair value through other comprehensive income |                  |             |                  |                   |
| TWSE-listed stocks  | \$361,022        | \$ -        | \$ -             | \$361,022         |
| Domestic shares not traded on an exchange or OTC                  | -                | -           | 29,585           | 29,585            |
| Foreign shares not traded on an exchange or OTC                   | -                | -           | 175              | 175               |
|   | <u>\$361,022</u> | <u>\$ -</u> | <u>\$ 29,760</u> | <u>\$390,782</u>  |

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

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

|                               | Financial assets at<br>fair value through<br>profit or loss |
|-------------------------------|---|
|                               | <u>January 1 to<br/>September 30,<br/>2023</u>              |
| Balance - beginning of period | \$ -  |
| Purchase                      | 462,875   |
| Disposal                      | ( 465,014)  |
| Recognized in profit or loss  | <u>2,139</u>  |
| Balance - end of period       | <u>\$ -</u>   |

|  | Financial assets at fair value through<br>other comprehensive income |  |
|--|--|--|
|  | <u>January 1 to<br/>September 30,<br/>2024</u>                       | <u>January 1 to<br/>September 30,<br/>2023</u> |
| Balance - beginning of period            | \$ 29,706  | \$ 44,711                                      |
| Capital reduction and return             | -  | ( 16,166)                                      |
| Recognized in other comprehensive income | 351  | 1,195  |
| Net exchange differences                 | <u>13</u>  | <u>20</u>                                      |
| Balance - end of period                  | <u>\$ 30,070</u>   | <u>\$ 29,760</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>September<br/>30,2024</u> | <u>December 31,<br/>2023</u> | <u>September<br/>30,2023</u> |
|---|------------------------------|------------------------------|------------------------------|
| <u>Financial assets</u>                               |                              |                              |                              |
| Financial assets at fair value through profit or loss | \$ 413,628                   | \$ 355,994                   | \$ 155,250                   |

|  |           |           |           |
|--|-----------|-----------|-----------|
| Financial assets at fair value through other comprehensive income - Equity instrument investment | 448,485   | 469,387   | 390,782   |
| Financial assets at amortized cost (Note 1)  | 3,709,697 | 4,384,262 | 4,111,225 |
| <u>Financial liabilities</u>   |           |           |           |
| Measured at amortized cost (Note 2)  | 1,138,647 | 1,391,316 | 1,345,142 |

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.

|   | Effect of USD currency (Note)         |                                       |
|---|---------------------------------------|---------------------------------------|
|   | January 1 to<br>September 30,<br>2024 | January 1 to<br>September 30,<br>2023 |
| Scenario 1 -<br>Pre-tax profit or<br>loss | (\$ 2,007)                            | (\$ 3,929)                            |
| Scenario 2 -<br>Pre-tax profit or<br>loss | 2,007                                 | 3,929                                 |

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 and floating income financial products.

