

Taiwan Mask Corporation and Subsidiaries
Consolidated Financial Statements and Independent Auditor's
Review Report
Q2 2024 and 2023
(Stock Code: 2338)

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Taiwan Mask Corporation and Subsidiaries
Q2 2024 and 2023 Consolidated Financial Statements and Independent Auditor's
Review Report
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Independent Auditors' Review Report

(113) Tsai-Sheng-Bao-Zi No. 24001009

To Taiwan Mask Corporation,

Introduction

We have audited the accompanying consolidated balance sheets for the periods starting January 1 and ending June 30, 2024 and 2023, the consolidated statements of comprehensive income for the periods starting April 1 and ending June 30, 2024 and 2023 and starting January 1 and ending June 30, 2024 and 2023 and the consolidated statement of changes in equity and cash flows for the period starting January 1 and ending June 30, 2024 and 2023, as well as the notes to the consolidated financial statements (including the summary of significant accounting policies), for Taiwan Mask Corporation and subsidiaries (collectively referred to as the Group). The Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS No. 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope

Except as explained in the following paragraph, we conducted our reviews in accordance with Standards on Review Engagements No. 2410, “Review of Financial Statements” in the Republic of China. The procedures performed when reviewing the consolidated financial statements include inquiries (mainly inquiring personnel responsible for financial and accounting tasks), analytical procedures and other review procedures. The scope of review is obviously smaller than that of audit. Therefore, the accountant may not be able to detect all the significant matters that can be identified through audit, so it is impossible to express an audit opinion.

Basis for qualified opinion

As stated in Note 4 (3) of the consolidated financial statements, the financial statements of the same period of some insignificant subsidiaries included in the abovementioned consolidated financial statements have not been reviewed by the CPA and the total amount of their assets as of June 30, 2024 and 2023 was NT\$3,149,265 thousand and NT\$2,706,511 thousand, accounting for 14.17% and 13.03% of the total consolidated assets, respectively; the total amount of their liabilities was NT\$2,414,348 thousand and NT\$1,806,911 thousand, accounting for 14.05% and 11.24% of the total consolidated liabilities, respectively; the total amount of comprehensive income from April 1 to June 30, 2024 and 2023 was NT\$ (244,647) thousand and NT\$(174,686) thousand and that from January 1 to June 30, 2024 and 2023 was NT\$(452,603) thousand and NT\$(351,208) thousand, accounting for 77.56%, (630.66%), (156.90%), and (208.14%) the total consolidated comprehensive income, respectively. As stated in Notes 6 (6) to the Consolidated Financial Statements, part of the investment using the equity method is prepared based on the financial statements from each company for the same period not reviewed by an CPA. The balance of investments using the equity method as of June 30, 2024 and 2023 was NT\$80,584 thousand and NT\$85,074 thousand, accounting for 0.36% and 0.41% of the total consolidated assets, respectively; the share of losses of affiliates recognized using the equity method from April 1 to June 30, 2024 and 2023 was NT\$(7,524) thousand and NT\$(26,528) thousand and that from January 1 to June 30, 2024 and 2023 was NT\$(16,992) thousand and NT\$(39,491) thousand, accounting for 2.39%, (95.77%), (5.89%), and (23.40%) of the consolidated comprehensive income, respectively.

Qualified opinion

According to our results of the review, except for the part described by the basis for qualified opinion that the financial statement of insignificant subsidiaries and the investments using the equity method may affect adjustments to the consolidated financial statements upon the CPA's review, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, the results of the consolidated financial operations from April 1 to June 30, 2024 and 2023 and that from January 1 to June 30, 2024 and 2023 and the consolidated cash flows from January 1 to June 30, 2024 and 2023 in conformity with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and IAS 34: interim financial reporting endorsed and issued into effect by the Financial Supervisory Commission of the Executive Yuan.

PricewaterhouseCoopers Taiwan

Ya-Hui Cheng

CPA

Chien-Yu Liu

Securities and Futures Bureau of Financial Supervisory
Commission of the Executive Yuan
Approval Document for Attestation: Jin-Guan-Zheng-Liu-Zi
No. 0960072936
Financial Supervisory Commission of the Executive Yuan
Approval Document for Attestation: Jin-Guan-Zheng-Shen-
Zi No. 1090350620
August 7, 2024

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2024 and December 31 and June 30, 2023

Unit: NT\$ Thousand

Assets	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and Cash Equivalents	6(1)	\$ 1,353,779	6	\$ 1,364,106	6	\$ 1,987,268	10
1110	Financial Assets at Fair Value Through Profit or Loss - Current	6(2) and 8	1,691,642	8	1,626,536	8	1,562,695	8
1136	Financial Assets at Amortized Cost - Current	6(3) and 8	335,145	1	259,885	1	295,522	1
1140	Contract Asset - Current	6(22)	83,089	-	105,263	1	98,956	-
1150	Notes Receivables (Net)	6(4)	4,134	-	6,049	-	96	-
1170	Accounts Receivables (Net)	6(4)	1,568,647	7	1,478,806	7	1,142,110	6
1180	Accounts Receivables - Related Parties (Net)	6(4) and 7	1,432	-	26	-	989	-
1200	Other Receivables		21,851	-	29,003	-	121,106	1
1210	Other Receivables - Related Parties	7	1,227	-	407	-	-	-
1220	Tax Assets for the Period		332	-	1,830	-	102	-
130X	Inventories	6(5)	806,140	4	701,823	3	589,806	3
1410	Prepayments		367,985	2	326,387	2	511,853	2
1470	Other Current Assets		15,179	-	10,774	-	41,620	-
11XX	Total Current Assets		<u>6,250,582</u>	<u>28</u>	<u>5,910,895</u>	<u>28</u>	<u>6,352,123</u>	<u>31</u>
Non-Current Assets								
1510	Financial Asset at Fair Value Through Profit or Loss - Non Current	6(2) and 8	3,142,088	14	2,896,178	14	2,952,388	14
1535	Financial Assets at Amortized Cost - Non Current	6(3) and 8	581,157	3	660,157	3	462,945	2
1550	Investment under Equity Method	6(6)	481,656	2	67,506	-	85,074	-
1600	Property, plant and equipment	6(7) and 8	9,695,789	44	9,492,391	45	8,362,268	40
1755	Right-of-use Asset	6(8)	544,670	2	554,630	3	561,613	3
1760	Investment property (Net)	6(10) and 8	168,804	1	170,500	1	172,195	1
1780	Intangible assets	6(11) and 8	659,248	3	731,735	4	750,407	4
1840	Deferred Income Tax Assets		59,412	-	22,337	-	22,456	-
1900	Other Non-Current Assets	6(12)	637,162	3	514,639	2	1,057,254	5
15XX	Total Non-Current Assets		<u>15,969,986</u>	<u>72</u>	<u>15,110,073</u>	<u>72</u>	<u>14,426,600</u>	<u>69</u>
1XXX	Total Assets		<u>\$ 22,220,568</u>	<u>100</u>	<u>\$ 21,020,968</u>	<u>100</u>	<u>\$ 20,778,723</u>	<u>100</u>

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2024 and December 31 and June 30, 2023

Unit: NT\$ Thousand

Liabilities and Equities	Notes	June 30, 2024		December 31, 2023		June 30, 2023		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short Term Loans	6(13)	\$ 6,369,158	29	\$ 5,429,370	26	\$ 5,350,087	26
2120	Financial Liabilities at Fair Value Through Profit or Loss - Current	6(2)	5,864	-	9,383	-	4,692	-
2130	Contract Liabilities - Current	6(22)	129,031	1	174,538	1	189,749	1
2150	Notes Payable		9,797	-	66	-	72	-
2170	Accounts Payable		463,021	2	463,892	2	428,197	2
2200	Other Payables	6(14)	1,646,720	7	1,205,153	6	2,201,865	11
2220	Other Payables - Related Parties	7	402	-	304	-	-	-
2230	Income Tax Liabilities for the Period		50,782	-	15,379	-	86,071	-
2250	Provision for Liabilities - Current		3,260	-	4,513	-	-	-
2280	Lease Liability - Current		38,366	-	47,439	-	39,426	-
2320	Long-term liabilities due within one year or one business cycle	6(16)	1,186,904	5	1,216,216	6	783,443	4
2399	Other Current Liabilities - Other		184,068	1	57,651	-	93,254	-
21XX	Total Current Liabilities		<u>10,087,373</u>	<u>45</u>	<u>8,623,904</u>	<u>41</u>	<u>9,176,856</u>	<u>44</u>
Non-current liabilities								
2530	Corporate bonds payable	6(15)	3,134,579	14	3,424,600	16	2,618,080	13
2540	Long-term Loans	6(16)	3,238,213	15	3,126,340	15	3,503,965	17
2570	Deferred Income Tax.		163,953	1	163,536	1	169,096	1
2580	Lease liability - Non Current		519,218	2	519,754	3	532,905	2
2640	Defined Benefit Liabilities - Non Current		9,532	-	10,648	-	11,370	-
2645	Guarantee Deposits Received		35,278	-	42,282	-	51,905	-
2670	Other Non-Current Liabilities - Other		-	-	-	-	13,234	-
25XX	Total Non-Current Liabilities		<u>7,100,773</u>	<u>32</u>	<u>7,287,160</u>	<u>35</u>	<u>6,900,555</u>	<u>33</u>
2XXX	Total Liabilities		<u>17,188,146</u>	<u>77</u>	<u>15,911,064</u>	<u>76</u>	<u>16,077,411</u>	<u>77</u>
Equity attributable to shareholders of the parent company								
Capital								
3110	Capital stock	6(18)	2,564,465	11	2,564,465	12	2,564,465	12
	Capital surplus	6(19)						
3200	Capital surplus		1,440,745	7	1,439,959	7	1,201,821	6
	Retained earnings	6(20)						
3310	Legal reserve		863,958	4	827,460	4	827,460	4
3350	Unappropriated earnings		1,483,486	7	1,464,101	7	1,407,514	7
	Other equity interests	6(21)						
3400	Other equity interests		15,807	-	1,641	-	(2,815)	-
3500	Treasury stock	6(18) and 8	(1,167,369)	(5)	(1,174,484)	(6)	(1,181,599)	(6)
31XX	Total Equities Attributable to Parent Company		<u>5,201,092</u>	<u>24</u>	<u>5,123,142</u>	<u>24</u>	<u>4,816,846</u>	<u>23</u>
36XX	Non-controlling Interests		<u>(168,670)</u>	<u>(1)</u>	<u>(13,238)</u>	<u>-</u>	<u>(115,534)</u>	<u>-</u>
3XXX	Total Equities		<u>5,032,422</u>	<u>23</u>	<u>5,109,904</u>	<u>24</u>	<u>4,701,312</u>	<u>23</u>
	Major Commitments and Contingencies	9						
	Major Events after Financial Statement Date	11						
3X2X	Total Liabilities and Equities		<u>\$ 22,220,568</u>	<u>100</u>	<u>\$ 21,020,968</u>	<u>100</u>	<u>\$ 20,778,723</u>	<u>100</u>

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

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Yu-Ming Fang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to June 30, 2024 and 2023

Unit: NT\$ Thousand
Earning (Loss) per Share in NTD

Items	Notes	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	%
4000	Operating income	6(22) and 7							
				\$ 1,997,876	100	\$ 1,799,891	100	\$ 3,847,924	100
5000	Operating costs	6(5) and 7		(1,617,492)	(81)	(1,327,711)	(74)	(3,137,338)	(81)
5900	Gross profit			<u>380,384</u>	<u>19</u>	<u>472,180</u>	<u>26</u>	<u>710,586</u>	<u>19</u>
	Operating Expenses	6(27) (28) and 7							
6100	Selling Expenses			(82,659)	(4)	(70,198)	(4)	(159,355)	(4)
6200	Administrative Expenses			(28,913)	(2)	(129,929)	(7)	(181,523)	(5)
6300	R&D Expenses			(95,689)	(5)	(97,207)	(5)	(199,277)	(5)
6450	Expected loss on credit impairment	12(2)		(26,781)	(1)	(11,091)	(1)	(39,700)	(1)
6000	Total Operating Expenses			<u>(234,042)</u>	<u>(12)</u>	<u>(308,425)</u>	<u>(17)</u>	<u>(579,855)</u>	<u>(15)</u>
6900	Operating profit			<u>146,342</u>	<u>7</u>	<u>163,755</u>	<u>9</u>	<u>130,731</u>	<u>4</u>
	Non-operating income and expenses								
7100	Interest income	6(23)		8,800	1	10,967	1	16,362	-
7010	Other Incomes	6(24) and 7		6,178	-	109,759	6	13,752	-
7020	Other Gains and Losses	6(25)		(384,766)	(19)	(57,200)	(3)	335,880	9
7050	Financial Costs	6(26)		(94,305)	(5)	(72,786)	(4)	(173,510)	(4)
7060	The share of affiliates and joint venture profits and losses recognized by the equity method	6(6)		(15,272)	(1)	(26,528)	(2)	(25,872)	(1)
7000	Total Non-Operating Incomes and Losses			<u>(479,365)</u>	<u>(24)</u>	<u>(35,788)</u>	<u>(2)</u>	<u>166,612</u>	<u>4</u>
7900	Net profit (loss) before tax			<u>(333,023)</u>	<u>(17)</u>	<u>127,967</u>	<u>7</u>	<u>297,343</u>	<u>8</u>
7950	Income tax expense (or benefit)	6(29)		13,406	1	(84,783)	(4)	(23,047)	(1)
8200	Net profit (loss) for the period			<u>(\$ 319,617)</u>	<u>(16)</u>	<u>\$ 43,184</u>	<u>3</u>	<u>\$ 274,296</u>	<u>7</u>
	Other Comprehensive Incomes (Net)								
	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Financial statement translation differences of foreign operations	6(21)		\$ 4,186	-	(\$ 15,485)	(1)	\$ 14,166	1
8360	Total Components of other comprehensive income that will be reclassified to profit or loss			<u>4,186</u>	<u>-</u>	<u>(15,485)</u>	<u>(1)</u>	<u>14,166</u>	<u>1</u>
8300	Other Comprehensive Incomes (Net)			<u>4,186</u>	<u>-</u>	<u>(\$ 15,485)</u>	<u>(1)</u>	<u>\$ 14,166</u>	<u>1</u>
8500	Total comprehensive income for the year			<u>(\$ 315,431)</u>	<u>(16)</u>	<u>\$ 27,699</u>	<u>2</u>	<u>\$ 288,462</u>	<u>8</u>
	Net Incomes (Losses) Attributable to:								
8610	Parent Company			(\$ 244,849)	(12)	\$ 100,343	6	\$ 429,360	11
8620	Non-controlling Interests			(74,768)	(4)	(57,159)	(3)	(155,064)	(4)
	Total			<u>(\$ 319,617)</u>	<u>(16)</u>	<u>\$ 43,184</u>	<u>3</u>	<u>\$ 274,296</u>	<u>7</u>
	Total Comprehensive Incomes (Losses) Attributable to:								
8710	Parent Company			(\$ 240,663)	(12)	\$ 84,858	5	\$ 443,526	12
8720	Non-controlling Interests			(74,768)	(4)	(57,159)	(3)	(155,064)	(4)
	Total			<u>(\$ 315,431)</u>	<u>(16)</u>	<u>\$ 27,699</u>	<u>2</u>	<u>\$ 288,462</u>	<u>8</u>
	Basic earnings per share (loss)	6(30)							
9750	Net profit (loss) for the period			<u>(\$ 1.15)</u>		<u>\$ 0.49</u>		<u>\$ 2.01</u>	<u>\$ 1.50</u>
	Diluted earnings per share (loss)	6(30)							
9850	Net profit (loss) for the period			<u>(\$ 1.15)</u>		<u>\$ 0.46</u>		<u>\$ 1.86</u>	<u>\$ 1.39</u>

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

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Yu-Ming Fang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to June 30, 2024 and 2023

Unit: NT\$ Thousand

	Notes	Equity attributable to shareholders of the parent company							Total	Non-controlling Interests	Total Equity
		Capital stock	Capital surplus	Legal reserve	Unappropriated earnings	Other equity interests	Financial statement translation differences of foreign operations	Unrealized gain (loss) on investments on financial assets at fair value through other comprehensive income				Treasury stock
<u>January 1 to June 30, 2023</u>											
Balance as at January 1, 2023		\$ 2,564,465	\$ 1,251,681	\$ 769,952	\$ 1,729,293	\$ 13,174	(\$ 2,666)	(\$ 1,778,979)	\$ 4,546,920	(\$ 112,713)	\$ 4,434,207
Net profit for the period		-	-	-	308,394	-	-	-	308,394	(126,332)	182,062
Other Comprehensive Profit or Loss	6(21)	-	-	-	-	(13,323)	-	-	(13,323)	-	(13,323)
Total comprehensive income for the year		-	-	-	308,394	(13,323)	-	-	295,071	(126,332)	168,739
Distribution and appropriation of earnings for 2022	6(20)										
Legal capital reserve		-	-	57,508	(57,508)	-	-	-	-	-	-
Cash dividends		-	-	-	(572,665)	-	-	-	(572,665)	-	(572,665)
Distribution of cash from capital surplus	6 (19)(20)	-	(49,797)	-	-	-	-	-	(49,797)	-	(49,797)
Changes in shares of affiliates and joint ventures recognized under the equity method	6(19)	-	8	-	-	-	-	-	8	-	8
Subsidiaries donated treasury stock	6(18)	-	-	-	-	-	-	5,692	5,692	-	5,692
Treasury stocks transfer to employees	6(18)	-	-	-	-	-	-	591,688	591,688	-	591,688
Payment of overdue unclaimed dividends to shareholders	6(19)	-	(71)	-	-	-	-	-	(71)	-	(71)
Increase in non-controlling interests in mergers		-	-	-	-	-	-	-	-	123,511	123,511
Balance as at June 30, 2023		\$ 2,564,465	\$ 1,201,821	\$ 827,460	\$ 1,407,514	(\$ 149)	(\$ 2,666)	(\$ 1,181,599)	\$ 4,816,846	(\$ 115,534)	\$ 4,701,312
<u>January 1 to June 30, 2024</u>											
Balance as of January 1, 2024		\$ 2,564,465	\$ 1,439,959	\$ 827,460	\$ 1,464,101	\$ 4,307	(\$ 2,666)	(\$ 1,174,484)	\$ 5,123,142	(\$ 13,238)	\$ 5,109,904
Net profit for the period		-	-	-	429,360	-	-	-	429,360	(155,064)	274,296
Other Comprehensive Profit or Loss	6(21)	-	-	-	-	14,166	-	-	14,166	-	14,166
Total comprehensive income for the year		-	-	-	429,360	14,166	-	-	443,526	(155,064)	288,462
Distribution and appropriation of earnings for 2023	6(20)										
Legal capital reserve		-	-	36,498	(36,498)	-	-	-	-	-	-
Cash dividends		-	-	-	(373,477)	-	-	-	(373,477)	-	(373,477)
Changes in ownership interests in subsidiaries recognized	6(19)	-	786	-	-	-	-	-	786	(368)	418
Subsidiaries donated treasury stock	6(18)	-	-	-	-	-	-	7,115	7,115	-	7,115
Balance as of June 30, 2024		\$ 2,564,465	\$ 1,440,745	\$ 863,958	\$ 1,483,486	\$ 18,473	(\$ 2,666)	(\$ 1,167,369)	\$ 5,201,092	(\$ 168,670)	\$ 5,032,422

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

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Yu-Ming Fang

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to June 30, 2024 and 2023

Unit: NT\$ Thousand

	Notes	January 1 to June 30, 2024	January 1 to June 30, 2023
Cash Flow from Operating Activities			
Net Income (Loss) Before Tax		\$ 297,343	\$ 347,353
Adjustments to Reconcile Net Income to Net Cash Flow from Operating Activities			
Revenues and Expenses			
Depreciation	6(27)	623,609	409,380
Amortization	6(27)	48,675	25,178
Expected loss on credit impairment	12(2)	39,700	7,576
Interest income	6(23)	(16,362)	(20,733)
Interest Expenses	6(26)	173,510	130,128
Subsidiaries donated treasury stock	7	7,115	5,692
Dividend income	6(24)	-	(94,064)
Loss (gain) on financial assets at fair value through profit or loss	6(25)	(294,468)	93,855
Gain (loss) on disposal of investments	6(25)	(45)	(101,102)
Share of losses of affiliated companies recognized under the equity method	6(6)	25,872	39,491
Disposal of interests in property, plant and equipment	6(25)	(13,950)	(401)
Gain on lease modifications	6(25)	(1,459)	-
Goodwill impairment loss	6(25)	27,390	-
The Changes of Assets/ Liabilities related to Operating Activities			
Net Changes of Assets related to Operating Activities			
Mandatory financial assets at fair value through profit or loss		(20,022)	(27,686)
Contract Assets		22,174	41,275
Notes Receivables		1,915	1,349
Accounts Receivables		(129,541)	367,534
Accounts Receivables – Related Parties		(1,406)	1,357
Other Receivables		7,152	(13,291)
Other Receivables – Related Parties		(820)	-
Inventories		(104,317)	(138,750)
Prepayments		(40,781)	(225,968)
Other Current Assets		(4,405)	31,553
Other Non-Current Assets		(114)	29,269
Net Changes of Liabilities related to Operating Activities			
Contract Liabilities		(45,507)	(52,515)
Notes Payable		9,731	(79,729)
Accounts Payable		(871)	(7,869)
Accounts payable - Related party		-	(284)
Other Payables		63,310	137,016
Other Payables- related Parties		98	-
Provisions		(1,253)	-
Other Current Liabilities		14,459	53,572
Defined Benefit Liabilities		(1,116)	(3,211)
Other Non-Current Liabilities		-	4,075
Net Cash In-Flow from Operating		685,616	960,050
Interest Received		16,362	20,733
Interest Paid		(149,902)	(121,092)
Income Tax Paid		(22,804)	(238,185)
Net Cash In-Flow (Out-Flow) from Operating Activities		529,272	621,506

(continued on next page)

Taiwan Mask Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to June 30, 2024 and 2023

Unit: NT\$ Thousand

	Notes	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Cash Flow from Investment Activities</u>			
Acquisition of Amortized Cost Financial Assets		(\$ 122,719)	(\$ 170,348)
Disposal of Amortized Cost Financial Assets		132,899	79,948
Acquisition of investment property by the Equity Method	6(6)	(440,400)	-
Cash outflows from changes in consolidated entities	6(31)	-	(78,027)
Acquisition of Property, Plants and Equipment	6 (32)	(943,157)	(1,852,402)
Disposal of Property, Plants and Equipment		36,859	401
Acquisition of Intangible Assets	6(11)	(3,578)	(26,786)
Increase in refundable deposit		(969)	(21,286)
Net Cash Outflow from Investing Activities		(1,341,065)	(2,068,500)
<u>Cash Flows from Financing Activities</u>			
Increase of Short Term Loan	6 (33)	9,761,032	3,677,078
Redemption of Short Term Loan	6 (33)	(8,821,244)	(3,050,670)
Increase of Long Term Loan	6 (33)	644,579	1,140,071
Redemption of Long Term Loan	6 (33)	(571,752)	(663,250)
Repayment of corporate bonds	6 (33)	(299,417)	-
Treasury stocks transfer to employees		-	591,688
Redemption of Lease Principal	6 (33)	(25,207)	(12,422)
Increase (decrease) of refundable deposits	6 (33)	(7,004)	17,151
Cash increase of non-controlling equity in Subsidiaries		111,958	-
Payment of overdue unclaimed dividends		-	(71)
Net Cash In-Flow (Out-Flow) from Funding Activities		792,945	1,699,575
Adjustments of Exchange Rate		8,521	(15,270)
Net increase (decrease) in cash and cash equivalents		(10,327)	237,311
Beginning Balance of Cash and Cash Equivalents		1,364,106	1,749,957
Ending Balance of Cash and Cash Equivalents	6(1)	\$ 1,353,779	\$ 1,987,268

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

Chairman: Sean Chen

Managerial Officer: Lidon Chen

Accounting Supervisor: Yu-Ming Fang

Taiwan Mask Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
Q2 2024 and 2023

Unit: NT\$ Thousand
(Unless otherwise specified)

I. Company History

Taiwan Mask Corporation (hereinafter referred to as the “Company”) was established on October 21, 1988, and started its operations in March 1989. The Company was approved by the shareholders meeting on June 12, 2000 to acquire Shin-Tai Technology Co., Ltd., on the merger record date of December 1, 2000, with the Company being the surviving entity. The Company and its subsidiary (collectively referred to as the “Group”) mainly engage in the research, development, manufacturing and sales of photomask and integrated circuits, providing technical assistance, consultation, inspection and repair of the abovementioned products, and manufacturing and buying and selling of medical equipment.

II. Date and procedures for passing the financial statement

The consolidated financial statements were reported to the Board of Directors and issued on August 7, 2024.

III. Application of New and Revised International Financial Reporting Standards

(I) The impact from adopting the newly released and revised IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS recognized and issued into effect by the Financial Supervisory Commission in 2024:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 - “Liabilities of Lease from the Leaseback”	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2025:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS No. 21 “Lack of Exchangeability”	January 1, 2025

The Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

(III) IFRS and IAS issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the IFRS and IAS issued by the IASB but not yet recognized by the FSC:

<u>Newly released/corrected/amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 9 and IAS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the IASB
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 - Insurance contracts	January 1, 2023
Amendments to IFRS 17 “First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS No. 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS - Volume 11	January 1, 2026

Other than the follows, the Group believes that the adoption of aforementioned IFRSs will not have a significant effect on the financial position and performance.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1 and updates the structure of statement of comprehensive income, adds the disclosure of measurement for management performance, while strengthening the aggregation and segmentation principles to be adopted for the main financial statements and notes thereto.

IV. Summary of Significant Accounting Policies

Significant accounting policies are the same as those in Note 4 of the 2023 consolidated financial statements, except for the compliance statements, basis of preparation, basis of consolidation, and applicable parts of interim financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

1. The consolidated financial statements of the Group have been prepared in accordance with

the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the IAS No. 34, “Interim Financial Reporting” as endorsed by the FSC.

2. The consolidated financial statement should be read in conjunction with the 2023 consolidated financial statement.

(II) Basis of Preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention.
 - (1) Financial assets and financial liabilities at fair value through profit or loss (including derivatives).
 - (2) Financial Assets at Fair Value Through Other Comprehensive Income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. The basis for preparation of consolidated financial statements

The principles for preparing the consolidated financial statement are the same as those of the 2023 consolidated financial statement.

2. Subsidiaries included in the consolidated financial statements:

<u>Name of Investor Name</u>	<u>Subsidiary Name</u>	<u>Main Business Activity</u>	<u>Ownership (%)</u>			<u>Explanation</u>
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	
Taiwan Mask Corporation	SunnyLake Park International Holding, Inc.	Name of Investor	100	100	100	Note 7
Taiwan Mask Corporation	Youe Chung Capital Corporation	Name of Investor	100	100	100	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Taiwan Mask Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	75.32	75.32	91.53	Note 7

<u>Name of Investor Name</u>	<u>Subsidiary Name</u>	<u>Main Business Activity</u>	<u>Ownership (%)</u>			<u>Explanation</u>
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	
Taiwan Mask Corporation	One Test Systems	Research, development and design of test equipment and related components	100	100	-	Note 3, Note 7
Taiwan Mask Corporation	Pilot Qiangxiang Co., Ltd.	Electronic parts and components and energy technical services	20.00	20.00	-	Note 1, Note 6, Note 7
Youe Chung Capital Corporation	Innova Vision INC.	Manufacturing, retail, wholesale and international trade of medical equipment	0.19	0.19	0.23	Note 7
Youe Chung Capital Corporation	Aptos Technology INC.	Design, packaging and testing of NAND flash memory, solid state drives and the related products	47.19	47.19	47.19	Note 4, Note 7
Youe Chung Capital Corporation	Xsense Technology Corporation	Name of Investor	100	100	100	Note 7
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Precious metal coating	53.00	53.00	53.00	Note 7
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	3D Printing and Plastic Mold Design	57.39	57.39	57.39	Note 7
Youe Chung Capital Corporation	Pilot Qiangxiang Co., Ltd.	Electronic parts and components and energy technical services	38.89	38.89	58.33	Note 1, Note 6, Note 7
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Retail and wholesale of memory products	53.33	53.33	53.33	Note 2, Note 7
Aptos Technology INC.	ADL Energy Corp	Electronic parts and components and energy technical services	-	-	100	Note 5, Note 7
Aptos Technology INC.	New Sunrise Limited	Name of Investor	100	100	100	Note 7
Pilot Qiangxiang Co., Ltd.	ADL Energy Corp	Electronic parts and components and energy technical services	100	100	-	Note 5, Note 7
ADL Energy Corp	Aptos Global Holding Corp.	Name of Investor	100	100	100	Note 7
Miracle Technology CO., LTD.	Jing Hao Investment Co., Ltd.	Name of Investor	100	100	100	
Miracle Technology CO., LTD.	Miracle International Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision	100	100	100	

<u>Name of Investor Name</u>	<u>Subsidiary Name</u>	<u>Main Business Activity</u>	<u>Ownership (%)</u>			<u>Explanation</u>
			<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	
Jing Hao Investment Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	equipment distribution and power component design Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Jing Hao Investment Co., Ltd.	MIKO Technology Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	100	100	100	
Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	79.17	79.17	79.17	
Miracle International Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	20.83	20.83	20.83	
Innova Vision INC.	Innova Technology	Medical equipment retail and wholesale	100	100	100	Note 7
Innova Vision INC.	Innova Vision (B.V.I.) Inc.	Name of Investor	100	100	100	Note 7
Innova Vision INC.	iPro Vision Inc.	Medical equipment retail and wholesale	52.03	52.03	52.03	Note 7
Innova Vision (B.V.I) Inc.	iPro Vision Inc.	Medical equipment retail and wholesale	47.97	47.97	47.97	Note 7

Note 1: In March 2023, the Company's subsidiary, Youe Chung Capital Corporation, invested in Pilot Battery Co., Ltd. with 58.33% shareholding. Pilot Battery Co., Ltd. organized capital increase in cash by issuing new shares in November 2023. Youe Chung Capital Corporation did not execute based on shares proportion. Instead, the Company participated in the cash capital increase. As of June 2024, the Company and the Company's subsidiary, Youe Chung Capital Corporation, respectively held shares of ratio was 20% and 38.89%.

Note 2: In March 2023, the Company's subsidiary, Youe Chung Capital Corporation, invested in Moment Semiconductor, Inc. with 53.33% shareholding.

Note 3: The Company's subsidiary, Aptos Technology INC. invested in One Test Systems in May 2023 with a 100 % shareholding. In August 2023, the Group was reorganized

and One Test Systems was directly owned by the Company, with its shareholding remaining at 100%.

Note 4: The Company's subsidiary, Youe Chung Capital Corporation, which holds a majority of the Board of Directors of the company, has substantial control over the company and therefore included the company in the consolidated financial statements as a consolidated entity.

Note 5: Aptos Technology Inc., a subsidiary of the Company, held 100% equity of ADL Energy Corp. The Group's organization was restructured in December 2023 and the Company's subsidiary, Pilot Battery Co., Ltd., directly owned ADL Energy Corp. with a shareholding ratio of 100%.

Note 6: Pilot Battery Co., Ltd. was renamed as Pilot Qiangxiang Co., Ltd. in April 2024.

Note 7: The financial statements of June 30, 2024 and 2023 have not been reviewed by CPAs as they did not meet the definition of a material subsidiary.

3. Subsidiaries not included in the consolidated financial statement: None.

4. Adjustments for subsidiaries with different balance sheet dates: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Corporate Group:

As of June 30, 2024, December 31, 2023 and June 30, 2023, the non-controlling interest amounted to (NT\$168,670), (NT\$13,238), and (NT\$115,534), respectively. The following information shows subsidiaries that have non-controlling interests that are material to the Group:

<u>Non-controlling Interests</u>						
		<u>June 30, 2024</u>		<u>December 31, 2023</u>		
<u>Name of Subsidiary</u>	<u>Main location of business</u>	<u>Amount</u>	<u>Ownership in %</u>	<u>Amount</u>	<u>Ownership in %</u>	<u>Explanation</u>
Aptos Technology and its subsidiaries	Taiwan	(\$ 313,375)	52.81%	(\$ 248,253)	52.81%	
				<u>June 30, 2023</u>		
<u>Name of Subsidiary</u>	<u>Main location of business</u>			<u>Amount</u>	<u>Ownership in %</u>	<u>Explanation</u>
Aptos Technology and its subsidiaries	Taiwan			(\$ 194,793)	52.81%	

Aggregate financial information of subsidiaries:

Balance Sheet

	<u>Aptos Technology and its subsidiaries</u>		
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current assets	\$ 186,876	\$ 248,931	\$ 442,792
Non-Current Assets	401,831	501,076	663,470
Current liabilities	(882,764)	(857,464)	(1,078,997)
Non-current liabilities	(299,325)	(362,617)	(396,111)
Total net assets	<u>(\$ 593,382)</u>	<u>(\$ 470,074)</u>	<u>(\$ 368,846)</u>

Statement of Comprehensive Income

	<u>Aptos Technology and its subsidiaries</u>	
	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Revenue	\$ 135,725	\$ 90,573
Net loss before taxes	(69,205)	(83,779)
Income tax benefits	-	30
Net loss of current period from continuing operations	(69,205)	(83,749)
Net loss	(69,205)	(83,749)
Other comprehensive income (net after tax)	-	-
Total comprehensive income for the year	<u>(\$ 69,205)</u>	<u>(\$ 83,749)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

	<u>Aptos Technology and its subsidiaries</u>	
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Revenue	\$ 189,615	\$ 174,816
Net loss before taxes	(123,308)	(178,404)
Income tax benefit (expense)	-	15
Net loss of current period from continuing operations	(123,308)	(178,389)
Net loss	(123,308)	(178,389)
Other comprehensive income (net after tax)	-	-
Total comprehensive income for the year	<u>(\$ 123,308)</u>	<u>(\$ 178,389)</u>

Statements of Cash Flows

	<u>Aptos Technology and its subsidiaries</u>	
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Net cash outflow from operating activities	(\$ 67,304)	(\$ 49,890)
Cash In-Flow (Out-Flow) from Investing Activities	2,821	(38,882)
Net Cash In-Flow (Out-Flow) from Funding Activities	<u>11,491</u>	<u>155,602</u>
Net increase (decrease) in cash and cash equivalents	(52,992)	66,830
Beginning Balance of Cash and Cash Equivalents	<u>57,865</u>	<u>18,461</u>
Ending Balance of Cash and Cash Equivalents	<u>\$ 4,873</u>	<u>\$ 85,291</u>

(IV) Employee benefits

Pensions

Defined benefit plans

The calculation of pension cost during the interim period adopts the pension cost rate determined by actuarial calculations at the end of the previous financial year, and is based on the beginning of the year to the end of the current period. If there are major market changes and major reductions, liquidation or other major one-off events after the end date, adjustments shall be made and relevant information shall be disclosed in accordance with the abovementioned policies.

(V) Income tax

Income tax expenses of the interim period are calculated based on the estimated annual average effective tax rate applied to the pre-tax profit and loss of the interim period, and the relevant information shall be disclosed in accordance with the aforementioned policies.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

There are no major changes, please refer to Note 5 of 2023 consolidated financial statements.

VI. Summary of Significant Accounting Items

(I) Cash and Cash Equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 731	\$ 629	\$ 673
Checking accounts and demand deposits	1,316,743	1,332,772	1,572,371
Time deposits	<u>36,305</u>	<u>30,705</u>	<u>414,224</u>
Total	<u>\$ 1,353,779</u>	<u>\$ 1,364,106</u>	<u>\$ 1,987,268</u>

1. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

2. The Group has no cash and cash equivalents pledged to others.

(II) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Mandatory financial assets at fair value through profit or loss			
Shares of listed and OTC company	\$ 1,351,033	\$ 1,351,033	\$ 1,305,187
Beneficiary certificates	-	500	500
	1,351,033	1,351,533	1,305,687
Valuation adjustment	340,609	275,003	257,008
	<u>\$ 1,691,642</u>	<u>\$ 1,626,536</u>	<u>\$ 1,562,695</u>
Financial liabilities mandatorily measured at fair value through profit or loss			
Convertible bond call/put options	<u>\$ 5,864</u>	<u>\$ 9,383</u>	<u>\$ 4,692</u>
Non-current items:			
Mandatory financial assets at fair value through profit or loss			
Shares of listed and OTC company	\$ 2,689,504	\$ 2,689,504	\$ 2,674,972
Shares of non-listed and non-OTC company	125,515	124,949	112,233
Limited partnership	100,000	80,000	22,500
	2,915,019	2,894,453	2,809,705
Valuation adjustment	227,069	1,725	142,683
	<u>\$ 3,142,088</u>	<u>\$ 2,896,178</u>	<u>\$ 2,952,388</u>

1. Details of financial assets/liabilities at fair value through profit or loss recognized in profit or loss are as follows:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company	(\$ 407,078)	(\$ 78,294)
Convertible bond call/put options	5,195	(2,681)
Beneficiary certificates	45	-
Shares of non-listed and non-OTC company	<u>(1,736)</u>	<u>-</u>
	<u>(\$ 403,574)</u>	<u>(\$ 80,975)</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss		
Shares of listed and OTC company	\$ 274,069	\$ 6,242
Convertible bond call/put options	3,519	1,005
Beneficiary certificates	45	-
Shares of non-listed and non-OTC company	<u>16,880</u>	<u>-</u>
	<u>\$ 294,513</u>	<u>\$ 7,247</u>

2. Please see Note 8 on how the Group provides financial assets at fair value through profit or loss as a pledged collateral.
3. Please see Note 12 (2) and (3) for the price risk and fair value information related to financial assets and liabilities at fair value through profit or loss.