If equity price goes down/up 1%, the pre-tax profit for the period from January 1 to September 30, 2024 and 2023 will go down/up NT\$4,136 thousand and NT\$1,553 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 September 30, 2024 and 2023 will go down/up NT\$4,485 thousand and NT\$3,908 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   | September<br>30,2024 | December 31,<br>2023 | September<br>30, 2023 |
|-----------------|----------------------|----------------------|-----------------------|
| Yieh Phui Group | <u>\$321,281</u>     | <u>\$ 398,768</u>    | <u>\$467,803</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 September 30, 2024, December 31, 2023 and September 30, 2023, the amount of the Group's committed loans which have yet to be drawn on was NT\$1,235,891 thousand, NT\$1,247,849 thousand and NT\$1,238,637 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>September 30, 2024</u>            |                    |                  |                   |                    |
| Non-derivative financial liabilities |                    |                  |                   |                    |
| Non interest bearing debt            | \$1,115,410        | \$ 9,618         | \$ -              | \$1,125,028        |
| Floating rate liability              | 13,619             | -                | -                 | 13,619             |
| Lease liabilities                    | <u>21,850</u>      | <u>19,625</u>    | -                 | <u>41,475</u>      |
|                                      | <u>\$1,150,879</u> | <u>\$ 29,243</u> | <u>\$ -</u>       | <u>\$1,180,122</u> |
| <u>December 31, 2023</u>             |                    |                  |                   |                    |
| Non-derivative financial liabilities |                    |                  |                   |                    |
| Non interest bearing debt            | \$1,380,473        | \$ 9,465         | \$ -              | \$1,389,938        |
| Floating rate liability              | 1,378              | -                | -                 | 1,378              |
| Lease liabilities                    | <u>21,385</u>      | <u>35,367</u>    | -                 | <u>56,752</u>      |
|                                      | <u>\$1,403,236</u> | <u>\$ 44,832</u> | <u>\$ -</u>       | <u>\$1,448,068</u> |
| <u>September 30, 2023</u>            |                    |                  |                   |                    |
| Non-derivative financial liabilities |                    |                  |                   |                    |
| Non interest bearing debt            | \$1,324,486        | \$ 9,597         | \$ -              | \$1,334,083        |
| Floating rate liability              | 11,059             | -                | -                 | 11,059             |
| Lease liabilities                    | <u>15,554</u>      | <u>25,297</u>    | -                 | <u>40,851</u>      |
|                                      | <u>\$1,351,099</u> | <u>\$ 34,894</u> | <u>\$ -</u>       | <u>\$1,385,993</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                                   |

|                |   |
|----------------|---|
| Chang Te-Jen   | management<br>Member of the Company's key<br>management |
| Chang Te-Sheng | Member of the Company's key<br>management               |
| Chang Te-Hsien | Member of the Company's key<br>management               |

Transactions between the Group and related parties are as follows:

(I) Operating revenue

| General ledger<br>account | Type of related<br>party  | July1 to<br>September<br>30, 2024 | July1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|---------------------------|---|-----------------------------------|-----------------------------------|--|--|
| Goods sales<br>revenue    | The Company<br>assumes the<br>key<br>managemen<br>t role in<br>other<br>company | \$ 94,104                         | \$ 96,114                         | \$316,888                                | \$333,677                                |
|                           | Substantive<br>related<br>party   | <u>24,049</u>                     | <u>28,488</u>                     | <u>76,318</u>                            | <u>93,358</u>                            |
|                           |   | <u>\$118,153</u>                  | <u>\$124,602</u>                  | <u>\$393,206</u>                         | <u>\$427,035</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<br>account            | Type of related<br>party   | September<br>30, 2024 | December<br>31, 2023 | September<br>30, 2023 |
|--------------------------------------|--|-----------------------|----------------------|-----------------------|
| Notes and<br>Accounts<br>receivables | The Company<br>assumes the key<br>management<br>role in other<br>company | \$100,317             | \$111,300            | \$ 98,827             |
|                                      | Substantive related<br>party   | <u>44,491</u>         | <u>71,802</u>        | <u>53,919</u>         |
|                                      |  | <u>\$144,808</u>      | <u>\$183,102</u>     | <u>\$152,746</u>      |
| Other receivables                    | Substantive related<br>party   | <u>\$ 125</u>         | <u>\$ 118</u>        | <u>\$ 108</u>         |

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

| General ledger<br>account | Type of related<br>party     | September<br>30, 2024 | December<br>31, 2023 | September<br>30, 2023 |
|---------------------------|------------------------------|-----------------------|----------------------|-----------------------|
| Other payables            | Substantive related<br>party | <u>\$ 2,113</u>       | <u>\$ 1,253</u>      | <u>\$ 774</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 September 30, 2024, December 31, 2023 and September 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\$15,552 thousand, NT\$21,629 thousand and NT\$1,041 thousand as of September 30, 2024, December 31, 2023 and September 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 July 1 to September 30 in 2024 and 2023 and from January 1 to September 30 in 2024 and 2023 were NT\$1,033

thousand, NT\$1,059 thousand, NT\$3,081 thousand and NT\$3,135 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 July 1 to September 30 of 2024 and 2023 and from January 1 to September 30 of 2024 and 2023 were NT\$5,455 thousand, NT\$3,770 thousand, NT\$13,133 thousand and NT\$10,551 thousand respectively. There was no transaction between the Company and other related parties which is similar enough for comparison.