(III) Financial assets measured at amortized cost

<u>Items</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current items:			
Demand Deposit	\$ 155,799	\$ 156,629	\$ 172,357
Time deposits	<u>179,346</u>	<u>103,256</u>	<u>123,165</u>
	<u>\$ 335,145</u>	<u>\$ 259,885</u>	<u>\$ 295,522</u>
Non-current items:			
Demand Deposit	\$ 292,110	\$ 377,550	\$ 4,000
Time deposits	<u>289,047</u>	<u>282,607</u>	<u>458,945</u>
Total	<u>\$ 581,157</u>	<u>\$ 660,157</u>	<u>\$ 462,945</u>

1. Financial assets at amortized cost is recognized in the profit or loss shown as follows:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Interest income	<u>\$ 2,753</u>	<u>\$ 1,968</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Interest income	<u>\$ 5,317</u>	<u>\$ 3,946</u>

2. As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was NT\$916,302, NT\$920,042, and NT\$758,467, respectively.

3. Please see Note VIII on how the Group provides financial assets at amortized cost as a pledged collateral.

(IV) Notes and accounts receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes Receivables	<u>\$ 4,134</u>	<u>\$ 6,049</u>	<u>\$ 96</u>
Accounts Receivables	\$ 1,637,771	\$ 1,508,229	\$ 1,170,284
Accounts Receivables— Related Parties	<u>1,432</u>	<u>26</u>	<u>989</u>
	1,639,203	1,508,255	1,171,273
Less: Loss allowance	<u>(69,124)</u>	<u>(29,423)</u>	<u>(28,174)</u>
	<u>\$ 1,570,079</u>	<u>\$ 1,478,832</u>	<u>\$ 1,143,099</u>

1. Aging of accounts receivable notes receivable is as follows:

	<u>June 30, 2024</u>		<u>December 31, 2023</u>	
	<u>Accounts</u>	<u>Notes</u>	<u>Accounts</u>	<u>Notes</u>
	<u>Receivables</u>	<u>Receivables</u>	<u>Receivables</u>	<u>Receivables</u>
Not past due	\$ 1,254,784	\$ 4,134	\$ 1,226,407	\$ 6,049
Up to 30 days	202,205	-	171,778	-
31-90 days	73,236	-	78,432	-
91-180 days	58,989	-	11,385	-
More than 181 days past due	<u>49,989</u>	<u>-</u>	<u>20,253</u>	<u>-</u>
	<u>\$ 1,639,203</u>	<u>\$ 4,134</u>	<u>\$ 1,508,255</u>	<u>\$ 6,049</u>
			<u>June 30, 2023</u>	
			<u>Accounts</u>	<u>Notes</u>
			<u>Receivables</u>	<u>Receivables</u>
Not past due			\$ 855,817	\$ 96
Up to 30 days			183,222	-
31-90 days			52,190	-
91-180 days			61,294	-
More than 181 days past due			<u>18,750</u>	<u>-</u>
			<u>\$ 1,171,273</u>	<u>\$ 96</u>

The above is an aging report based on the number of days past due.

- As of June 30, 2024, December 31, 2023 and June 30, 2023, the balances of accounts receivable and notes receivable were generated from customer contracts. As of January 1, 2023, the balance of receivables under customer contracts was NT\$1,504,719.
- As of June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was NT\$1,570,079, NT\$1,478,832, and NT\$1,143,099, respectively.
- Please refer to Note 12 (2) for the information on credit risk of accounts receivable.

(V) Inventories

June 30, 2024

	<u>Cost</u>	<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 317,820	(\$ 66,143)	\$ 251,677
Work in process	175,028	(14,122)	160,906
Finished goods	239,498	(33,705)	205,793
Merchandise	<u>202,213</u>	<u>(14,449)</u>	<u>187,764</u>
Total	<u>\$ 934,559</u>	<u>(\$ 128,419)</u>	<u>\$ 806,140</u>

December 31, 2023

	<u>Cost</u>	<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 293,091	(\$ 45,647)	\$ 247,444
Work in process	169,281	(13,839)	155,442
Finished goods	216,092	(36,811)	179,281
Merchandise	<u>127,487</u>	<u>(7,831)</u>	<u>119,656</u>
Total	<u>\$ 805,951</u>	<u>(\$ 104,128)</u>	<u>\$ 701,823</u>

June 30, 2023

	<u>Cost</u>	<u>(Gain from reversal of) loss allowance on decline in market value of inventories</u>	<u>Book value</u>
Raw materials	\$ 278,598	(\$ 71,327)	\$ 207,271
Work in process	125,978	(16,124)	109,854
Finished goods	164,696	(27,975)	136,721
Merchandise	<u>142,860</u>	<u>(6,900)</u>	<u>135,960</u>
Total	<u>\$ 712,132</u>	<u>(\$ 122,326)</u>	<u>\$ 589,806</u>

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

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Cost of goods sold	\$ 1,588,457	\$ 1,349,143
Loss on falling prices of inventory and inventory obsolescence (gain from recovery)	28,618	(21,004)
Revenue from sales of leftovers	(1,127)	(428)
Sales cost	<u>1,544</u>	<u>-</u>
	<u>\$ 1,617,492</u>	<u>\$ 1,327,711</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Cost of goods sold	\$ 3,101,817	\$ 2,483,586
Loss on falling prices of inventory and inventory obsolescence (gain from recovery)	34,747	(14,784)
Revenue from sales of leftovers	(1,127)	(4,561)
Sales cost	<u>1,901</u>	<u>-</u>
	<u>\$ 3,137,338</u>	<u>\$ 2,464,241</u>

From April 1 to June 30, 2023 and January 1 to June 30, 2023, part of the inventory for which the provision for impairment losses had been made in the previous period was sold, resulting in a recovery in the net realizable value of the inventory, which was recognized as a decrease in operating costs.

(VI) Investment under Equity Method

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Affiliates:			
Advagene Biopharma Co., Ltd.	\$ 32,152	\$ 41,425	\$ 26,163
Weida Hi-Tech Co., Ltd.	22,479	26,081	58,911
TrueLight Corporation	401,072	-	-
BKS Tec Corp.	<u>25,953</u>	<u>-</u>	<u>-</u>
	<u>\$ 481,656</u>	<u>\$ 67,506</u>	<u>\$ 85,074</u>

The book value and the share of operating results of each of the Group's insignificant affiliates are summarized as follows:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Net loss of current period from continuing operations	(\$ <u>15,272</u>)	(\$ <u>26,528</u>)
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Net loss of current period from continuing operations	(\$ <u>25,872</u>)	(\$ <u>39,491</u>)

1. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group held 29.54%, 29.54% and 30.73% of shares of Advagene Biopharma Co., Ltd., respectively, and 28.20%, 28.20% and 28.20% of shares of Weida Hi-Tech Co., Ltd., respectively, making it the single largest shareholder in each case. However, the Group did not hold a majority of the board of directors' seats and therefore did not participate in all operational decisions and business policies including strategic decisions (e.g., financing, acquisition, personnel and dividend policies, etc.) of Advagene Biopharma Co., Ltd. Weida Hi-Tech Co., Ltd. The Group's shareholdings alone did not meet the required attendance rate at shareholders' meetings, indicating that the Group has no power to direct relevant activities and therefore the Group does not have control over the company and has only significant influence.
2. In March 2024, the Group acquired 13,500 thousand common shares of TrueLight Corporation through a private placement, for NT\$410,400; as of June 30, 2024, the shareholding percentage was 12.11% and was the single largest shareholder of the companies. However, the Group's shareholding fails to reach the statutory attendance percentage of shareholders meetings, indicating that the Group has no actual ability to direct relevant activities. Therefore it is judged that the Group has no control over the companies, and only has a significant influence on them.
3. In April 2024, the Group acquired 6,000 thousand common shares of BKS Tec Corp. from the cash capital increase, for NT\$30,000; as of June 30, 2024, the shareholding percentage was 38.91% and was the single largest shareholder of the companies. However, the Group did not hold a majority of the Board of Directors' seats and therefore did not actually participate in the business decisions and operating policies, including strategic decisions (such as financing, acquisitions, personnel and dividend policies) of BKS Tec Corp. The Group's shareholding alone does not reach the statutory attendance percentage of shareholders meetings, indicating that the Group has no actual ability to direct relevant activities. Therefore it is judged that the Group has no control over the companies, and only has a significant influence on them.

(VII) Property, plant and equipment

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Mold equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2024								
Cost	\$ 2,966,356	\$ 8,379,360	\$ 89,028	\$ 11,826	\$ 337,978	\$ 764,529	\$ 1,162,876	\$ 13,711,953
Accumulated depreciation	(938,487)	(2,680,006)	(50,616)	(6,892)	(303,317)	(240,244)	-	(4,219,562)
	<u>\$ 2,027,869</u>	<u>\$ 5,699,354</u>	<u>\$ 38,412</u>	<u>\$ 4,934</u>	<u>\$ 34,661</u>	<u>\$ 524,285</u>	<u>\$ 1,162,876</u>	<u>\$ 9,492,391</u>
<u>2024</u>								
January 1	\$ 2,027,869	\$ 5,699,354	\$ 38,412	\$ 4,934	\$ 34,661	\$ 524,285	\$ 1,162,876	\$ 9,492,391
Add - Cost	42,437	227,004	6,835	-	2,610	63,506	469,893	812,285
Disposals - Cost	-	(91,040)	(714)	-	-	(130)	-	(91,884)
Disposal - Accumulated depreciation	-	68,131	714	-	-	130	-	68,975
Depreciation	(110,005)	(396,346)	(8,918)	(746)	(4,864)	(74,017)	-	(594,896)
Reclassification	14,252	485,527	-	-	-	9,077	(499,938)	8,918
June 30	<u>\$ 1,974,553</u>	<u>\$ 5,992,630</u>	<u>\$ 36,329</u>	<u>\$ 4,188</u>	<u>\$ 32,407</u>	<u>\$ 522,851</u>	<u>\$ 1,132,831</u>	<u>\$ 9,695,789</u>
June 30, 2024								
Cost	\$ 3,023,045	\$ 9,000,851	\$ 95,149	\$ 11,826	\$ 340,588	\$ 836,982	\$ 1,132,831	\$ 14,441,272
Accumulated depreciation	(1,048,492)	(3,008,221)	(58,820)	(7,638)	(308,181)	(314,131)	-	(4,745,483)
	<u>\$ 1,974,553</u>	<u>\$ 5,992,630</u>	<u>\$ 36,329</u>	<u>\$ 4,188</u>	<u>\$ 32,407</u>	<u>\$ 522,851</u>	<u>\$ 1,132,831</u>	<u>\$ 9,695,789</u>

	<u>Buildings and structures (including land)</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Mold equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
January 1, 2023								
Cost	\$ 2,538,391	\$ 5,286,246	\$ 65,406	\$ 8,466	\$ 313,370	\$ 595,668	\$ 538,013	\$ 9,345,560
Accumulated depreciation	(737,646)	(2,144,752)	(34,354)	(5,556)	(295,689)	(243,902)	-	(3,461,899)
	<u>\$ 1,800,745</u>	<u>\$ 3,141,494</u>	<u>\$ 31,052</u>	<u>\$ 2,910</u>	<u>\$ 17,681</u>	<u>\$ 351,766</u>	<u>\$ 538,013</u>	<u>\$ 5,883,661</u>
<u>2023</u>								
January 1	\$ 1,800,745	\$ 3,141,494	\$ 31,052	\$ 2,910	\$ 17,681	\$ 351,766	\$ 538,013	\$ 5,883,661
Add - Cost	34,119	1,257,472	6,756	2,165	1,296	75,721	1,433,948	2,811,477
Disposals - Cost	-	(13,774)	(5,405)	-	-	(37,956)	-	(57,135)
Disposal - Accumulated depreciation	-	13,774	5,405	-	-	37,956	-	57,135
Depreciation	(86,080)	(241,717)	(7,368)	(586)	(3,531)	(40,902)	-	(380,184)
Reclassification	113,672	122,763	549	-	1,047	34,666	(355,378)	(82,681)
Increase in consolidated entities transfer-in amount	121,636	5,423	1,954	550	-	422	-	129,985
Net exchange differences - Cost	-	13	3	5	-	3	-	24
Net exchange differences - Accumulated depreciation	-	(7)	(2)	(5)	-	-	-	(14)
June 30	<u>\$ 1,984,092</u>	<u>\$ 4,285,441</u>	<u>\$ 34,944</u>	<u>\$ 5,039</u>	<u>\$ 16,493</u>	<u>\$ 421,676</u>	<u>\$ 1,616,583</u>	<u>\$ 8,362,268</u>
June 30, 2023								
Cost	\$ 2,820,584	\$ 6,669,118	\$ 70,225	\$ 11,235	\$ 315,712	\$ 696,212	\$ 1,616,583	\$ 12,199,669
Accumulated depreciation	(836,492)	(2,383,677)	(37,281)	(6,196)	(299,219)	(274,536)	-	(3,837,401)
	<u>\$ 1,984,092</u>	<u>\$ 4,285,441</u>	<u>\$ 34,944</u>	<u>\$ 5,039</u>	<u>\$ 16,493</u>	<u>\$ 421,676</u>	<u>\$ 1,616,583</u>	<u>\$ 8,362,268</u>

1. From January 1 to June 30, 2024 and 2023, no interest was capitalized.
2. The major components of the Group's houses and buildings include land, buildings and factory renovation projects. Except for land, they are depreciated for 5 to 56 years.
3. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
4. The abovementioned property, plant and equipment of the Group are for self-use.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Group include land, buildings and company vehicles. Leasing contracts are typically made for periods of 3 to 20 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The lease periods of other equipment leased by the Group did not exceed 12 months.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 472,947	\$ 481,191	\$ 494,045
Buildings and structures	17,935	18,226	11,002
Transportation equipment (company vehicles)	15,630	15,407	14,644
Other equipment	38,158	39,806	41,922
	<u>\$ 544,670</u>	<u>\$ 554,630</u>	<u>\$ 561,613</u>

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 6,501	\$ 6,428
Buildings and structures	3,006	2,959
Transportation equipment (company vehicles)	2,906	3,096
Other equipment	823	1,018
	<u>\$ 13,236</u>	<u>\$ 13,501</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 13,002	\$ 12,855
Buildings and structures	6,425	7,042
Transportation equipment (company vehicles)	5,943	5,836
Other equipment	1,647	1,798
	<u>\$ 27,017</u>	<u>\$ 27,531</u>

4. For the six months ended on June 30, 2024, and 2023, the increase (decrease) in right-of-use assets were NT\$17,057 and NT\$26,533, respectively.
5. The information on profit or loss items related to lease contracts is as follows:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 1,934	\$ 2,165
Expenses for short-term lease contracts	2,210	673
Lease of low-value assets	76	1,368
Gain on lease modifications	591	-

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 3,812	\$ 4,016
Expenses for short-term lease contracts	2,734	1,346
Lease of low-value assets	1,225	2,702
Gain on lease modifications	1,459	-

6. For the six months ended June 30, 2024, and 2023, the Group's total cash outflow for leases were NT\$32,980 and NT\$20,486, respectively.

7. Options to extend or terminate leases

In determining lease terms, the Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate.

(IX) Leasing arrangements - lessor

1. The Group leases out assets such as buildings. The lease contracts are typically made for periods of 1 to 2 years. The terms of lease contracts are negotiated separately and include various terms and conditions. In order to preserve the condition of leased assets, the Group usually requires lessees not to pledge the underlying leased assets.
2. The Group recognized rental income of NT\$5,422, NT\$5,135, NT\$10,578, and \$10,318 based on operating lease contracts in the period between April 1 and June 30, 2024 and 2023 and January 1 and June 30, 2024 and 2023, respectively, and none of the lease contracts were variable lease payments.
3. The maturity analysis of the undiscounted lease payments under the operating leases is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
2023	\$ -	\$ -	\$ 6,269
2024	8,406	16,674	524
	<u>\$ 8,406</u>	<u>\$ 16,674</u>	<u>\$ 6,793</u>

(X) Real estate investment

	<u>Buildings and structures</u>
January 1, 2024	
Cost	\$ 192,176
Accumulated depreciation	(21,676)
	<u>\$ 170,500</u>
<u>2024</u>	
January 1	\$ 170,500
Depreciation	(1,696)
June 30	<u>\$ 168,804</u>
June 30, 2024	
Cost	\$ 190,339
Accumulated depreciation	(21,535)
	<u>\$ 168,804</u>
	<u>Buildings and structures</u>
January 1, 2023	
Cost	\$ 185,942
Accumulated depreciation	(15,596)
	<u>\$ 170,346</u>
<u>2023</u>	
January 1	\$ 170,346
Reclassification for the period -- Cost	6,234
Reclassification for the period -- Accumulated depreciation	(2,720)
Depreciation	(1,665)
June 30	<u>\$ 172,195</u>
June 30, 2023	
Cost	\$ 192,176
Accumulated depreciation	(19,981)
	<u>\$ 172,195</u>

1. Rental income and direct operating expenses of investment real estate:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Rental income from investment property	<u>\$ 5,566</u>	<u>\$ 4,295</u>
Direct operating expenses incurred by investment property that generates rental income for the period	<u>\$ 866</u>	<u>\$ 511</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Rental income from investment property	<u>\$ 9,975</u>	<u>\$ 8,530</u>
Direct operating expenses incurred by investment property that generates rental income for the period	<u>\$ 1,733</u>	<u>\$ 1,303</u>

2. The fair value of investment property held by the Group as of June 30, 2024, December 31, 2023 and June 30, 2023 were NT\$159,256, NT\$160,853, and NT\$123,761, respectively, which were measured using income approach and were classified as Level 3 fair value with the following key assumptions:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Discount rate	3.75%~5.89%	3.75%~5.56%	4.76%~6.21%
Annual rent (net income)	\$ 15,507	\$ 19,092	\$ 8,908
Number of years	45~50	45~50	45~50

3. For the six months ended June 30, 2024 and 2023, no interest was capitalized.
4. As of June 30, 2024, December 31, 2023 and June 30, 2023, the investment property was pledged as collaterals, please refer to Note 8.

(XI) Intangible assets

	<u>2024</u>					
	<u>Trademark and Computer</u>	<u>software</u>	<u>Patents</u>	<u>Others</u>	<u>Goodwill</u>	<u>Total</u>
	<u>concession</u>					
January 1						
Cost	\$ 280,614	\$ 139,9504	\$ 149,599	\$33,333	\$ 295,626	\$ 899,122
Accumulated amortization and impairments	<u>(79,082)</u>	<u>(84,083)</u>	<u>(4,222)</u>	<u>-</u>	<u>-</u>	<u>(167,387)</u>
	<u>\$ 201,532</u>	<u>\$ 55,867</u>	<u>\$ 145,377</u>	<u>\$33,333</u>	<u>\$ 295,626</u>	<u>\$ 731,735</u>
January 1	\$ 201,532	\$ 55,867	\$ 145,377	\$33,333	\$ 295,626	\$ 731,735
Add - Cost	-	778	2,800	-	-	3,578
Amortization expense	(13,472)	(14,633)	(11,680)	(8,890)	-	(48,675)
Impairment loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,390)</u>	<u>(27,390)</u>
June 30	<u>\$ 188,060</u>	<u>\$ 42,012</u>	<u>\$ 136,497</u>	<u>\$24,443</u>	<u>\$ 268,236</u>	<u>\$ 659,248</u>
June 30						
Cost	\$ 280,614	\$ 140,728	\$ 152,399	\$33,333	\$ 295,626	\$ 902,700
Accumulated amortization and impairments	<u>(92,554)</u>	<u>(98,716)</u>	<u>(15,902)</u>	<u>(8,890)</u>	<u>(27,390)</u>	<u>(243,452)</u>
	<u>\$ 188,060</u>	<u>\$ 43,012</u>	<u>\$ 136,497</u>	<u>\$24,443</u>	<u>\$ 268,236</u>	<u>\$ 659,248</u>

	<u>2023</u>					
	<u>Trademark and</u>	<u>Computer</u>	<u>Patents</u>	<u>Others</u>	<u>Goodwill</u>	<u>Total</u>
	<u>concession</u>	<u>software</u>				
January 1						
Cost	\$ 272,0174	\$ 114,747	\$ 9,592	\$ -	\$ 220,774	\$ 617,130
Accumulated amortization and impairments	(47,408)	(64,846)	(7,696)	-	-	(119,950)
	<u>\$ 224,609</u>	<u>\$ 49,901</u>	<u>\$ 1,896</u>	<u>\$ -</u>	<u>\$ 220,774</u>	<u>\$ 497,180</u>
January 1	\$ 224,609	\$ 49,901	\$ 1,896	\$ 33,333	\$ 220,774	\$ 497,180
Consolidated transfer in	-	-	143,434	-	74,852	251,619
Add - Cost	-	26,786	-	33,333	-	26,786
Reclassification	5,387	(6,830)	1,443	-	-	-
Amortization expense	(14,633)	(10,709)	(226)	-	-	(25,178)
June 30	<u>\$ 215,753</u>	<u>\$ 59,148</u>	<u>\$ 146,547</u>	<u>\$ 33,333</u>	<u>\$ 295,626</u>	<u>\$ 750,407</u>
June 30						
Cost	\$ 280,614	\$ 130,417	\$ 153,005	\$ 33,333	\$ 295,626	\$ 892,995
Accumulated amortization and impairments	(64,861)	(71,269)	(6,458)	-	-	(142,588)
	<u>\$ 215,753</u>	<u>\$ 59,148</u>	<u>\$ 146,547</u>	<u>\$ 33,333</u>	<u>\$ 295,626</u>	<u>\$ 750,407</u>

Due to business mergers, as detailed in Note 6(31), the Group's goodwill increased by NT\$0 and NT\$74,852 for the six months ended June 30, 2024 and 2023.

(XII) Other Non-Current Assets

	<u>June 30, 2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30, 2023</u>
Prepayments for equipment	\$ 543,884	\$ 422,444	\$ 979,804
Refundable Deposit	91,495	90,526	75,943
Others	1,783	1,669	1,507
Total	<u>\$ 637,162</u>	<u>\$ 514,639</u>	<u>\$ 1,057,254</u>

(XIII) Short Term Loans

<u>Type of borrowings</u>	<u>June 30, 2024</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,943,503	0.84%~4.09%	None
Secured borrowings	4,365,655	1.25%~4.01%	Certificates of deposit, reserve accounts, stocks of listed and OTC companies and treasury stock
Other borrowings			
Credit loan	<u>60,000</u>	2.70%	None
	<u>\$ 6,369,158</u>		

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,657,862	0.88%~4.01%	None
Secured borrowings	3,741,508	1.20%~4.71%	Certificates of deposit, reserve accounts (Note), stocks of listed and OTC companies and treasury stock
Other borrowings			
Credit loan	<u>30,000</u>	2.70%	None
	<u>\$ 5,429,370</u>		

<u>Type of borrowings</u>	<u>June 30, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	\$ 1,698,746	1.935%~4.09%	None
Secured borrowings	3,651,341	1.20%~4.711%	Certificates of deposit, reserve accounts, stocks of listed and OTC companies and treasury stock
	<u>-</u>		
	<u>\$ 5,350,087</u>		

For the period between April 1 and June 30, 2024 and 2023 and January 1 and June 30, 2024 and 2023, the interest expenses recognized in profit and loss were NT\$36,086, NT\$32,353, NT\$68,573, and NT\$59,754, respectively.

Note: The responsible person of the subsidiary is the joint guarantor.

(XIV) Other Payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Payable on machinery and equipment	\$ 489,429	\$ 498,861	\$ 757,797
Dividends payable	373,477	-	622,462
Remunerations payable to employees and directors	151,978	94,305	200,393
Payroll and bonus payable	117,938	153,545	134,200
Machine maintenance payable	53,459	44,906	67,932
Others	460,439	413,536	419,081
	<u>\$ 1,646,720</u>	<u>\$ 1,205,153</u>	<u>\$ 2,201,865</u>

(XV) Corporate bonds payable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Corporate bonds payable	\$ 3,500,000	\$ 3,800,000	\$ 3,000,000
Less: Amount of exercised conversion options	(324,400)	(324,400)	(324,400)
Less: Discount on corporate bonds payable	(41,021)	(51,000)	(57,520)
	3,134,579	3,424,600	2,618,080
Less: Corporate bonds matured in one year or a business cycle or have the put option exercised	-	-	-
	<u>\$ 3,134,579</u>	<u>\$ 3,424,600</u>	<u>\$ 2,618,080</u>

1. The terms of issuance for the Group's 3rd domestic unsecured convertible bonds are as follows:
 - (1) The Group has been approved by the competent authority to raise and issue NT\$2,000,000 of the 3rd domestic unsecured convertible bonds, with a coupon rate of 0% and an issuance period of 5 years from August 3, 2021 to August 3, 2026. The convertible bonds are repayable in cash at par value on maturity. The convertible bonds were listed for trading on August 3, 2021.
 - (2) The bondholders may request the conversion of the convertible bonds into the Group's common shares at any time from the day after the expiration of three months from the date of issuance of the corporate bonds to the maturity date, except during the period when the transfer of the corporate bonds is suspended in accordance with the regulations or laws, and the rights and obligations of the converted common shares are the same as those of the original issued common shares.
 - (3) The conversion price of the convertible bonds is determined in accordance with the

pricing model stipulated in the Measures, and the conversion price will be adjusted in accordance with the pricing model stipulated in the Conversion Measures in the event that the Group is subject to anti-dilution provisions. The conversion price will be reset on the base date set by the Regulations in accordance with the pricing model stipulated in the Conversion Measures. As of June 30, 2024, the conversion price was NT\$82.4 per share.

- (4) If the closing price of the Company's common stock exceeds 30% of the then conversion price for 30 consecutive business days from the day following the third month of the issuance of the convertible bonds to the 40th business day prior to the expiration of the issuance period, the Company may redeem the outstanding corporate bonds within the next 30 business days at the par value of the corporate bonds in cash.
 - (5) If the outstanding balance of the convertible bonds is less than 10% of the total par value of the corporate bonds issued, the Company may redeem the convertible bonds at any time thereafter for cash at the par value of the corporate bonds, from the day following the third month of the issuance of the corporate bonds to the 40th business day prior to the expiration of the issuance period.
 - (6) As of June 30, 2024, a total amount of NT\$324,400 had been converted into 3,733 thousand shares of common stock.
2. Upon issuance of convertible bonds, the Group separated the conversion options from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "capital surplus - stock options" at NT\$406,616. The embedded repurchase and repurchase rights are separated from the principal contractual debt instruments in accordance with IFRS 9, "Financial Instruments", because they are not closely related to the economic characteristics and risks of the principal contractual debt instruments, and are recorded as "financial assets or liabilities at fair value through profit or loss" on a net basis. The effective interest rate of the master contract debt after the separation was 0.0902%.
3. First series domestic secured corporate bonds
- In order to raise the Group's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the first series domestic secured corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:
- (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of NT\$300,000, and B is issued with an amount of NT\$200,000, totaling NT\$500,000.
 - (2) Issue period: Five years, issued on September 28, 2022, and matured on September 28, 2027.
 - (3) Coupon rate and repayment method of principal and interest: Both Bond A and Bond B have a fixed annual coupon rate of 1.80%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
 - (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.
4. Second series domestic secured convertible corporate bonds
- In order to raise the Group's working capital, the board of directors resolved to approve on August 5, 2022 the issue of the second series domestic secured convertible corporate

bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount of issue: According to the different issue conditions, there are two types of bonds, A and B, of which A is issued with an amount of NT\$200,000, and B is issued with an amount of NT\$300,000, totaling NT\$500,000.
- (2) Issue period: Five years, issued on December 27, 2022, and matured on December 27, 2027.
- (3) Coupon rate and repayment method of principal and interest: Bond A has a fixed annual coupon rate of 2.20% and Bond B has a fixed annual coupon rate of 2.38%. Simple interest is calculated and paid once a year, and the principal is repaid in cash at the face value of the bond at maturity.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.
- (5) The Group's Board of Directors resolved on May 27, 2024, to authorize the Chairman to repurchase the second batch of secured ordinary company bonds B class issued by the Company in 2022 over the counter for cancellation and delisting. On June 24, 2024, the principal of NT\$300,000 was settled due to the early repurchase, and it was determined to end OTC trading on June 25, 2024.

5. Third series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the third series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$300,000 in total.
- (2) Issuance period: Five years from issuance on August 28, 2023 to expiration on August 28, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.62% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.
- (4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

6. Fourth series domestic secured convertible corporate bonds

In order to raise the Group's working capital, the board of directors resolved to approve on August 4, 2023 the issue of the fourth series domestic secured convertible corporate bond. The issue has been reported to and approved by the Taipei Exchange, and the terms are as follows:

- (1) Total amount issued: NT\$500,000 in total.
- (2) Issuance period: Five years from issuance on December 12, 2023 to expiration on December 12, 2028.
- (3) Coupon rate and method of repayment of principal and interest: The coupon rate is a fixed interest rate of 1.8% per annum, and the simple interest is calculated once a year. At maturity, the principal is repaid in cash based on the face value of the bond.

(4) Guarantee method: The Company's bonds are guaranteed by the joint delegation guarantee contract signed and the obligation and the contract of guarantee for the performance of corporate bonds signed by major banks.

(XVI) Long-term Loans

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>June 30, 2024</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2022 to December 28, 2032, to be repaid in installments and installments over the agreed period	2.32%~ 2.68%	Houses and buildings and investment property	\$ 1,348,026
Secured borrowings	From December 28, 2021 to January 28, 2027, repayable in portions and in installments during the term specified in the agreement	2.68%	Houses and buildings, machinery equipment and investment property	750,000
Secured borrowings	From July 26, 2023 to July 25, 2028, to be repaid in installments and installments over the agreed period	2.45%~ 3.23%	Plant and land	129,599
Secured borrowings	From January 5, 2021 to July 5, 2028, to be repaid in installments and installments over the agreed period	2.38%~ 4.34%	Machinery and equipment	893,463
Credit loan	From January 24, 2022 to January 24, 2027, to be repaid in installments and installments over the agreed period	3.23%~ 3.95%	None (Note)	24,532
Other long-term borrowings				
Secured borrowings	From March 35, 2021 to March 28, 2029, to be repaid in installments and installments over the agreed period	2.45%~ 8.20%	Machinery and equipment	654,235
Secured borrowings	From June 10, 2022 to July 28, 2028, to be repaid in installments and installments over the agreed period	2.26%~ 5.25%	Houses, buildings, machinery and equipment, and land	390,485

Credit loan	From December 30, 2021 to December 29, 2025, to be repaid in installments and installments over the agreed period	4.19%~ 7.80%	None	234,777
				-
				4,425,117
Less: Long-term borrowings due within one year or one business cycle				(1,186,904)
				<u>\$ 3,238,213</u>

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 27, 2021 to December 27, 2032, to be repaid in installments and installments over the agreed period	2.20%~ 2.55%	Houses and buildings and investment property	\$ 1,005,263
Secured borrowings	From January 28, 2022 to January 28, 2027, to be repaid in installments and installments over the agreed period	2.55%	Houses and buildings, machinery equipment and investment property	1,000,000
Secured borrowings	From July 26, 2023 to July 25, 2038, to be repaid in installments and installments over the agreed period	2.45%~ 2.55%	Plant and land	127,600
Secured borrowings	From June 12, 2018 to July 5 2028 to be repaid in installments and installments over the agreed period	2.25%~ 4.33%	Machinery and equipment	983,360
Credit loan	From January 24, 2022 to January 24, 2027, to be repaid in installments and installments over the agreed period	1.50%~ 3.00%	None (Note)	6,318
Other long-term borrowings				
Secured borrowings	From March 25, 2021 to July 29, 2027 to be repaid in installments and installments over the	2.45%~ 8.20%	Machinery and equipment	610,369

Secured borrowings	agreed period From June 10 26, 2022 to June 28, 2028, to be repaid in installments and installments over the agreed period	3.53%~ 6.48%	Houses, buildings, machinery and equipment, and land	393,143
Credit loan	From December 30, 2021 to June 5, 2025 to be repaid in installments and installments over the agreed period	4.19%~ 7.80%	None	216,503
				-
				4,342,556
Less: Long-term borrowings due within one year or one business cycle				(1,216,216)
				<u>\$ 3,126,340</u>

<u>Type of borrowings</u>	<u>Borrowing period and payment method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>June 30, 2023</u>
Long-term bank borrowings				
Secured borrowings	From December 28, 2021 to January 28, 2027, repayable in portions and in installments during the term specified in the agreement	2.55%	Houses and buildings, machinery equipment and investment property	\$ 1,000,000
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from June 15, 2020 to December 9, 2027	2.225%~ 2.595%	Buildings and structures	236,761
Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from June 27, 2018 to December 25, 2026	2.150%~ 3.250%	Machinery and equipment	810,294
Secured borrowings	From December 28, 2022 to December 27, 2032, repayable in portions and in installments during the term specified in the agreement	2.195%	Houses and buildings and investment property	1,060,000
Secured borrowings	From January 24, 2022 to January 24, 2027, monthly interest payments with principle and interest	1.500%~ 2.875%	None (Note)	7,289
Other long-term borrowings				

Secured borrowings	Repayable in portions and in installments during the term specified in the agreement from May 22, 2023 to May 31, 2027	3.580%	Machinery and equipment	560,000
Secured borrowings	From June 10, 2022 to June 28, 2028, with interest paid monthly	3.525%~ 6.482%	Machine and equipment, land, buildings and structures	364,386
Secured borrowings	Repayment of principal and interest in monthly installments from March 25, 2022 to July 29, 2027	2.450%~ 8.201%	Machinery and equipment	99,666
Secured borrowings	Repayment of principal and interest in monthly installments from June 10, 2022 to July 25, 2027	4.220%	Machinery and equipment	72,570
Secured borrowings	Repayment of principal and interest in monthly installments from January 22, 2023 to December 22, 2025	4.750%	Plant and land	15,327
Credit loan	From June 28, 2023 to June 28, 2025, with interest paid monthly	4.060%	None	20,000
Credit loan	December 30, 2021 to April 30, 2024, the interest is paid together with the principal.	7.613%	None	9,860
Credit loan	June 5, 2023 to December 5, 2024, the interest is paid together with the principal.	6.312%	None	20,700
Credit loan	June 6, 2023 to June 6, 2025, the interest is paid together with the principal.	6.579%	None	10,555
				-
				4,287,408
Less: Long-term borrowings due within one year or one business cycle				(783,443)
				<u>\$ 3,503,965</u>

Note: The responsible person of the subsidiary is the joint guarantor.

(XVII) Pensions

1. (1) The Company and its domestic subsidiaries operate a defined benefit pension plan in accordance with the Labor Standards Act, which cover all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan,

two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contribute a monthly amount equal to 2% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by the end of next March.

- (2) For the periods between April 1 and June 30 of 2024 and 2023, and January 1 to June 30, 2024 and 2023, the pension costs recognized by the Corporate Group in accordance with the abovementioned pension measures were NT\$534, NT\$534, NT\$1,067, and NT\$1,067, respectively.
 - (3) The expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 are NT\$2,133.
2. (1) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (hereinafter referred to as the "New Plan") under the Labor Pension Act (hereinafter referred to as the "Act"), covering all regular employees with domestic citizenship. Under the New Plan, the Company and its domestic subsidiaries contribute an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
 - (2) For the periods between April 1 and June 30, 2024 and 2023, and January 1 and June 30, 2024 and 2023, the pension costs recognized by the Corporate Group in accordance with the abovementioned pension measures were NT\$15,806, NT\$12,428, NT\$28,366, and NT\$24,820, respectively.

(XVIII) Capital

1. As of June 30, 2024, the Company's authorized capital was NT\$5,000,000, consisting of 500,000 thousand shares (including 20,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was NT\$2,564,465 with a par value of NT\$10. All proceeds from shares issued have been collected.

The movements in the number of the Company's common stocks outstanding are as follows:

	Unit: Thousand shares	
	<u>2024</u>	<u>2023</u>
January 1	213,153	205,230
Subsidiaries donated treasury stock	500	400
Treasury stocks transfer to employees	-	7,023
June 30	<u>213,653</u>	<u>212,653</u>

2. Treasury stock

(1) Reasons for repurchase of shares and changes in the quantity:

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>June 30, 2024</u> <u>Number of shares</u> <u>(thousand)</u>	<u>Book value</u>
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,331	\$ 502,776
The Company	Transfer shares to employees	<u>7,462</u>	<u>664,593</u>
		<u>42,793</u>	<u>\$1,167,369</u>

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>December 31, 2023</u> <u>Number of shares</u> <u>(thousand)</u>	<u>Book value</u>
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	35,831	\$ 509,891
The Company	Transfer shares to employees	<u>7,462</u>	<u>664,593</u>
		<u>43,293</u>	<u>\$1,174,484</u>

<u>Company name of the shareholding</u>	<u>Reasons for buyback</u>	<u>June 30, 2023</u> <u>Number of shares</u> <u>(thousand)</u>	<u>Book value</u>
Subsidiary: Youe Chung Capital Corporation	Subsidiary holds the company's stock	36,331	\$ 517,006
The Company	Transfer shares to employees	<u>7,462</u>	<u>664,593</u>
		<u>43,793</u>	<u>\$1,181,599</u>

(2) For the six months ended June 30, 2024, and 2023, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract Period</u>	<u>Vesting conditions</u>
Transfer of treasury shares to employees	2022.01.26	4,485	Immediate vesting	Note
Transfer of treasury shares to employees	2023.04.19	10,000	Immediate vesting	Note

Note: The Company grants treasury stocks to employees of the Company and its subsidiaries.

- (3) The Securities and Exchange Act stipulates that the percentage of the Company's repurchase of outstanding shares shall not exceed 10% of the Company's total issued shares, and the total value of shares purchased shall not exceed the retained earnings plus the premium of issued shares and the amount of realized capital reserve.
- (4) The treasury stocks bought back by the Company in accordance with the Securities and Exchange Act shall not be pledged. Before transfer, shareholders are not entitled to the shareholders' rights.
- (5) According to the provisions of the Securities and Exchange Act, the share repurchased to be transferred to employees shall be transferred within 5 years from the date of the purchase. If the transfer is not made within the time limit, the shares are deemed as unissued shares, and change of registration shall be made to cancel the shares. In order to maintain the Company's credit and shareholders equity, the shares bought back should have the registration changed to cancel the shares within six months from the date of the purchase.
- (6) The Company's stock held by the subsidiary Youe Chung Capital is treated as treasury stock. As of June 30, 2024, December 31, 2023 and June 30, 2023, Youe Chung Capital Corporation held 35,331 thousand shares, 35,831 thousand shares, and 36,331 thousand shares of the Company, with an average book value of \$14.23 per share, and a fair value of \$76.1, \$71.1, and \$83.1 per share, respectively. The cost of transferring treasury stocks is calculated based on the book value of the Company's stock held by Youe Chung Capital and the Company's indirect shareholding during each period.
- (7) On November 3, 2021, the Board of Directors resolved to purchase 6,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 2.37% of the total number of issued shares of the Company. The repurchase of 4,485 thousand shares was completed between November 4, 2021 and January 3, 2022. On January 21, 2022, the Board of Directors approved the transfer of 4,485 thousand shares to employees.
- (8) On May 6, 2022, the Board of Directors resolved to purchase 10,000 thousand shares of the Company's stock in the centralized trading market and transfer them to employees. This amount represented 3.91% of the total number of issued shares of the Company. The repurchase of 10,000 thousand shares was completed between May 9, 2022 and July 8, 2022. On April 14, 2023, the Board of Directors approved the transfer of 10,000 thousand shares to employees, of which 7,023 shares were transferred to employees in June 2023.