(VI) Remuneration to key management

|                              | July 1 to<br>September<br>30, 2024 | July 1 to<br>September<br>30, 2023 | January 1<br>to<br>September<br>30, 2024 | January 1<br>to<br>September<br>30, 2023 |
|------------------------------|------------------------------------|------------------------------------|--|--|
| Short-term employee benefits | \$ 8,179                           | \$ 8,232                           | \$ 25,390                                | \$ 23,826                                |
| Post-employment benefit      | <u>285</u>                         | <u>222</u>                         | <u>852</u>                               | <u>645</u>                               |
|                              | <u>\$ 8,464</u>                    | <u>\$ 8,454</u>                    | <u>\$ 26,242</u>                         | <u>\$ 24,471</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:

|                                       | September<br>30, 2024 | December<br>31, 2023 | September<br>30, 2023 |
|---------------------------------------|-----------------------|----------------------|-----------------------|
| Property, plant and equipment - net   | \$361,146             | \$361,954            | \$362,231             |
| Other financial assets - time deposit | <u>400</u>            | <u>400</u>           | <u>400</u>            |
|                                       | <u>\$361,546</u>      | <u>\$362,354</u>     | <u>\$362,631</u>      |

XXIX. Material contingent liabilities and unrecognized contractual commitments

As of September 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\$28,033 thousand.
- (II) The guarantee letter issued by financial institutions for performance of contractual obligations amounted to about NT\$103,017 thousand.
- (III) The unfulfilled obligations under construction contracts undertaken amounted to about NT\$1,328,837 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<br>currency |        | Exchange rate | Book value |
|---------------------------------|---------------------|--------|---------------|------------|
| <u>September 30, 2024</u>       |                     |        |               |            |
| Foreign currency<br>assets      |                     |        |               |            |
| Monetary items                  |                     |        |               |            |
| USD                             | \$ 9,354            | 31.6   | (USD:TWD)     | \$ 295,576 |
| CNY                             | 17,526              | 4.498  | (CNY:TWD)     | 78,831     |
| Foreign currency<br>liabilities |                     |        |               |            |
| Monetary items                  |                     |        |               |            |
| USD                             | 1,839               | 31.7   | (USD:TWD)     | 58,288     |
| CNY                             | 5,301               | 4.548  | (CNY:TWD)     | 24,109     |
| <u>December 31, 2023</u>        |                     |        |               |            |
| Foreign currency<br>assets      |                     |        |               |            |
| Monetary items                  |                     |        |               |            |
| USD                             | 14,797              | 30.655 | (USD:TWD)     | 453,602    |
| CNY                             | 13,625              | 4.302  | (CNY:TWD)     | 58,616     |
| Foreign currency<br>liabilities |                     |        |               |            |
| Monetary items                  |                     |        |               |            |
| USD                             | 1,081               | 30.755 | (USD:TWD)     | 33,259     |
| USD                             | 1,205               | 24,030 | (USD:VND)     | 36,930     |
| <u>September 30, 2023</u>       |                     |        |               |            |
| Foreign currency<br>assets      |                     |        |               |            |
| Monetary items                  |                     |        |               |            |
| USD                             | 15,394              | 32.22  | (USD:TWD)     | 495,989    |
| CNY                             | 14,630              | 4.39   | (CNY:TWD)     | 64,229     |
| Foreign currency<br>liabilities |                     |        |               |            |
| Monetary items                  |                     |        |               |            |
| USD                             | 1,919               | 32.32  | (USD:TWD)     | 62,012     |

For the period from July 1 to September 30 of 2024 and 2023 and from January 1 to September 30, 2024 and 2023, net foreign exchange gains (losses) were losses of NT\$666 thousand, gains of NT\$18,034 thousand, gains of NT\$22,053 thousand and gains of NT\$27,482 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 September 30, 2024 was as follows:

|                     | <u>Purchase amount</u> | <u>Payables at the end of period</u> |
|---------------------|------------------------|--------------------------------------|
| YUNG CHI<br>Kunshan | <u>\$ 61,346</u>       | <u>\$ 24,105</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 September 30, 2024 was as follows:

|                     | <u>Sales amount</u> | <u>Accounts receivable at the end of period</u> |
|---------------------|---------------------|---|
| YUNG CHI<br>Kunshan | <u>\$ 63,975</u>    | <u>\$ 18,174</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\$1,837 thousand arising from the Company's sale of goods to YUNG CHI Kunshan as of September 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 September 30, 2024 is as follows; such amount was written off during the preparation of the consolidated financial statements:

|                     | Transaction<br>content                                   | Transaction<br>price | Other<br>receivables<br>at the end of<br>period |
|---------------------|--|----------------------|---|
| YUNG CHI<br>Kunshan | Purchase of<br>material on<br>behalf of<br>another party | <u>\$44,305</u>      | <u>\$12,116</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<br/>Business<br/>Department</u> | <u>Coating<br/>Engineering</u> | <u>Reconciliati<br/>on and<br/>write-off</u> | <u>Consolidation</u> |
|---|--|--------------------------------|--|----------------------|
| January 1 to September<br>30, 2024                                      |  |                                |  |                      |
| Revenue from external customers   | \$ 6,572,799                             | \$ 295,850                     | \$ -   | \$ 6,868,649         |
| Inter-segment revenue   | <u>636,962</u>                           | <u>-</u>                       | <u>( 636,962)</u>                            | <u>-</u>             |
| Segment revenue   | <u>\$ 7,209,761</u>                      | <u>\$ 295,850</u>              | <u>(\$ 636,962)</u>                          | <u>\$ 6,868,649</u>  |
| Segment gross profit  | <u>\$ 1,714,695</u>                      | <u>\$ 28,266</u>               |  | \$ 1,742,961         |
| Operating expenses  |  |                                |  | ( 1,056,466)         |
| Income from interests   |  |                                |  | 20,294               |
| Other income  |  |                                |  | 47,458               |
| Other gains and losses  |  |                                |  | 23,945               |
| Financial cost  |  |                                |  | ( 831)               |
| Share of profit or loss of associates accounted for using equity method |  |                                |  | <u>987</u>           |
| Net profits before tax  |  |                                |  | <u>\$ 778,348</u>    |
| January 1 to September<br>30, 2023                                      |  |                                |  |                      |
| Revenue from external customers   | \$ 6,564,594                             | \$ 263,443                     | \$ -   | \$ 6,828,037         |
| Inter-segment revenue   | <u>394,932</u>                           | <u>-</u>                       | <u>( 394,932)</u>                            | <u>-</u>             |
| Segment revenue   | <u>\$ 6,959,526</u>                      | <u>\$ 263,443</u>              | <u>(\$ 394,932)</u>                          | <u>\$ 6,828,037</u>  |
| Segment gross profit  | <u>\$ 1,617,538</u>                      | <u>\$ 32,886</u>               |  | \$ 1,650,424         |
| Operating expenses  |  |                                |  | ( 961,608)           |
| Income from interests   |  |                                |  | 17,928               |
| Other income  |  |                                |  | 47,439               |
| Other gains and losses  |  |                                |  | 28,040               |