(XIX) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. The following is a breakdown of the capital reserve:

	<u>Issue premiums</u>	<u>Trading of treasury stock</u>	<u>Changes in ownership interests in subsidiaries recognized</u>	<u>stock option</u>	<u>Equity changes in affiliates</u>	<u>Others</u>	<u>Total</u>
January 1, 2024	\$44,148	\$859,338	\$ 154,097	\$295,848	\$ 82,220	\$4,308	\$1,439,959
Changes in ownership interests in subsidiaries recognized	-	-	786	-	-	-	786
June 30, 2024	<u>\$44,148</u>	<u>\$859,338</u>	<u>\$ 154,883</u>	<u>\$295,848</u>	<u>\$ 82,220</u>	<u>\$4,308</u>	<u>\$1,440,745</u>

	<u>Issue premium</u>	<u>Trading of treasury stock</u>	<u>Changes in ownership interests in subsidiaries recognized</u>	<u>stock option</u>	<u>Equity changes in affiliates</u>	<u>Others</u>	<u>Total</u>
January 1, 2023	\$96,650	#768,509	\$ 17,788	\$295,848	\$ 68,427	\$4,459	\$1,251,681
Distribution of cash from capital surplus		-	-	-	-	-	(49,797)
Changes in shares of affiliates recognized under the equity method	-	-	-	-	8	-	8
Payment of overdue unclaimed dividends to shareholders	-	-	-	-	-	(71)	(71)
June 30, 2023	<u>\$46,853</u>	<u>\$768,509</u>	<u>\$ 17,788</u>	<u>\$295,848#</u>	<u>\$ 68,435</u>	<u>\$4,388</u>	<u>\$1,201,821</u>

(XX) Retained earnings

1. According to the Articles of Incorporation, any surplus from profit concluded at the end of year by the Company is first subject to reimbursement of previous losses and payment of taxes, followed by 10% provision for legal reserve and provision or reversal of special reserve as the laws may require. Any earnings remaining shall be distributed as shareholders' dividends in whole or partially.
2. The Company takes into account the overall business environment, industrial growth, and the Company's long-term financial planning for stable operation and development to adopt a residual dividend policy, which is mainly based on the Company's future capital budgeting plan to measure the annual capital needs. After using the retained earnings for funding, the remaining surplus will be distributed in the form of dividends, and the distribution steps are shown as follows:
 - (1) Decide on the best capital budgeting.
 - (2) Decide on the financing required for one of the capital budgeting items.
 - (3) Decide on the amount of the financing to be supported by retained earnings (methods such as cash capital increase or corporate bonds and so on can be adopted as support).
 - (4) After retaining the portion required for operation needs out of the earnings remainder, the rest should be distributed to shareholders in the form of dividends. Cash dividends distribution proportion should not be lower than 20% of the total amount of dividends for the distribution proportion of the Company's dividends.
3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in

proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
5. The Company's shareholders' meeting resolved on May 27, 2024 to distribute a cash dividend of NT\$1.50 per common share from the 2023 earnings, with a total dividend of NT\$373,477.
6. The Company's board of directors resolved on May 24, 2023 to distribute a cash dividend of NT\$2.30 per ordinary share from the 2022 surplus with a total dividend of NT\$556,511. NT\$0.20 per share is to be distributed from the capital surplus, with a total of NT\$48,392. In addition, as the Company implemented the transfer of 7,023 thousand shares of treasury stock to employees, which changed the number of outstanding shares to 248,984 thousand shares, so the cash dividend was adjusted to NT\$572,665 to be distributed from the capital surplus of NT\$49,797.

(XXI) Other equity interests

	<u>2024</u>	<u>Hedging</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>Unrealized gains</u>	<u>reserve</u>	<u>translation</u>	
	<u>and losses</u>			
January 1	(\$ 2,666)		\$ 4,307	\$ 1,641
Difference in foreign currency translation:				
- Group	-		14,166	14,166
June 30	(\$ 2,666)		\$ 18,473	\$ 15,807

	<u>2023</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>Unrealized gains</u>	<u>translation</u>	
	<u>and losses</u>		
January 1	(\$ 2,666)	\$ 13,174	\$ 10,508
Difference in foreign currency translation:			
- Group	-	(13,323)	(13,323)
June 30	(\$ 2,666)	(\$ 149)	(\$ 2,815)

(XXII) Operating income

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Revenue from contracts with customers	<u>\$ 1,997,876</u>	<u>\$ 1,799,891</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Revenue from contracts with customers	<u>\$ 3,847,924</u>	<u>\$ 3,363,481</u>

1. Segmentation of revenue from contracts with customers

The Corporate Group derives its revenue from the transfer of goods and services either over time or at a point in time. The revenue can be divided into the following main product lines:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
<u>April 1 to June 30, 2024</u>			
Revenue from contracts with external customers	<u>\$ 1,939,062</u>	<u>\$ 58,814</u>	<u>\$ 1,997,876</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 698,383	\$ 58,814	\$ 757,197
Income recognized gradually over time	<u>1,240,679</u>	<u>-</u>	<u>1,240,679</u>
	<u>\$ 1,939,062</u>	<u>\$ 58,814</u>	<u>\$ 1,997,876</u>
	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
<u>April 1 to June 30, 2023</u>			
Revenue from contracts with external customers	<u>\$ 1,781,002</u>	<u>\$ 18,889</u>	<u>\$ 1,799,891</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 705,421	\$ 18,889	\$ 724,310
Income recognized gradually over time	<u>1,075,581</u>	<u>-</u>	<u>1,075,581</u>
	<u>\$ 1,781,002</u>	<u>\$ 18,889</u>	<u>\$ 1,799,891</u>

<u>January 1 to June 30, 2024</u>	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 3,754,600</u>	<u>\$ 93,324</u>	<u>\$ 3,847,924</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 1,391,712	\$ 93,324	\$ 1,485,036
Income recognized gradually over time	<u>2,362,888</u>	<u>-</u>	<u>2,362,888</u>
	<u>\$ 3,754,600</u>	<u>\$ 93,324</u>	<u>\$ 3,847,924</u>
<u>January 1 to June 30, 2023</u>	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from contracts with external customers	<u>\$ 3,322,796</u>	<u>\$ 40,685</u>	<u>\$ 3,363,481</u>
Cut-off point of income recognition			
Income recognized at a particular point in time	\$ 1,215,094	\$ 40,685	\$ 1,255,779
Income recognized gradually over time	<u>2,107,702</u>	<u>-</u>	<u>2,107,702</u>
	<u>\$ 3,322,796</u>	<u>\$ 40,685</u>	<u>\$ 3,363,481</u>

2. Contract Asset and Contract Liability

- (1) The Group has recognized the following revenue-related contract assets and contract liabilities:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>January 1, 2023</u>
Contract Assets	<u>\$ 83,089</u>	<u>\$ 105,263</u>	<u>\$ 98,956</u>	<u>\$ 140,231</u>
Contract Liabilities	<u>\$ 129,031</u>	<u>\$ 174,538</u>	<u>\$ 189,749</u>	<u>\$ 232,778</u>

(2) Contract liabilities at the beginning of the period recognized as revenue of the period:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Opening balance of contract liabilities recognized in the current period	<u>\$ 8,288</u>	<u>\$ 3,175</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Opening balance of contract liabilities recognized in the current period	<u>\$ 121,659</u>	<u>\$ 229,572</u>

(XXIII) Interest income

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Interest from bank deposits	\$ 5,960	\$ 8,787
Interest income from financial assets measured at amortized cost	2,753	1,968
Other interest incomes	87	212
	<u>\$ 8,800</u>	<u>\$ 10,967</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Interest from bank deposits	\$ 10,874	\$ 16,538
Interest income from financial assets measured at amortized cost	5,317	3,946
Other interest incomes	171	249
	<u>\$ 16,362</u>	<u>\$ 20,733</u>

(XXIV) Other Incomes

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Rental income	\$ 5,422	\$ 5,135
Dividend income	-	94,064
Subsidy income	-	5,341
Other income - Others	756	5,219
	<u>\$ 6,178</u>	<u>\$ 109,759</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Rental income	\$ 10,578	\$ 10,318
Dividend income	-	94,064
Subsidy income	-	5,341
Other income - Others	3,174	10,280
	<u>\$ 13,752</u>	<u>\$ 120,003</u>

(XXV) Other Gains and Losses

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Disposal of interests in property, plant and equipment	(\$ 167)	\$ 344
Gain (loss) on disposal of investments	45	36,938
Gain on lease modifications	591	-
Gains on foreign exchange	19,247	21,411
Loss on financial assets and liabilities measured at fair value through profit or loss	(403,619)	(117,913)
Goodwill impairment loss	-	-
Other losses -- Depreciation of investment properties	(848)	(847)
Other Gains and Losses	(15)	2,867
	<u>(\$ 384,766)</u>	<u>(\$ 57,200)</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Disposal of interests in property, plant and equipment	\$ 13,950	\$ 401
Gain (loss) on disposal of investments	45	101,102
Gain on lease modifications	1,459	-
Gains on foreign exchange	55,072	15,029
Loss (gain) on financial assets and liabilities at fair value through profit or loss	294,468	(93,855)
Goodwill impairment loss	(27,390)	-
Other losses -- Depreciation of investment properties	(1,696)	(1,665)
Other Gains and Losses	(28)	191
	<u>\$ 335,880</u>	<u>\$ 21,203</u>

(XXVI) Financial Costs

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Interest expenses:		
Bank and other borrowings	\$ 68,484	\$ 66,098
Corporate bonds	23,865	4,523
Lease liabilities	1,934	2,165
Others	22	-
	<u>\$ 94,305</u>	<u>\$ 72,786</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Interest expenses:		
Bank and other borrowings	\$ 132,462	\$ 117,076
Corporate bonds	37,157	9,036
Lease liabilities	3,812	4,016
Others	79	-
	<u>\$ 173,510</u>	<u>\$ 130,128</u>

(XXVII) Expenses by nature

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Employee benefits expenditure	\$ 281,762	\$ 323,584
Depreciation	315,988	210,181
Amortization	18,610	13,608

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Employee benefits expenditure	\$ 658,230	\$ 626,953
Depreciation	623,609	409,380
Amortization	48,675	25,178

(XXVIII) Employee benefits expenditure

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Payroll expenses	\$ 216,205	\$ 274,682
Labor and health insurance fees	28,542	21,826
Pension expense	16,340	12,962
Other personnel expenses	20,675	14,114
	<u>\$ 281,762</u>	<u>\$ 323,584</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Payroll expenses	\$ 542,037	\$ 529,964
Labor and health insurance fees	51,407	43,510
Pension expense	29,433	25,887
Other personnel expenses	<u>35,353</u>	<u>27,592</u>
	<u>\$ 658,230</u>	<u>\$ 626,953</u>

1. According to the Articles of Incorporation, the Company shall distribute not less than 10% of the current year's profit situation for employee remuneration and not more than 2% of current year's profit situation for director remuneration. However, profits must first be taken to offset against cumulative losses, if any.
2. For the periods between April 1 and June 30, 2024 and 2023, and January 1 and June 30, 2024 and 2023, employees' remuneration was accrued at (NT\$29,000), NT\$30,000, NT\$50,000, and NT\$60,000, respectively, and director remunerations were accrued at NT\$2,400, NT\$4,500, NT\$7,800, and NT\$9,000, respectively. The abovementioned amounts were listed as payroll expenses.

The remuneration of employees and directors for January 1 to June 30, 2024, and 2023, were estimated in accordance with the Articles of Incorporation taking into account the annual profit.

Information about employees remuneration and director remuneration of the Company as resolved by the Board of Directors is available on the MOPS.

(XXIX) Income tax

1. Income tax expense

Components of income tax expense:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Current tax:		
Current tax on profits for the year	\$ 20,611	\$ 14,356
Additional surtax on undistributed earnings	756	-
Over provision of prior year's income tax	<u>-</u>	<u>64,455</u>
Total current tax	<u>21,367</u>	<u>78,811</u>
Deferred income tax:		
Origination and reversal of temporary differences	(34,773)	5,972
Total Deferred Income Tax	<u>(34,773)</u>	<u>5,972</u>
Income tax (gains) expenses	<u>(\$ 13,406)</u>	<u>\$ 84,783</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Current tax:		
Current tax on profits for the year	\$ 58,949	\$ 94,021
Additional surtax on undistributed earnings	756	-
Over provision of prior year's income tax	-	64,455
Total current tax	<u>59,705</u>	<u>158,476</u>
Deferred income tax:		
Origination and reversal of temporary differences	(36,658)	6,815
Total Deferred Income Tax	<u>(36,658)</u>	<u>6,815</u>
Income Tax Expense	<u>\$ 23,047</u>	<u>\$ 165,291</u>

2. The Company's income tax returns through 2022 have been assessed and approved by the tax authority.

(XXX) Earnings (loss) per share

	<u>April 1 to June 30, 2024</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Loss per</u>
	<u>after tax</u>	<u>share outstanding</u>	<u>share (NTD)</u>
		<u>(thousand shares)</u>	
<u>Basic loss per share</u>			
Net loss attributable to ordinary shareholders of the parent	<u>(\$244,849)</u>	<u>213,653</u>	<u>(\$ 1.15)</u>
	<u>April 1 to June 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>share outstanding</u>	<u>share (NTD)</u>
		<u>(thousand shares)</u>	
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$100,343</u>	<u>205,498</u>	<u>\$ 0.49</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$100,343	205,498	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	3,502	19,713	
Employee remuneration	-	1,137	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$103,845</u>	<u>226,348</u>	<u>\$ 0.46</u>

	<u>January 1 to June 30, 2024</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>share outstanding</u>	<u>share (NTD)</u>
		<u>(thousand shares)</u>	
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$429,360</u>	<u>213,477</u>	<u>\$ 2.01</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$429,360	213,477	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	7,072	20,335	
Employee remuneration	<u>-</u>	<u>1,071</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$436,432</u>	<u>234,883</u>	<u>\$ 1.86</u>

	<u>January 1 to June 30, 2023</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>share outstanding</u>	<u>share (NTD)</u>
		<u>(thousand shares)</u>	
<u>Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$308,394</u>	<u>205,365</u>	<u>\$ 1.50</u>
<u>Diluted Earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$308,394	205,365	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	6,995	19,713	
Employee remuneration	<u>-</u>	<u>1,137</u>	
Profit attributable to ordinary shareholders of the parent company plus assumed conversion of all dilutive potential ordinary shares	<u>\$315,389</u>	<u>226,215</u>	<u>\$ 1.39</u>

The weighted average number of shares outstanding during the periods between April 1 and June 30, 2024 and 2023 and January 1 and June 30, 2024 and 2023 has deducted the number of shares held by the subsidiary company Youe Chung Capital deemed as the Company's treasury stock (the number of shares is based on the Company's shareholding). Since the periods between April 1 and June 30, 2024 were at a loss, there was no potential dilutive effect of ordinary shares and the diluted loss per share was equal to the basic loss per share.

(XXXI) Business combination

1. The Group acquired 58.33% of shares of Pilot Energy Co., Ltd. on March 1, 2023 for NT\$178,500 through a cash capital increase and gained control over Pilot Energy Co., Ltd.

- (1) The fair value of the assets acquired and liabilities assumed from Pilot Energy Co., Ltd. at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>March 1, 2023</u>
Acquisition consideration	
Cash	\$ 178,500
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>114,059</u>
	<u>292,559</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	189,429
Notes Receivables	84
Accounts Receivables	2,297
Inventories	35,488
Prepayments	2,543
Other Current Assets	1,951
Property, plant and equipment	129,538
Intangible assets	58,804
Deferred Income Tax Assets	5,678
Right-of-use Asset	3,148
Other Non-Current Assets	29,081
Short Term Loans	(99,154)
Contract Liabilities	(8,649)
Notes Payable	(3,869)
Accounts Payable	(17,157)
Lease liabilities	(3,148)
Other Payables	(7,496)
Other Current Liabilities	(568)
Long-term Loans	(31,140)
Deferred Income Tax.	<u>(13,140)</u>
Total identifiable net assets	<u>273,720</u>
Goodwill	<u>\$ 18,839</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The fair value of the identifiable net assets acquired as of March 1, 2023 was originally assessed at a provisional amount and the fair value of these net assets was determined after the end of the measurement period as described above. Among them, the initial valuations of PP&P and intangible assets were NT\$42,954 and NT\$0, respectively, which were different from the fair values of NT\$129,538 and NT\$58,804, respectively, identified in the purchase price apportionment

report. The consolidated balance sheet as of December 31 and June 30, 2023.

- (4) Since March 1, 2023, the Group has merged with Pilot Energy Co., Ltd., Pilot Energy Co., Ltd. has contributed operating income and net loss before tax of NT\$9,143 and (NT\$7,846), respectively. If Pilot Energy Co., Ltd. had been included in the Group since January 1, 2023, the Group's operating income and net income before tax for Q2 2023 would have been NT\$3,368,549 and NT\$345,012, respectively.
2. The Group acquired 53.33% of shares of Moment Semiconductor, Inc. on March 17, 2023 for NT\$40,000 through a cash capital increase and gained control over Moment Semiconductor, Inc.
- (1) The fair value of the assets acquired and liabilities assumed from Moment Semiconductor, Inc. at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>March 17, 2023</u>
Acquisition consideration	
Cash	\$ 40,000
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>14,256</u>
	<u>54,256</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	63,085
Accounts Receivables	13,911
Inventories	33,038
Prepayments	3,098
Property, plant and equipment	447
Other Non-Current Assets	216
Contract Liabilities	(837)
Notes Payable	(75,851)
Accounts Payable	(1,734)
Other Payables	(24)
Other Non-Current Liabilities	<u>(4,800)</u>
Total identifiable net assets	<u>30,549</u>
Goodwill	<u>\$ 23,707</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The fair value of the identifiable net assets acquired as of March 17, 2023 was originally assessed at a provisional amount and the fair value of these net assets was determined after the end of the measurement period as described above. The initial valuation of property, plant and equipment, and intangible assets were NT\$447 and NT\$0 respectively, which were the same as the fair value identified

in the acquisition price allocation report.