|   |                   |
|---|-------------------|
| Financial cost  | ( 915)            |
| Share of profit or loss of<br>associates accounted for<br>using equity method | ( <u>804</u> )    |
| Net profits before tax  | <u>\$ 780,504</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 September 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             | \$ 183,004        | 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 September 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         | -        | -   | 0.33  | 648,000                | N  | N  | N  |         |
| 0   | The Company        | Superkuma International Co., Ltd.          | 1                     | 324,000  | 126,000                        | 126,000        | -        | -   | 1.26  | 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         | -        | -   | 1.00  | 648,000                | N  | N  | N  |         |
| 0   | The Company        | Quan Shao Industrial Co., Ltd.             | 1                     | 324,000  | 24,302                         | 24,302         | -        | -   | 0.24  | 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

September 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<br>Taishin 1699 Money Market Fund | The Company assumes the key management role in other company. | Financial assets at fair value through profit or loss-current                   | 22,232,970    | \$313,325  | -                           | \$313,325  |                  |  |
|                           | Fubon Jixiang Money Market Fund                            |   | Financial assets at fair value through profit or loss-current                   | 6,164,810     | 100,303    | -                           | 100,303    |                  |  |
|                           |  |   |   |               |            | <u>\$413,628</u>            |            | <u>\$413,628</u> |  |
|                           | Common shares<br>Sheng Yu Steel Co., Ltd.                  |   | Financial assets at fair value through other comprehensive income - current     | 3,668,477     | \$ 97,215  | 1.14                        | \$ 97,215  |                  |  |
|                           | China Steel Structure Co., Ltd.                            |   | Financial assets at fair value through other comprehensive income - current     | 5,000,000     | 273,000    | 2.50                        | 273,000    |                  |  |
|                           | Aerospace Industrial Development Corporation               |   | Financial assets at fair value through other comprehensive income - current     | 1,000,000     | 48,200     | 0.11                        | 48,200     |                  |  |
|                           |  |   |   |               |            | <u>\$418,415</u>            |            | <u>\$418,415</u> |  |
|                           | Common shares<br>CANDO                                     |   | Financial assets at fair value through other comprehensive income - non-current | 3,520,359     | \$ -       | 0.90                        | \$ -       | Note1            |  |
|                           | 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., | Financial assets at fair value through other               | 2,850,000   | 19,747  | 15.00         | 19,747     |                             |            |                  |  |

|   |  |   |           |                  |       |                  |  |
|---|--|---|-----------|------------------|-------|------------------|--|
|   | LTD.   | comprehensive income - non-current  |           |                  |       |                  |  |
|   | ASIA HEPATO GENE CO.                               | Financial assets at fair value through other comprehensive income - non-current | 333,250   | 2,119            | 3.84  | 2,119            |  |
|   | RISING CHEMICAL CO., LTD.                          | Financial assets at fair value through other comprehensive income - non-current | 1,080,000 | 8,046            | 5.14  | 8,046            |  |
|   |  |   |           | <u>\$ 29,912</u> |       | <u>\$ 29,912</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>\$ 158</u>    | 10.00 | <u>\$ 158</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 September 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               | \$316,888 | 4.61                                | The credit periods average 90 days to 100 days. | \$ -   | -             | \$100,317                           | 4.64   | -       |
|                         | Continental Coatings, Inc. | Subsidiary  | Sales               | 260,867   | 3.80                                | The credit periods average 90 days to 100 days. | -  | -             | 110,404                             | 5.11   | 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  
September 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. | \$ 100,317                                      | 2.99          | \$ -   | -               | \$ 41,296   | \$ 2,047                            |
|  | Continental Coatings, Inc. | Subsidiary  | 110,404 (Note)                                  | 3.28          | -  | -               | -   | -                                   |

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 September 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                  | \$ 63,975 | The credit periods average 90 days to 100 days. | 0.93   |
| 0   | The Company  | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)  | Parent company to subsidiary  | Accounts receivable    | 18,174    | The credit periods average 90 days to 100 days. | 0.16   |
| 0   | The Company  | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)  | Parent company to subsidiary  | Other receivables      | 12,116    | 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               | 61,346    | The credit periods average 60 days to 90 days.  | 0.89   |
| 0   | The Company  | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)  | Parent company to subsidiary  | Accounts payable       | 24,105    | The credit periods average 60 days to 90 days.  | 0.21   |
| 0   | The Company  | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)  | Parent company to subsidiary  | Sales                  | 55,959    | The credit periods average 90 days to 100 days. | 0.81   |
| 0   | The Company  | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia) | Parent company to subsidiary  | Sales                  | 39,692    | The credit periods average 90 days to 100 days. | 0.58   |
| 0   | The Company  | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia) | Parent company to subsidiary  | Accounts receivable    | 16,303    | 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      | 16,501    | The credit periods average 90 days to 100 days. | 0.15   |
| 0   | The Company  | Continental Coatings, Inc.                         | Parent company to subsidiary  | Sales                  | 260,867   | The credit periods average 90 days to 100 days. | 3.80   |
| 0   | The Company  | Continental Coatings, Inc.                         | Parent company to subsidiary  | Accounts receivable    | 110,404   | The credit periods average 90 days to 100 days. | 0.97   |

|   |   |   |                          |       |        |   |      |
|---|---|---|--------------------------|-------|--------|---|------|
| 1 | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing) | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan) | Subsidiary to subsidiary | Sales | 87,616 | The credit periods average payment at sight to 30 days. | 1.28 |
| 2 | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan) | YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing) | Subsidiary to subsidiary | Sales | 58,424 | The credit periods average 90 days to 100 days.         | 0.85 |

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

Information on investees

January 1 through September 30, 2024

Appendix Table 7

| 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<br>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             | \$ 2,731,422 | \$ 13,175   | \$ 12,394  | Subsidiary (Note) |
| The Company  | Cmass Investment Co., Ltd                          | Samoa                  | Professional investment company  | 755,921                    | 755,921                                    | 23,800,000             | 100            | 875,404      | 41,844  | 41,844   | Subsidiary (Note) |
| The Company  | Emass Investment International Co., Ltd            | Samoa                  | Professional investment company  | 858,390                    | 858,390                                    | 22,020,000             | 100            | 639,798      | 22,356  | 22,356   | Subsidiary (Note) |
| The Company  | PPG Yung Chi Coatings Co., Ltd                     | Vietnam                | Paint and pigments manufacture   | 30,797                     | 30,797                                     | -                      | 35             | 28,111       | 4,522   | 1,583  | Associate         |
| Cmass Investment Co., Ltd                          | Dmass Investment International Co., Ltd            | Samoa                  | Professional investment company  | 755,921                    | 755,921                                    | 23,800,000             | 100            | 876,722      | 41,841  | 41,841   | Subsidiary (Note) |
| Emass Investment International Co., Ltd            | Yung Chi America Corp                              | USA                    | Professional investment company  | 858,390                    | 858,390                                    | 2,202,000              | 100            | 655,935      | 22,356  | 22,356   | Subsidiary (Note) |
| Yung Chi America Corp                              | Continental Coatings, Inc.                         | USA                    | Sale and processing of paints  | 507,554                    | 507,554                                    | 10,736,000             | 100            | 343,332      | 25,980  | 25,980   | 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              | 172,303      | 13,175  | 781  | 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            | 489,033      | 39,431  | 39,431   | 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            | 197,677      | 771   | 771  | 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             | 7,889        | ( 1,216 )   | ( 596 )  | 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 September 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   | \$ 104,947   | 100.00  | \$ 104,947   | \$ 1,637,644                                   | \$ 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  | ( 91,875 )   | 100.00  | ( 91,875 )   | 1,264,101                                      | -  | 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  | \$ 1,169,200   | \$ 5,994,684  |

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 September 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:  $\text{Net worth} \$9,991,140 \times 60\% = \$5,994,684$

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Information on Major Shareholders

September 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 | 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%                   |