- (4) Since March 17, 2023, the Group has merged with Moment Semiconductor, Inc., Moment Semiconductor, Inc. has contributed operating income and net loss before tax of NT\$138,031 and (NT\$11,579), respectively. If Moment Semiconductor, Inc. had been included in the Group since January 1, 2023, the Group's Q2 2023 operating income and net income before tax would have been NT\$3,411,478 and \$341,943, respectively.
3. The Group invested NT\$121,372 on May 1, 2023 to acquire 100% equity of One Test Systems and obtain control over One Test Systems.
- (1) The fair value of the assets acquired and liabilities assumed from One Test Systems at the date of acquisition and the non-controlling interest as a percentage of the acquiree's identifiable net assets at the date of acquisition were as follows:

	<u>May 1, 2023</u>
Acquisition consideration	
Cash	\$ 121,372
Share of non-controlling interests in the identifiable net assets of the acquiree	<u>-</u>
	<u>121,372</u>
Fair value of acquired identifiable assets and assumed liabilities	
Cash	9,331
Intangible assets	117,963
Other Payables	(9,331)
Deferred Income Tax.	<u>(23,593)</u>
Total identifiable net assets	<u>94,370</u>
Goodwill	<u>\$ 27,002</u>

- (2) Non-controlling interest is measured by the proportion of the acquiree's net identifiable assets to the non-controlling interest.
- (3) The fair value of the identifiable net assets acquired as of May 1, 2023 was originally assessed at a provisional amount and the fair value of these net assets was determined after the end of the measurement period as described above. The initial valuation of intangible assets is NT\$0, which is different from the fair value of NT\$117,963 identified in the acquisition price allocation report, and the consolidated balance sheet on December 31, and June 30, 2023 is adjusted.
- (4) Since the Group merged with One Test Systems on May 1, 2023, One Test Systems contributed operating revenue and net loss before tax of NT\$0 and (NT\$47), respectively. If One Test Systems had been included in the Group since January 1, 2023, the Group's Q2 2023 operating income and net income before tax would have been NT\$3,363,481 and NT\$353,216, respectively.

(XXXII) Supplemental cash flow information

1. Investing activities with partial cash payments:

	<u>January 1 to June 30, 2024</u>		<u>January 1 to June 30, 2023</u>	
Purchase of property, plant and equipment	\$	812,285	\$	2,811,477
Add: Prepayments for equipment at the end of the period		543,884		979,804
Beginning balance of payable on equipment		498,861		111,919
Less: Prepayments for equipment (at the beginning of the period)	(	422,444)	(	1,293,001)
Ending balance of payable on equipment	(	489,429)	(	757,797)
Cash paid during the year	\$	<u>943,157</u>	\$	<u>1,852,402</u>

2. Financing activities with no cash flow effects:

	<u>January 1 to June 30, 2024</u>		<u>January 1 to June 30, 2023</u>	
Dividends payable	\$	<u>373,477</u>	\$	<u>622,462</u>

(XXXIII) Changes in liabilities arising from financing activities

	<u>Short Term Loans</u>	<u>Corporate bonds payable</u>	<u>Long-term borrowings (including current portion)</u>	<u>Lease liabilities</u>	<u>Guarantee Deposits Received</u>	<u>Dividends payable</u>	<u>Total liabilities arising from financing activities</u>
January 1, 2024	\$5,429,370	\$3,424,600	\$ 4,342,556	\$ 567,193	\$ 42,282	\$ -	\$13,806,001
Change in cash flow from financing activities	939,788	(299,417)	72,827	(25,207)	(7,004)	-	680,987
Interest Expenses	-	37,157	-	3,812	-	-	40,969
Interest Paid	-	(13,548)	-	(3,812)	-	-	(17,360)
Distribution of cash dividends announced	-	-	-	-	-	373,477	373,477
Other Non-Cash Transactions	-	(14,213)	9,734	15,598	-	-	11,119
June 30, 2024	<u>\$6,369,158</u>	<u>\$3,134,579#</u>	<u>\$ 4,425,117</u>	<u>\$ 557,584</u>	<u>\$ 35,278</u>	<u>\$373,477</u>	<u>\$14,895,193</u>

	<u>Short Term</u> <u>Loans</u>	<u>Corporate bonds</u> <u>payable</u>	<u>Long-term</u> <u>borrowings</u> <u>(including</u> <u>current portion)</u>	<u>Lease liabilities</u>	<u>Guarantee</u> <u>Deposits</u> <u>Received</u>	<u>Dividends</u> <u>payable</u>	<u>Total liabilities</u> <u>arising from</u> <u>financing</u> <u>activities</u>
January 1, 2023	\$4,624,525	\$2,609,044	\$ 3,779,447	\$ 559,669	\$ 34,754	\$ -	\$11,607,439
Change in cash flow from financing activities	626,408	-	476,821	(12,422)	17,151	-	1,107,958
Interest Expenses	-	9,036	-	4,016	-	-	13,052
Interest Paid	-	-	-	(4,016)	-	-	(4,016)
Distribution of cash dividends announced	-	-	-	-	-	622,462	622,462
Other Non-Cash Transactions	99,154	-	31,140	25,084	-	-	155,378
June 30, 2023	<u>\$5,350,087</u>	<u>\$2,618,080#</u>	<u>\$ 4,287,408</u>	<u>\$ 572,331</u>	<u>\$ 51,905</u>	<u>\$622,462</u>	<u>\$13,502,273</u>

VII. Related Party Transactions

(I) Related parties' names and relationship

Name of the related parties	Relationship with the Group
Advagene Biopharma Co., Ltd.	Affiliates
Weida Hi-Tech Co., Ltd.	Affiliates
TrueLight Corporation	Affiliates (Note 1)
BKS Tec Corp.	Affiliates (Note 2)
Image Match Design Inc.	Other related party (Note 3)
Pilot Qiangxiang Co., Ltd.	Other related party (Note 4)
Ontario Capital Co., Ltd.	Other related party
Taiwan Mask Charity Foundation	Other related party

Note 1: The Group acquired the equity of TrueLight Corporation in March 2024, and accounted for it as "Investment under equity method." Please refer to Note 6(6) for details.

Note 2: The Group acquired the equity of BKS Tec Corp. in April 2024, and accounted for it as "investment adopting the equity method." Please refer to Note 6(6) for details.

Note 3: Image Match Design Inc. re-elected its directors on June 1, 2023. Youe Chung Capital Corporation is no longer a director of the company, and the company is not a related party of the Group.

Note 4: In March 2023, the Group acquired 58.33% of the shares of Pilot Qiangxiang Co., Ltd., and gained control over the company, which has been included in the consolidated financial statements as a consolidated entity since the acquisition of control.

(II) Significant transactions with the related parties

1. Operating income

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Product sales:		
Affiliates	\$ 1,364	\$ 942
Other related party	<u>-</u>	<u>293</u>
Total	<u>\$ 1,364</u>	<u>\$ 1,235</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Product sales:		
Affiliates	\$ 4,192	\$ 1,336
Other related party	<u>-</u>	<u>2,397</u>
Total	<u>\$ 4,192</u>	<u>\$ 3,733</u>

There are no major abnormalities in the transaction prices and payment terms of the related party compared to that of non-related parties.

2. Purchase

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Purchase of merchandise:		
Other related party	<u>\$ -</u>	<u>\$ -</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Purchase of merchandise:		
Other related party	<u>\$ -</u>	<u>\$ 74</u>

3. Account receivable from related parties.

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Accounts Receivables:			
Affiliates	\$ 1,432	\$ -	\$ 989
Other related party	-	26	-
Other Receivables:			
Affiliates /other related parties	<u>1,227</u>	<u>407</u>	<u>-</u>
Total	<u>\$ 2,659</u>	<u>\$ 433</u>	<u>\$ 989</u>

4. Acquisition of financial assets

Pilot Qiangxiang Co., Ltd. was other related party to the Group. On March 1, 2023, the Group invested NT\$178,500 to acquire 7,000 thousand shares of Pilot Qiangxiang Co., Ltd., a 58.33% shareholding, to gain control and include the company as a consolidated entity in the consolidated financial statements. Please refer to Note 6(31) for details of the business merger transaction.

BKS Tec Corp. was other related party to the Group. On April 1, 2024, the Group invested NT\$30,000 to participate the cash capital increase of BKS Tec Corp., and acquired 6,000 thousand shares, with the stake of 38.91% and thus has obtained significant influence. This is accounted as “the investment adopting the equity method.” Please refer to Note 6(6) for detailed description.

5. Others

(1) Deposits Received:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Affiliates /other related parties	<u>\$ 118</u>	<u>\$ 118</u>	<u>\$ -</u>

(2) Rent income:

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Affiliates /other related parties	<u>\$ 438</u>	<u>\$ 437</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Affiliates /other related parties	<u>\$ 875</u>	<u>\$ 804</u>

(3) Other Incomes

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Affiliates /other related parties	<u>\$ 37</u>	<u>\$ -</u>
	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Affiliates /other related parties	<u>\$ 145</u>	<u>\$ -</u>

(4) For the six months ended June 30, 2024 and 2023, the Company’s subsidiary, You Zhuan Capital Corporation, donated 500,000 and 400,000 shares of the Company’s stock, totaling NT\$7,115 and NT\$5,692, respectively, to the Taiwan Mask Charitable Foundation.

(5) For the six months ended June 30, 2024, and 2023, the Company donated NT\$838 and NT\$991, respectively, in cash to the Taiwan Mask Charity Foundation.

6. Loaning of funds to related parties

Loans from related parties:

(1) Closing balance (recorded as “short-term borrowings”)	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other related party	\$ 60,000	\$ 30,000	\$ -

(2) Interest expenses	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Other related party	\$ 457	\$ -

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Other related party	\$ 686	\$ -

The conditions for borrowing from related parties are that the interest is paid monthly at an annual interest rate of 2.7% after the loan is loaned, and the principal is repaid at the maturity. The borrowing period is from August 3, 2023 to September 30, 2024.

(III) Compensation of key management personnel

	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>
Salary and short-term employee benefits	\$ 9,431	\$ 8,159
Post-employment benefits	54	54
Total	<u>\$ 9,485</u>	<u>\$ 8,213</u>

	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Salary and short-term employee benefits	\$ 20,246	\$ 18,473
Post-employment benefits	108	108
Other long-term employee benefits	-	850
Total	<u>\$ 20,354</u>	<u>\$ 19,431</u>

VIII. Pledged assets

Assets pledged by the Corporate Group as collateral are as follows:

Assets	Book value			Purpose
	June 30, 2024	December 31, 2023	June 30, 2023	
Demand deposit (Recognized as “Financial assets at amortized cost”)	\$ 447,909	\$ 534,179	\$ 176,357	Reserve accounts for short-term borrowings
Time deposit (Recognized as “Financial assets at amortized cost”)	451,295	382,863	579,110	Short-term loans and guarantees for goods out of the free zone
Stocks of publicly traded and OTC companies (recognized as “Financial assets at fair value through profit or loss”)	3,964,226	3,145,150	2,761,405	Short Term Loans
Shares of the Company (recognized as “treasury stock”) (Note)	491,647	491,647	511,569	Short Term Loans
Buildings and structures (including land)	1,163,894	1,181,577	1,188,641	Long-term Loans
Machinery and equipment and equipment under acceptance	3,826,517	3,433,402	3,475,411	Long-term Loans
Real estate investment	168,804	170,500	172,195	Long-term Loans
Office equipment	-	-	1,904	Long-term Loans
Other equipment	5,794	5,936	3,853	Long-term Loans
Intangible assets	-	-	33	Long-term Loans
	<u>\$ 10,520,086</u>	<u>\$ 9,345,254</u>	<u>\$ 8,870,478</u>	

Note: The cost of pledged treasury stocks was NT\$491,647 and its fair value was NT\$2,629,255 as of June 30, 2024.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. Machine equipment maintenance contracts that have been signed but not yet paid

	<u>June 30, 2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30, 2023</u>
Machine maintenance	<u>\$ 53,459</u>	<u>\$ 44,906</u>	<u>\$ 67,932</u>

2. Capital expenditures that have been signed but not yet incurred

	<u>June 30, 2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30, 2023</u>
Property, plant and equipment	<u>\$ 1,465,920</u>	<u>\$ 980,980</u>	<u>\$ 1,703,166</u>

3. Lease agreement

Please see Note 6 (8) and (9)

X. Losses due to major disasters

None.

XI. Major Events after Financial Statement Date

The Company issued domestic secured ordinary corporate bonds on August 1, 2024. The issuance amount is NT\$500,000, the coupon rate is 2.20%, and the issuance period is five years.

XII. Others

(I) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the 2023 consolidated financial statements.

(II) Financial instruments

1. Types of financial instrument

	<u>June 30, 2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial Assets at Fair Value Through Profit or Loss			
Mandatory financial assets at fair value through profit or loss	<u>\$ 4,833,730</u>	<u>\$ 4,522,714</u>	<u>\$ 4,515,083</u>
Financial assets measured at amortized cost cash and cash equivalents	\$ 1,353,779	\$ 1,364,106	\$ 1,987,268

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets measured at amortized cost	916,302	920,042	758,467
Notes Receivables	4,134	6,049	96
Accounts receivable (Including related parties)	1,570,079	1,478,832	1,143,099
Other account receivable (Including related parties)	23,078	29,410	121,106
Refundable Deposit	91,495	90,526	75,943
	<u>\$ 3,958,867</u>	<u>\$ 3,888,965</u>	<u>\$ 4,085,979</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	<u>\$ 5,864</u>	<u>\$ 9,383</u>	<u>\$ 4,692</u>
Financial liabilities at amortized cost			
Short Term Loans	\$ 6,369,158	\$ 5,429,370	\$ 5,350,087
Notes Payable	9,797	66	72
Accounts Payable	463,021	463,892	428,197
Other accounts payable (Including related parties)	1,647,122	1,205,457	2,201,865
Corporate bonds payable	3,134,579	3,424,600	2,618,080
Long-term borrowings (including due within one year or one business cycle)	4,425,117	4,342,556	4,287,408
Guarantee Deposits Received	35,278	42,282	51,905
	<u>\$ 16,084,072</u>	<u>\$ 14,908,223</u>	<u>\$ 14,937,614</u>
Lease liabilities	<u>\$ 557,584</u>	<u>\$ 567,193</u>	<u>\$ 572,331</u>

2. Risk management policies

- (1) The Group's activities expose it to a variety of financial risks, including market risk (exchange rate, interest rate and price), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and performance.
- (2) Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as currency exchange risk, interest rate risk, credit risk, the use of derivatives and non-derivative financial instruments and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

The Group's operations involve certain non-functional currencies (the Company's and certain subsidiaries' functional currency is the New Taiwan dollar (NTD), and for other certain subsidiaries, the functional currency is the US Dollars, Japanese Yen and China's Renminbi (RMB)), so it is subject to the impact of exchange rate fluctuation. The details of assets and liabilities denominated in foreign currencies whose values that would be materially affected by exchange rate fluctuations are as follows:

<u>June 30, 2024</u>				
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>	<u>Exchange rate</u>	<u>Book value (NT\$ in thousands)</u>	
Financial assets				
<u>Monetary items</u>				
USD : NTD	USD	47,468	32.45	\$ 1,539,125
RMB : NTD	CNY	73,932	4.445	328,629
JPY : NTD	JPY	164,147	0.2017	33,108
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	14,951	32.45	484,793
JPY : NTD	JPY	844,444	0.2017	170,324
Euro : NTD	EUR	1,020	34.71	35,399
 <u>December 31, 2023</u>				
(Foreign currency: functional currency)	<u>Foreign currency (in thousand)</u>	<u>Exchange rate</u>	<u>Book value (NT\$ in thousands)</u>	
Financial assets				
<u>Monetary items</u>				
USD : NTD	USD	40,189	30.705	\$ 1,234,287
RMB : NTD	CNY	65,620	4.327	283,941
JPY : NTD	JPY	184,753	0.2172	40,128
Financial liabilities				
<u>Monetary items</u>				
USD : NTD	USD	15,574	30.705	478,208
JPY : NTD	JPY	836,916	0.2172	181,778

		<u>June 30, 2023</u>			Book value
(Foreign currency: functional currency)	<u>Foreign currency</u>	<u>(in thousand)</u>	<u>Exchange</u>	<u>rate</u> <u>(NT\$ in thousands)</u>	
Financial assets					
<u>Monetary items</u>					
USD : NTD	USD	51,504	31.140	\$	1,603,840
RMB : NTD	CNY	41,457	4.282		177,519
JPY : NTD	JPY	104,415	0.2150		22,449
Financial liabilities					
<u>Monetary items</u>					
USD : NTD	USD	27,819	31.140		866,284
JPY : NTD	JPY	1,160,639	0.2150		249,537

- B. Total exchange gains (losses), including realized and unrealized gains from significant foreign exchange variations on monetary items held by the Group amounted to NT\$19,247 and NT\$21,411 for the periods between April 1 and June 30, 2024 and 2023 and NT\$55,072 and NT\$15,029 for the periods between January 1 and June 30, 2024 and 2023, respectively.
- C. The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

		<u>January 1 to June 30, 2024</u>			
		<u>Sensitivity Analysis</u>			
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effect on profit or</u>	<u>Other comprehensive</u>	<u>profit and loss affected</u>	
		<u>loss</u>			
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	1%	\$	15,391	\$	-
RMB : NTD	1%		3,286		-
JPY : NTD	1%		331		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	1%	(	4,848)		-
JPY : NTD	1%	(	1,703)		-
Euro : NTD	1%	(	354)		-

January 1 to June 30, 2023

(Foreign currency: functional currency)	Sensitivity Analysis		
	Fluctuation	Effect on profit or loss	Other comprehensive profit and loss affected
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 16,038	\$ -
RMB : NTD	1%	1,775	-
JPY : NTD	1%	224	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	(8,663)	-
JPY : NTD	1%	(2,495)	-

Price risk

- A. The equity instruments owned by the Company exposing to the price risk are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- B. The Group invests primarily in equity instruments and open-end funds issued by domestic and foreign companies. The price of such equity instrument is subject to the uncertainty of the future value of investment target. If the equity instrument price had increased/decreased by 1% with all other variables held constant, net income after tax from equity instruments at fair value through profit or loss for the six months ended June 30, 2024, and 2023, would have increased/decreased by NT\$38,670 and NT\$36,121, respectively; other comprehensive income classified as equity investment at fair value through other comprehensive income would have both increased/decreased by NT\$0.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from long-term borrowings issued at floating rates, which exposes the Group to cash flow interest rate risk. The Group's borrowings issued at floating interest rates were mainly denominated in New Taiwan dollars and U.S. dollars for the six months ended June 30 2024, and 2023.
 - B. The Group's borrowings are measured at amortized cost, and the annual interest rate is re-priced according to the contract, which exposes the Group to the risk of future market interest rate changes.
 - C. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, net income after tax for the six months ended June 30, 2024, and 2023, would have increased/decreased by NT\$10,794 and NT\$9,637, respectively, due to the change in interest expenses as a result of borrowings with floating interest rates.
- (2) Credit risk
- A. Credit risk refers to the risk of financial loss to the Group arising from default by

the clients or counterparties of financial instruments under contract obligations, and the defaults are accounts receivable and the contract cash flow from debt instruments measured at amortized cost, measured at fair value through other comprehensive income and at fair value through profit or loss.

- B. The management of credit risk is established with a Group perspective. Only the banks and financial institutions with an independent credit rating of at least “A” can be accepted as transaction partners of the Group. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- C. The Group considers a contract payment overdue in accordance with the agreed payment terms a breach of contract.
- D. The Group uses IFRS 9 to provide the following assumption as a basis for determining whether there is a significant increase in the credit risk of financial instruments after the original recognition:
 - (A) If the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset is significantly increased since the original recognition.
 - (B) For bond investments in Taipei Exchange, if any external rating agency rates it as an investment grade on the balance sheet date, the credit risk of the financial asset is considered low.
- E. The Group uses the following indicators to determine the status of credit impairments of debt instruments:
 - (A) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (B) The issuer has suffered significant financial difficulties or is likely to enter bankruptcy or other financial restructuring.
 - (C) The issuer delays or does not pay for the interest or principal.
 - (D) Unfavorable changes in the national- or regional-level economic situation resulting in the issuer’s default.
- F. The Group categorizes the accounts receivable from customers based on the characteristics of trade credit risks. The simplified approach is adopted for estimating the expected credit loss based on the provision matrix.
- G. The Group may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse. However, the Group will continue the recourse to protect the rights of the claims.
- H. The allowance for losses on accounts receivable are estimated by reference to loss rate based on historical and current information for a specific period, adjusted for the Group’s future considerations. A provision matrix as of June 30, 2024, December 31, 2023 and June 30, 2023 is as follows.

	<u>Not past due</u>	<u>Up to 30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>More than 181 days past due</u>	<u>Total</u>
<u>June 30, 2024</u>						
Expected loss rate	0.01%	0.01~30.48%	0.01~62.25%	0.01~100%	0.10~100%	
Total book value	\$1,254,784	\$202,205	\$73,236	\$58,989	\$49,989	\$1,639,203
Loss allowance	-	-	(2,648)	(18,427)	(48,049)	(69,124)
<u>December 31, 2023</u>						
Expected loss rate	0.01%	0.05~33.11%	0.05~66.19%	0.04~98.36%	50.9~100%	
Total book value	\$1,226,407	\$171,778	\$78,432	\$11,385	\$20,253	\$1,508,255
Loss allowance	-	-	(4,540)	(5,187)	(19,696)	(29,423)
<u>June 30, 2023</u>						
Expected loss rate	0.01~1%	0.05~1.95%	1.88%~5.7%	5.24~18.19%	57.71~100%	
Total book value	\$855,817	\$183,222	\$52,190	\$61,294	\$18,750	\$1,171,273
Loss allowance	-	-	(1,853)	(8,233)	(18,088)	(28,174)

- I. The Group adopts a simplified method in which the loss allowance for the accounts receivable is shown as follows:

	<u>2024</u>
	<u>Accounts Receivables</u>
January 1	\$ 29,423
Recognize impairment loss	39,700
Impact from exchange rate	1
June 30	<u>\$ 69,124</u>
	<u>2023</u>
	<u>Accounts Receivables</u>
January 1	\$ 20,597
Recognize impairment loss	7,576
Impact from exchange rate	1
June 30	<u>\$ 28,174</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed by the operating entities of the Corporate Group and aggregated by the Group's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs.

- B. The remaining cash held by each operating entity will be transferred back to the Group's finance department. The finance department of the Group invests the remaining funds in interest-bearing demand deposits, time deposits, financial assets at fair value through profit or loss, financial assets at amortized cost (time deposits with a maturity of more than 3 months and less than 12 months), as the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. Money market positions of NT\$2,269,350, NT\$2,284,019, and \$2,745,562, respectively, held by the Group as of June 30, 2024, December 31, 2023, and June 30, 2023 are expected to generate immediate cash flows to manage liquidity risks.
- C. The Group's unutilized borrowings are shown as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Floating rate			
Short-term credit limits	\$ 1,106,613	\$ 1,469,512	\$ 1,453,411
Medium to long-term credit limits	-	-	550,000
Fixed rate			
Short-term credit limits	-	105,000	16,640
Medium to long-term credit limits	8,326	8,420	-
	<u>\$ 1,114,939</u>	<u>\$ 1,582,932</u>	<u>\$ 2,020,051</u>

- D. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or total amount, grouped according to the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
June 30, 2024				
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$6,437,731	\$ -	\$ -	\$ -
Notes Payable	9,797	-	-	-
Accounts Payable	463,021	-	-	-
Other accounts payable (Including related parties)	1,647,122	-	-	-
Lease liabilities	44,004	39,401	98,793	434,538
Corporate bonds payable	27,260	27,260	3,243,980	-
Long-term borrowings (including current portion)	1,309,570	1,328,140	1,639,885	443,433
Guarantee Deposits Received	-	35,278	-	-

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2023				
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$5,429,370	\$ -	\$ -	\$ -
Notes Payable	66	-	-	-
Accounts Payable	463,892	-	-	-
Other accounts payable (Including related parties)	1,205,457	-	-	-
Lease liabilities	45,788	37,109	98,036	446,083
Corporate bonds payable	34,400	34,400	3,558,260	-
Long-term borrowings (including current portion)	1,320,782	1,148,345	1,669,689	480,331
Guarantee Deposits Received	-	42,282	-	-
	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
June 30, 2023				
<u>Non-derivative financial liabilities:</u>				
Short Term Loans	\$5,406,919	\$ -	\$ -	\$ -
Notes Payable	72	-	-	-
Accounts Payable	428,197	-	-	-
Other accounts payable (Including related parties)	2,201,865	-	-	-
Lease liabilities	42,480	33,854	91,272	455,088
Corporate bonds payable	20,540	20,540	2,737,220	-
Long-term borrowings (including current portion)	859,505	1,303,859	2,007,468	423,300
Guarantee Deposits Received	-	51,905	-	-

(III) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in stocks of publicly traded or OTC firms and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in stocks of non-publicly traded or non-OTC firms and private equity fund is included in Level 3.

2. Financial instruments not measured at fair value

Cash, notes receivable, accounts receivable, other receivable, short-term borrowings, notes payable, accounts payable and other payable as reasonable approximation of fair value.

3. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

June 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Assets at Fair Value Through Profit or Loss				
Equity securities	<u>\$4,607,097</u>	<u>\$92,372</u>	<u>\$134,261</u>	<u>\$4,833,730</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,864</u>	<u>\$ 5,864</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Assets at Fair Value Through Profit or Loss				
Equity securities	\$4,341,227	\$67,292	\$113,695	\$4,522,214
Beneficiary certificates	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$4,341,727</u>	<u>\$67,292</u>	<u>\$113,695</u>	<u>\$4,522,714</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,383</u>	<u>\$ 9,383</u>

June 30, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial Assets at Fair Value				
Through Profit or Loss				
Equity securities	\$4,381,016	\$77,300	\$56,267	\$4,514,583
Beneficiary certificates	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>
	<u>\$4,381,516</u>	<u>\$77,300</u>	<u>\$56,267</u>	<u>\$4,515,083</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Convertible bond call/put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,692</u>	<u>\$ 4,692</u>

4. The methods and assumptions adopted by the Group for assessing the fair value are as follows:

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

	<u>Shares of listed and OTC company</u>	<u>Open-end funds</u>
Market price	Closing price	Net Value

(2) Except for the abovementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained using valuation techniques. The fair value obtained through valuation techniques can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other valuation techniques, including the use of market information available on the date of the consolidated balance sheet (for example, the Taipei Exchange refers to the yield curve, the Reuters adopts the average quotation of interest rate of commercial promissory notes).

(3) The output of the valuation model is the estimated value, and the valuation technique may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation model will be appropriately adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value valuation model management policies and related control procedures, the management believes that in order to properly express the fair value of financial instruments and non-financial instruments in the consolidated balance sheet, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully assessed and appropriately adjusted according to current market conditions.

- (4) The Group incorporates credit risk valuation adjustments into the consideration of the fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Group, respectively.
5. For the six months ended June 30, 2024 and 2023, there was no transfer between level 1 and level 2.
6. For the six months ended June 30, 2024, and 2023, the following chart is the movement of Level 3:

	<u>Financial instruments</u>
January 1, 2024	\$ 104,312
Acquisition cost of the period	20,000
Recognized in profit or loss of the period	3,519
Impact from exchange rate	<u>566</u>
June 30, 2024	<u>\$ 128,397</u>

	<u>Financial instruments</u>
January 1, 2023	\$ 51,174
Recognized in profit or loss of the period	1,005
Impact from exchange rate	<u>(604)</u>
June 30, 2023	<u>\$ 51,575</u>

7. The quantitative information about the significant unobservable input value of the valuation model and the sensitivity analysis of the significant unobservable input value change used in the Level 3 fair value measurements are explained as follows:

June 30, 2024

	<u>Fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between inputs and</u> <u>fair value</u>
Derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$134,261	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(5,864)	Convertible bond evaluation model	Stock price volatility	31.02%	The higher the stock price volatility, the higher the fair value

December 31, 2023

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$113,695	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(9,383)	Convertible bond evaluation model	Stock price volatility	29.44%	The higher the stock price volatility, the higher the fair value

June 30, 2023

	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Derivative equity/liability instruments:					
Shares of non-listed and non-OTC company	\$ 56,267	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Convertible bond call/put options	(4,692)	Convertible bond evaluation model	Stock price volatility	45.51%	The higher the stock price volatility, the higher the fair value

8. The Corporate Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurement. For financial assets or liabilities classified in Level 3, changes in valuation parameters have the following impacts on the income or other comprehensive income of the period:

				<u>June 30, 2024</u>		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	
Financial assets									
Equity instruments	Net asset value	± 1%	\$ 1,343	(\$ 1,343)	\$ -	\$ -	\$ -	\$ -	
Debt	Stock price volatility	± 1%	10	-	-	-	-	-	
			<u>\$ 1,353</u>	<u>(\$ 1,343)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

			<u>December 31, 2023</u>			
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 1,137	(\$ 1,137)	\$ -	\$ -
Debt	Stock price volatility	± 1%	20	(10)	-	-
			<u>\$ 1,157</u>	<u>(\$ 1,147)</u>	<u>\$ -</u>	<u>\$ -</u>

			<u>June 30, 2023</u>			
			<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive income</u>	
	<u>Inputs</u>	<u>Changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>
Financial assets						
Equity instruments	Net asset value	± 1%	\$ 563	(\$ 563)	\$ -	\$ -
Debt	Stock price volatility	± 1%	10	(10)	-	-
			<u>\$ 573</u>	<u>(\$ 573)</u>	<u>\$ -</u>	<u>\$ -</u>

XIII. Supplementary Disclosure

(I) Significant transactions information

1. Loans to others: Please refer to Table 1.
2. Provision of endorsements and guarantees to others: Please refer to Table 2.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
9. Engaged in derivative trading: None.

10. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 6.

2. Significant transactions, either directly or indirectly through a third area, with investee companies in China: None.

(IV) Information on Major Shareholders

Information on major shareholders: Please refer to Table 7.

XIV. Segment Information

(I) General information

Management has determined the reportable operating segments based on reports reviewed by the president and used to make strategic decisions.

The Group's corporate structure, the basis for division of segments, and the basis for measurement of segment information have not changed significantly during the current period.

(II) Segments Information

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

January 1 to June 30, 2024:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from external clients	<u>\$ 3,754,600</u>	<u>\$ 93,324</u>	<u>\$ 3,847,924</u>
Segment revenue	<u>(\$ 106,582)</u>	<u>(\$ 5,735)</u>	<u>(\$ 112,317)</u>
Segment margin	<u>\$ 433,433</u>	<u>(\$ 136,090)</u>	<u>\$ 297,343</u>
Segment margin include:			
Depreciation	<u>(\$ 580,231)</u>	<u>(\$ 43,378)</u>	<u>(\$ 623,609)</u>
Amortization expense	<u>(\$ 44,099)</u>	<u>(\$ 4,576)</u>	<u>(\$ 48,675)</u>
Financial Costs	<u>(\$ 160,088)</u>	<u>(\$ 13,422)</u>	<u>(\$ 173,510)</u>
Interest income	<u>\$ 16,239</u>	<u>\$ 123</u>	<u>\$ 16,362</u>
Investments income recognized by using equity method	<u>(\$ 25,872)</u>	<u>\$ -</u>	<u>(\$ 25,872)</u>
Segment assets	<u>\$ 21,038,171</u>	<u>\$1,182,397</u>	<u>\$ 22,220,568</u>

January 1 to June 30, 2023:

	<u>Photomask and semiconductor segment</u>	<u>Medical segment</u>	<u>Total</u>
Revenue from external clients	<u>\$ 3,322,796</u>	<u>\$ 40,685</u>	<u>\$ 3,363,481</u>
Segment revenue	<u>(\$ 158,235)</u>	<u>\$ -</u>	<u>(\$ 158,235)</u>
Segment margin	<u>\$ 446,748</u>	<u>(\$ 99,395)</u>	<u>\$ 347,353</u>
Segment margin include:			
Depreciation	<u>(\$ 399,746)</u>	<u>(\$ 9,634)</u>	<u>(\$ 409,380)</u>
Amortization expense	<u>(\$ 24,767)</u>	<u>(\$ 411)</u>	<u>(\$ 25,178)</u>
Financial Costs	<u>(\$ 123,478)</u>	<u>(\$ 6,650)</u>	<u>(\$ 130,128)</u>
Interest income	<u>\$ 20,610</u>	<u>\$ 123</u>	<u>\$ 20,733</u>
Investments income recognized by using equity method	<u>(\$ 39,491)</u>	<u>\$ -</u>	<u>(\$ 39,491)</u>
Segment assets	<u>\$ 19,993,253</u>	<u>\$ 785,470</u>	<u>\$20,778,723</u>

(III) Reconciliation for segment income

Sales between segments are conducted according to the principle of transactions at fair value. The operating revenue from external customers reported to the operating decision maker is measured in a manner consistent with that in the income statement.

The consolidated income, assets and liabilities of related segments are consistent with the consolidated income, consolidated assets and consolidated liabilities, so there is no reconciliation information.

Taiwan Mask Corporation and Subsidiaries

Loans to Others

January 1 to June 30, 2024

Table 1

Unit: NTS Thousand

(Unless otherwise specified)

No. (Note 1)	Company that lent funds	Borrowing party	General ledger account	Related parties? is a related party	Maximum Balance for the Period	Ending balance	Amount Actually Drawn	Range of interest rate	Nature of loan financing	Amount of transaction with borrower	Reason for short-term financing	Amount of recognized impairment loss	Collateral		Limit on loans granted to a single party	Ceiling on total loan granted	Note
													Name	Value			
1	Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Other Receivables— Related Parties	Y	\$ 30,000	\$ -	\$ -	2.7%	Short-term financing	\$ -	Working Capital Turnover	\$ -	None	\$ -	\$ 1,474,511	\$ 1,474,511	Note 6
1	Youe Chung Capital Corporation	Aptos Technology INC.	Other Receivables— Related Parties	Y	390,000	350,000	340,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	350,000	1,474,511	1,474,511	Note 6
1	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Other Receivables— Related Parties	Y	300,000	300,000	300,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	300,000	1,474,511	1,474,511	Note 6
1	Youe Chung Capital Corporation	Innova Vision INC.	Other Receivables— Related Parties	Y	180,000	180,000	160,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	180,000	1,474,511	1,474,511	Note 6
2	Miracle Technology CO., LTD.	Aptos Technology INC.	Other Receivables— Related Parties	Y	170,000	170,000	170,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	170,000	175,256	175,256	Note 4
3	Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	Other Receivables— Related Parties	Y	44,870	44,450	44,450	2.509%	Short-term financing	-	Working Capital Turnover	-	None	-	170,965	170,965	Note 8
4	Pilot Qiangxiang Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Other Receivables— Related Parties	Y	100,000	50,000	50,000	2.7%	Short-term financing	-	Working Capital Turnover	-	Promissory note	50,000	157,182	157,182	Note 7

Note 1: The description of the number columns are as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: Amendment to the Procedures for Lending Funds to Others:

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 3: Subsidiary - ADL Energy Corp Procedures for Lending Funds to Others:

- (1) The total loan amount shall not exceed 50% of the Company's net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrowers shall not exceed 40% of the Company net value.
- (2) In addition to the provisions in (1), the loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) In addition to the provisions in (1), in which companies or businesses have a short-term financing need, and the loan amount of each individual borrowers not exceeding 40% of the Company net value, the financing amount refers to the accumulated balance of the company's short-term financing.

- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, or loans to the Company from any overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares are not restricted by the abovementioned paragraphs. However, the total loan amount, limits for each individual borrower, and the period of loan should be specified. However, the total amount of funds to be loaned and the limits for individual borrowers should be set, and the period for which funds should be loaned should be clearly defined. The total amount of loans lent between the overseas companies or to the parent company and the limit for each limit are specified as follows:
- I. The total amount loans to enterprises shall not exceed 50% of the Company's net value. However, for companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed 40% of the Company net value.
 - II. For overseas companies that have business dealings with each other, the individual loan amount shall not exceed the amount of transactions between the two parties. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
 - III. If there is a need for short-term financing, the loan amount of each individual borrowers shall not exceed 40% of the company's net value, and the financing amount refers to the accumulated balance of the short-term financing between overseas companies.
- (5) The highest balance for the current period is the amount resolved by the board.

Note 4: Subsidiary - Miracle Technology Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have business dealings with the Company, the loan amount of each individual borrowers shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.
- (4) Inter-company loans of funds between overseas companies in which the Company owns, directly or indirectly, 100% of the voting shares, are not restricted by the abovementioned paragraphs. However, the total amount of loans and the amount of loan to a single party shall not exceed 50% of the Company's net value.

Note 5: Subsidiary - Innova Vision Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) The loan amount of each individual borrower of companies or businesses that have business dealings with the Company shall not exceed the amount of transactions between the two parties in the past year. The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties, and shall not exceed 20% of the Company's net value.
- (3) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Note 6: Subsidiary - Youe Chung Capital Corporation Procedures for Lending Funds to Others

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Note 7: Subsidiary - Pilot Battery Co., Ltd. Procedures for Lending Funds to Others:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement.
- (2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.

Note 8: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

- (1) Total amount of loans: The total amount of the Company's loans shall not exceed 40% of the Company's net value.
- (2) For companies or businesses that have a short-term financing need, the loan amount of each individual borrower shall not exceed the amount of transactions between the two parties in the most recent year and not exceed 40% of the Company's net value.

Taiwan Mask Corporation and Subsidiaries

Endorsements and Guarantees to Others

January 1 to June 30, 2024

Table 2

Unit: NT\$ Thousand
(Unless otherwise specified)

No. (Note)	Endorser/ guarantor	Name of Company	Relationship (Note 2)	Limits on Endorsement/ Guarantee Amount		Maximum Balance of Endorsement/ Guarantee for the Period	Ending Balance of Endorsement/ Guarantee	Amount Actually Drawn	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3, 4, 5, 6)	Guarantee Provided by Parent Company to Subsidiary	Guarantee Provided by Parent Company	Guarantee Provided to Subsidiaries in Mainland China	Note
				Provided to Each Guaranteed (Note 3, 4, 5, 6)	Guaranteed (Note 3, 4, 5, 6)										
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	2	\$ 229,550	\$ 221,060	\$ 129,800	\$ -	\$ -	2.50%	\$ 2,080,437	Y	N	N	Note 3	
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I) Taiwan Branch	1	175,256	150,000	150,000	150,000	150,000	34.24%	175,256	N	N	N	Note 6	
1	Miracle Technology CO., LTD.	Aptos Technology INC.	1	175,256	20,000	20,000	20,000	20,000	4.56%	175,256	N	N	N	Note 6	
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	427,413	228,837	226,695	226,695	226,695	53.04%	427,413	N	Y	N	Note 5	
3	Pilot Qiangxiang Co., Ltd.	ADL Energy Corp	2	157,182	30,000	-	-	-	0.00%	157,182	Y	N	N	Note 7	
3	Pilot Qiangxiang Co., Ltd.	Youe Chung Capital Corporation	3	157,182	100,000	100,000	100,000	100,000	25.45%	157,182	N	Y	N	Note 7	

Note 1: The description of the number columns are as follows:

- (1) Fill in "0" for the issuer.
- (2) The investee company is numbered in sequence starting from the Arabic numeral 1 according to company type.

Note 2: The relationship between the guarantor and the guarantee are one of the seven types indicated below:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company holds, directly or indirectly, 90%, or more of the voting shares may make endorsements/guarantees for each other.
- (5) A company that is mutually insured by a contract between peers or co-founders based on the needs of the contracted work.
- (6) A company that is guaranteed by all contributing shareholders in proportion to their shareholdings due to a joint investment relationship.
- (7) Companies that are engaged in joint and several guarantees for the performance guarantee of pre-sale housing sales contracts in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee practices for others provide that:

- (1) The total amount of the Company's external endorsement guarantee shall not exceed 30% of the Company's paid-in capital.
- (2) The amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- (3) Companies with which the Company has a parent-child relationship: The endorsement and guarantee for a single enterprise shall not exceed 10% of the Company's paid-in capital and the company's paid-in capital being endorsed and guaranteed.
- (4) The aggregate amount of the endorsement and guarantee of the Company and its subsidiaries as a whole shall not exceed 40% of the net worth of the Company, of which the endorsement and guarantee of a single subsidiary shall not exceed 20% of the net worth of the Company.

Note 4: Subsidiary - ADL Energy Corp Endorsement and Guarantee Procedures:

- (1) The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

- (2) The amount of the endorsement guarantee for a single enterprise shall not exceed 30% of the net value of the company's most recent audited or reviewed financial statements.
- (3) The Company and its subsidiaries shall state in the shareholders' meeting the necessity and reasonableness of any endorsement or guarantee of more than 50% of the net value of the Company's most recent audited or reviewed financial statements.

Note 5: Miko-China Enterprise (Shanghai) Co., Ltd. Endorsement and Guarantee Procedures:

The total amount of endorsement guarantee liability is limited to RMB 30 million, and the amount of endorsement guarantee for a single enterprise shall not exceed RMB 30 million; however, for the parent company that directly or indirectly holds, through a subsidiary, more than 50% of the common stock equity of a company, it may endorse up to its net value.

Note 6: Subsidiary - Miracle Technology Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Note 7: Subsidiary - Pilot Qiangxiang Co., Ltd. Endorsement and Guarantee Procedures:

The aggregate amount of cumulative external endorsement guarantees shall not exceed 40% of the net value of the Company's most recent audited or reviewed financial statements.

Taiwan Mask Corporation and Subsidiaries
Ending holding of marketable securities (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 3

Unit: NT\$ Thousand
(Unless otherwise specified)

Company name of the shareholding	Marketable securities	Relationship with the marketable securities issuer	General ledger account	Number of shares	End of period			Note
					Book value	Ownership	Fair value	
Taiwan Mask Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	7,554,000	\$ 420,758	0.06%	\$ 420,758	
Taiwan Mask Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	14,334,000	831,372	7.17%	831,372	
Taiwan Mask Corporation	Common stocks of Avision Inc. through private placement.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	10,000,000	63,900	4.61%	63,900	
Taiwan Mask Corporation	Common Stock of 3S Silicon Tech Inc.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,000,000	28,472	2.69%	28,472	
Youe Chung Capital Corporation	Common stocks of United Microelectronics Corporation	None	Financial Assets at Fair Value Through Profit or Loss - Current	5,680,000	316,376	0.05%	316,376	
Youe Chung Capital Corporation	Common stocks of Microtek International	None	Financial Assets at Fair Value Through Profit or Loss - Current	40,966,000	954,508	19.92%	954,508	
Youe Chung Capital Corporation	Common stocks of Taiwan Mask	Parent company	Financial Assets at Fair Value Through Profit or Loss - Non Current	35,331,440	2,688,722	13.77%	2,688,722	
Youe Chung Capital Corporation	Common stock of China Steel Structure Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	24,999,000	1,449,942	12.50%	1,449,942	
Youe Chung Capital Corporation	Common stocks of EVERBRITE Technology	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	12,798,000	634,141	19.66%	634,141	
Youe Chung Capital Corporation	Common stocks of Image Match Design Inc.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	378,000	2,925	2.07%	2,925	
Youe Chung Capital Corporation	B Current Impact Investment	The Company is a director of that company	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,000,000	10,000	10.00%	10,000	
Youe Chung Capital Corporation	B Current Impact Investment Partnership	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	500,000	5,000	-	5,000	
Youe Chung Capital Corporation	Intellectual Property Innovation Corporation Partnership Fund	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	-	20,000	-	20,000	
Youe Chung Capital Corporation	Wisdom Capital Limited Partnership	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	-	75,000	-	75,000	
Jing Hao Investment Co., Ltd.	G-TECH ELECTRONICS LTD.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	1,097,092	-	8.08%	-	
Jing Hao Investment Co., Ltd.	Common stocks of Memchip Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	187,915	-	3.13%	-	
Aptos Technology INC.	Common stocks of TOPFUN TECHNOLOGY INC.	None	Financial Assets at Fair Value Through Other Comprehensive Income - Non Current	100,000	-	12.27%	-	
Miko-China Enterprise (Shanghai) Co., Ltd.	Common stocks of Shenzhen He Mei Jing Yi Semiconductor Technology Co., Ltd.	None	Financial Assets at Fair Value Through Profit or Loss - Non Current	400,000	21,336	0.31%	21,336	

Taiwan Mask Corporation and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1 to June 30, 2024

Table 4

Unit: NT\$ Thousand
(Unless otherwise specified)

Code (Note 1)	Name of the counterparty	Counterparty	Relationship (Note 2)	General ledger account	Status of transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
					Amount	Transaction terms	
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Sales	3,128	Net 60	0.08%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Endorsement and guarantee	129,800	Same with other customers	0.58%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Sales	8,114	Net 60	0.21%
0	Taiwan Mask Corporation	Miracle International Enterprise(Shanghai) Co., Ltd.	1	Accounts Receivables	4,780	Net 60	0.02%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Rental income	25,755	Same with other customers	0.67%
0	Taiwan Mask Corporation	Aptos Technology INC.	1	Other Receivables	35,052	Same with other customers	0.16%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Rental income	8,776	Same with other customers	0.23%
0	Taiwan Mask Corporation	Innova Vision INC.	1	Other Receivables	50,707	Same with other customers	0.23%
0	Taiwan Mask Corporation	Miracle Technology CO., LTD.	1	Rental income	1,254	Same with other customers	0.03%
0	Taiwan Mask Corporation	Xsense Technology Corporation (B.V.I) Taiwan Branch	1	Rental income	24,269	Same with other customers	0.63%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Short-term borrowings (loans of funds)	170,000	Receipt and payment at an agreed time	0.77%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Other Receivables	2,309	Receipt and payment at an agreed time	0.01%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Interest income	2,441	Receipt and payment at an agreed time	0.06%
1	Miracle Technology CO., LTD.	Xsense Technology Corporation (B.V.I) Taiwan Branch	3	Endorsement and guarantee	150,000	Same with other customers	0.68%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Sales	22,694	Net 30	0.59%
1	Miracle Technology CO., LTD.	Miracle International Enterprise(Shanghai) Co., Ltd.	3	Accounts Receivables	3,073	Net 30	0.01%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Endorsement and guarantee	20,000	Same with other customers	0.09%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Sales	1,838	Same with other customers	0.05%
1	Miracle Technology CO., LTD.	Aptos Technology INC.	3	Accounts Receivables	1,798	Same with other customers	0.01%
1	Miracle Technology CO., LTD.	Sichuan Miracle Power Technology Co., Ltd.	3	Sales	1,043	Net 60	0.03%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Miracle Technology CO., LTD.	3	Endorsement and guarantee	226,695	Same with other customers	1.02%
2	Miko-China Enterprise (Shanghai) Co., Ltd.	Sichuan Miracle Power Technology Co., Ltd.	3	Short-term borrowings (loans of funds)	44,450	Receipt and payment at an agreed time	0.20%
3	Sichuan Miracle Power Technology Co., Ltd.	Miko-China Enterprise (Shanghai) Co., Ltd.	3	Sales	3,971	Net 30	0.10%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Short-term borrowings (loans of funds)	340,000	Receipt and payment at an agreed time	1.53%
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Other Receivables	3,472	Receipt and payment at an agreed time	0.02%

<u>Code</u> (Note 1)	<u>Name of the counterparty</u>	<u>Counterparty</u>	<u>Relationship (Note 2)</u>	<u>General ledger account</u>	<u>Status of transaction</u>		<u>Percentage of consolidated total operating revenues or total assets (Note 3)</u>
					<u>Amount</u>	<u>Transaction terms</u>	
4	Youe Chung Capital Corporation	Aptos Technology INC.	3	Interest income	4,043	Receipt and payment at an agreed time	0.11%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Short-term borrowings (loans of funds)	300,000	Receipt and payment at an agreed time	1.35%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other Receivables	4,361	Receipt and payment at an agreed time	0.02%
4	Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Interest income	3,690	Receipt and payment at an agreed time	0.10%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Short-term borrowings (loans of funds)	160,000	Receipt and payment at an agreed time	0.72%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Other Receivables	2,264	Receipt and payment at an agreed time	0.01%
4	Youe Chung Capital Corporation	Innova Vision INC.	3	Interest income	1,818	Receipt and payment at an agreed time	0.05%
5	Pilot Qiangxiang Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Short-term borrowings (loans of funds)	50,000	Receipt and payment at an agreed time	0.23%
5	Pilot Qiangxiang Co., Ltd.	Xsense Technology Corporation (B.V.I.) Taiwan Branch	3	Other Receivables	1,316	Receipt and payment at an agreed time	0.01%
5	Pilot Qiangxiang Co., Ltd.	Youe Chung Capital Corporation	3	Endorsement and guarantee	100,000	Receipt and payment at an agreed time	0.45%
6	Innova Vision INC.	iPro Vision Inc.	3	Sales	3,321	Net 60	0.09%
7	iPro Vision Inc.	Innova Vision INC.	3	Sales	2,414	Receipt and payment at an agreed time	0.06%
8	Digital-Can Tech. Co., Ltd.	Taiwan Mask Corporation	2	Sales	62,618	Net 60	1.63%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiaries.

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

Note 4: Only transactions with an amount of more than NTS1 million will be disclosed, and transactions with related parties will not be disclosed separately.

Taiwan Mask Corporation and Subsidiaries

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

January 1 to June 30, 2024

Table 5

Unit: NT\$ Thousand
(Unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Ownership	Book value			
Taiwan Mask Corporation	SunnyLake Park International Holdings, Inc.	British Virgin Islands	Re-investment	\$ 103,045	\$ 103,045	3,120,000	100%	\$ 5,902	(\$ 102)	(\$ 102)	
Taiwan Mask Corporation	Youe Chung Capital Corporation	Taiwan	Re-investment	1,260,000	1,260,000	534,877,568	100%	1,006,907	186,292	46,707	
Taiwan Mask Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	165,691	165,691	12,549,652	23.51%	25,593	(31,395)	(7,381)	
Taiwan Mask Corporation	Miracle Technology CO., LTD.	Taiwan	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	252,651	252,651	22,955,033	100%	474,250	(11,863)	(11,863)	
Taiwan Mask Corporation	Weida Hi-Tech Co., Ltd.	Taiwan	Display panel control chip and other module's research, design, development, manufacturing and sales	293,371	293,371	12,176,880	28.20%	22,479	(15,865)	(3,672)	
Taiwan Mask Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of medical equipment	598,721	598,721	37,813,134	75.32%	40,356	(132,038)	(102,500)	
Taiwan Mask Corporation	ONE TEST SYSTEMS	United States	Research, development and design of test equipment and related components	121,372	121,372	940,000	100%	87,570	0	(6,758)	
Taiwan Mask Corporation	Pilot Qiangxiang Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	180,000	180,000	3,600,000	20.00%	96,438	(44,392)	(10,123)	
Taiwan Mask Corporation	TrueLight Corporation	Taiwan	Optical fiber communication related products	410,400	-	13,500,000	12.11%	401,072	(73,326)	(8,880)	
Youe Chung Capital Corporation	Advagene Biopharma Co., Ltd.	Taiwan	Medical, R&D, manufacturing	75,021	75,021	3,216,223	6.03%	6,559	(31,395)	(1,892)	
Youe Chung Capital Corporation	Xsense Technology Corporation	British Virgin Islands	Precious metal coating	325,965	325,965	1	100.00%	6,314	67	67	
Youe Chung Capital Corporation	Xsense Technology Corporation (B.V.I.) Taiwan Branch	Taiwan	Precious metal coating	-	-	12,189,191	53.00%	(32,112)	(51,027)	(28,818)	
Youe Chung Capital Corporation	Aptos Technology INC.	Taiwan	Design, packaging and testing of NAND flash	434,692	434,692	28,481,161	47.19%	(281,167)	(123,308)	(59,347)	

Name of Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Profit (loss) of the investee for the current period	Investment profit (loss) recognized for the current period	Note
				Balance at the end of period	End of the previous year	Number of shares	Ownership	Book value			
Youe Chung Capital Corporation	Innova Vision INC.	Taiwan	Manufacturing, retail, wholesale and international trade of memory, solid state drives and the related products	151,533	151,533	94,370	0.19%	201 (	132,038) (	248)
Youe Chung Capital Corporation	Digital-Can Tech. Co., Ltd.	Taiwan	3D Printing and Plastic Mold Design	139,072	139,072	7,281,250	57.39%	104,965	1,577 (	1,542)
Youe Chung Capital Corporation	Pilot Qiangxiang Co., Ltd.	Taiwan	Electronic parts and components and energy technical services	178,500	178,500	7,000,000	38.89%	198,535 (	44,392) (	23,313)
Youe Chung Capital Corporation	Moment Semiconductor, Inc.	Taiwan	Retail and wholesale of memory products	40,000	40,000	4,000,000	53.33%	24,428 (	10,280) (	5,483)
Youe Chung Capital Corporation	BKS Tec Corp.	Taiwan	Electronics Components Manufacturing	30,000	-	6,000	38.91%	25,953	(10,402)	(4,047)	
Aptos Technology INC.	New Sunrise Limited	Samoa	Re-investment	-	-	-	100%	-	-	- Note	
ADL Energy Corp	Aptos Global Holding Corp.	Seychelles	Re-investment	29,795	29,795	10,000,000	100%	-	-	-	
Miracle Technology CO., LTD.	Jing Hao Investment Co., Ltd.	Taiwan	Re-investment	10,012	10,012	25,860,907	100%	352,396	19,469	19,469	
Jing Hao Investment Co., Ltd.	Miko Technology Co., Ltd	Hong Kong	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	37	37	10,000	100%	7,048 (	52) (	52)
Innova Vision INC.	Innova Technology	Taiwan	Sales of contact lens	64,650	64,650	3,000,000	100% (	3,453) (	57) (	57)
Innova Vision INC.	Innova Vision (B.V.I) Inc.	British Virgin Islands	Re-investment	60,157	60,157	1,000,000	100% (	1,100)	12	12
Innova Vision INC.	iPro Vision Inc.	Japan	Sales of contact lens	84,204	84,204	6,400	52.03% (	1,392)	25	13
Innova Vision (B.V.I) Inc.	iPro Vision Inc.	Japan	Sales of contact lens	56,420	56,420	5,900	47.97% (	1,283)	25	12
Pilot Qiangxiang Co., Ltd.	ADL Energy Corp	Taiwan	Electronic parts and components and energy technical services	413,050	413,050	11,984,526	100%	73,634	5,324	5,324	

Note: As of June 30, 2024, the funds for shares have not been remitted.

Taiwan Mask Corporation and Subsidiaries
Information on investments in Mainland China
January 1 to June 30, 2024

Table 6

Unit: NT\$ Thousand
(Unless otherwise specified)

<u>Investee in Mainland</u> <u>China</u>	<u>Main business activities</u>	<u>Paid-up capital</u>	<u>Investment</u> <u>method (Note 1)</u>	<u>Amount remitted from</u> <u>Taiwan to China/Amount</u> <u>remitted back to Taiwan</u> <u>for the period</u>		<u>Accumulated amount of</u> <u>remittance</u> <u>from Taiwan to</u> <u>China at the</u> <u>beginning of</u> <u>the period</u>	<u>Remitted to</u>	<u>Remitted back</u>	<u>Accumulated amount</u> <u>of remittance from</u> <u>Taiwan to China at</u> <u>the end of period</u>	<u>Profit (loss) of</u> <u>the investee for</u> <u>the current</u> <u>period</u>	<u>Ownership</u> <u>held by the</u> <u>Company</u> <u>(direct or</u> <u>indirect)</u>	<u>Investment</u> <u>income (loss)</u> <u>recognized by</u> <u>the Company for</u> <u>the current</u> <u>period</u> <u>(Note 2)</u>	<u>Ending</u> <u>carrying</u> <u>amount</u>	<u>Accumulated</u> <u>amount of</u> <u>investment</u> <u>income</u> <u>remitted back</u> <u>to Taiwan</u>	<u>Note</u>
				<u>the period</u>	<u>the period</u>										
Miko-China Enterprise (Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	\$ 3,283	1	\$ 3,283	\$ -	\$ -	\$ -	\$ 3,283	\$ 24,406	100%	\$ 24,406	\$ 427,413	\$ -	Note 2 (2) B	
Miracle International Enterprise(Shanghai) Co., Ltd.	Electronics components manufacturing, electronics materials and precision equipment distribution and power component design	10,215	1	10,215	-	-	-	10,215	(5,532)	100%	(5,532)	99,997	-	Note 2 (2) B, Note 4	
Sichuan Miracle Power Technology Co., Ltd.	IC product design, production and sales	53,676	3	-	-	-	-	-	(4,904)	100%	(4,904)	51,553	-	Note 2 (2) B	

<u>Name of Company</u>	<u>Accumulated amount of remittance</u> <u>from Taiwan to China as of the end of</u> <u>the period</u>	<u>Investment amount approved by the</u> <u>Commission of the Ministry of Economic Affairs</u> <u>(MOEA)</u>	<u>Ceiling on investments in China imposed by the</u> <u>Investment Commission of MOEA</u>
Miracle Technology CO., LTD.	\$ 13,498	\$ 13,498	\$ 262,885

Note 1: Investment methods are classified into the following three categories; fill in the number of categories each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (please specify the company), which then invested in Mainland China.
- (3). Others

Note 2: Investment income recognized by the Company for the current period

- (1) If it is still under preparation with no actual gain or loss, it shall be indicated in the box.
- (2) The basis for recognition of the investment gains or losses is divided into the following three,
 - A. Financial statements audited and validated by an international accounting firm that has a collaborative relationship with CPA firms in Taiwan.
 - B. Financial statements reviewed by a certified accountant or accounting firm who work with the parent company in Taiwan.
 - C. Unaudited financial reports.

Note 3: The relevant figures in this table should be presented in New Taiwan Dollars.

Note 4: It was originally invested through Misun Technology Co., Ltd. Since the aforementioned company has gone through dissolution and liquidation, it has been changed to Miracle Technology Co., Ltd. directly investing in Miracle International Enterprise (Shanghai) Co., Ltd.

Taiwan Mask Corporation and Subsidiaries

Information on Major Shareholders

June 30, 2024

Table 7

	<u>Name of Main Shareholders</u>	<u>No. of shares held</u>	<u>Shares</u>	<u>Ownership</u>
Youe Chung Capital Corporation		35,331,440		13.77%