

Stock Code:6506

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Financial Statements
With Independent Auditors' Review Report
For the Nine-Month Periods Ended
September 30, 2024 and 2023

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Independent Auditors' Review Report

To the Board of Directors of Shuang-Bang Industrial Corporation:

Introduction

We have reviewed the consolidated financial statements of Shuang-Bang Industrial Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the nine-month periods ended, and notes to the consolidated financial statements, including the summary of accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion to these consolidated financial statements based on our reviews.

Scope of Review

Except for the matters described in the Basis for Qualified Opinion, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

As described in note 4(3) to the consolidated financial statements, the financial statements of the non-significant subsidiaries included in the aforementioned consolidated financial statements for the same period were not reviewed. As of September 30, 2024, and September 30, 2023, the total assets of these non-significant subsidiaries amounted to NT\$127,097 thousand and NT\$207,152 thousand, respectively, constituting 5.03% and 8.45% of the consolidated total assets. The total liabilities amounted to NT\$44,793 thousand and NT\$99,059 thousand, respectively, constituting 3.53% and 8.27% of the consolidated total liabilities. The total comprehensive income for the three-month and nine-month periods ended September 30, 2024, and 2023, was NT\$(33,053) thousand, NT\$(10,769) thousand, NT\$(36,345) thousand and NT\$(36,072) thousand, respectively, constituting 159.34%, 68.58%, (98.92)% and 140.91% of the consolidated total comprehensive income. Additionally, the information related to these subsidiaries disclosed in note 13 to the consolidated financial statements was also not reviewed.

Qualified Conclusion

Based on our reviews, except for the possible impact on the consolidated financial statements if the financial statements of the non-significant subsidiaries, as described in the Basis for Qualified

Opinion, had been reviewed. Nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2024 and 2023, and its consolidated financial performance and cash flows for the three-month and nine-month periods ended September 30, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, ‘Interim Financial Reporting’ as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

The engagement partners on the audits resulting in this independent auditors’ report are Jim Chen Ko and Lin Hui Fen.

Weyong International CPAs&Co.
Taichung, Taiwan
Republic of China
Nov 12, 2024

Notice to Readers

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

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
September 30, 2024, December 31, 2023 and September 30, 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Assets	Notes	September 30, 2024		December 12, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
Current Assets								
1100	Cash and cash equivalents	6(1)	\$ 112,269	4.44	\$ 120,866	4.83	\$ 84,769	3.46
1137	Financial assets at amortized cost -current	6(2)	900	0.04	43,500	1.74	40,802	1.66
1150	Notes receivables, net	6(3)	64,325	2.54	68,623	2.74	57,483	2.35
1152	Other notes receivables	6(3)	177	0.01	-	-	-	-
1170	Accounts receivables, net	6(3)	342,665	13.55	306,277	12.24	292,137	11.92
1180	Accounts receivables from related parties, net	6(3), 7	28,100	1.11	22,508	0.90	9,082	0.37
1200	Other receivables		955	0.04	1,354	0.05	779	0.03
1210	Other receivables from related parties	7	-	-	-	-	11	-
1220	Current tax assets		38	-	31	-	21	-
130X	Inventories	6(4)	283,545	11.21	262,453	10.48	293,808	11.99
1470	Other current assets		23,020	0.91	16,181	0.65	20,991	0.86
11XX	Total current assets		<u>855,994</u>	<u>33.85</u>	<u>841,793</u>	<u>33.63</u>	<u>799,883</u>	<u>32.64</u>
Noncurrent Assets								
1510	Financial assets at fair value through profit or loss -non-current	6(5)	38,452	1.52	38,452	1.54	39,169	1.60
1600	Property, plant and equipment	6(6)	1,430,759	56.58	1,413,721	56.47	1,410,490	57.56
1755	Right-of-use assets	6(7)	18,598	0.73	26,709	1.07	29,822	1.22
1780	Intangible assets	6(8)	3,554	0.14	3,520	0.14	4,091	0.17
1840	Deferred income tax assets		30,269	1.20	51,201	2.04	40,338	1.65
1900	Other noncurrent assets	6(9), 7	151,127	5.98	127,906	5.11	126,467	5.16
15XX	Total noncurrent assets		<u>1,672,759</u>	<u>66.15</u>	<u>1,661,509</u>	<u>66.37</u>	<u>1,650,377</u>	<u>67.36</u>
1XXX	Total assets		<u>\$ 2,528,753</u>	<u>100.00</u>	<u>\$ 2,503,302</u>	<u>100.00</u>	<u>\$ 2,450,260</u>	<u>100.00</u>

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Balance Sheets
September 30, 2024, December 31, 2023 and September 30, 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Liabilities and Equity	Notes	September 30, 2024		December 12, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
	Current Liabilities							
2100	Short-term loans	6(10)	\$ 145,867	5.77	\$ 64,535	2.58	\$ 98,186	4.01
2151	Notes payables	6(11)	4,300	0.17	4,052	0.16	3,415	0.14
2152	Other notes payables	6(11)	8,508	0.34	15,562	0.62	12,556	0.51
2170	Accounts payables	6(11)	202,086	7.99	172,492	6.89	142,712	5.82
2180	Accounts payables from related parties	6(11),7	168	0.01	1,403	0.06	1,310	0.05
2200	Other accounts payables	6(12)	108,784	4.30	69,476	2.78	94,503	3.86
2220	Other accounts payables from related parties	6(12),7	21	-	-	-	31	-
2230	Income tax payables		5,243	0.21	5,694	0.23	10,069	0.41
2250	Provision for warranty obligations-current	6(13)	8,821	0.35	8,817	0.35	8,783	0.36
2281	Lease liabilities from third parties	6(7)	10,458	0.41	11,152	0.45	11,225	0.46
2282	Lease liabilities from related parties	6(7), 7	1,092	0.04	1,081	0.04	1,078	0.04
2300	Other current liabilities	6(14)	6,929	0.27	4,800	0.19	2,588	0.11
2322	Current portion of long-term loans payable	6(15)	96,306	3.81	99,493	3.97	91,814	3.75
21XX	Total current Liabilities		<u>598,583</u>	<u>23.67</u>	<u>458,557</u>	<u>18.32</u>	<u>478,270</u>	<u>19.52</u>
	Noncurrent Liabilities							
2540	Long-term loans	6(15)	638,295	25.24	745,816	29.79	677,977	27.67
2570	Deferred income tax payable		1,263	0.05	3,959	0.16	2,521	0.10
2581	Lease liabilities from third parties-non current	6(7)	6,956	0.28	13,625	0.55	16,408	0.67
2582	Lease liabilities from related parties-non current	6(7),7	275	0.01	1,095	0.04	1,367	0.06
2630	Long-term deferred revenue		682	0.03	1,193	0.05	1,364	0.06
2640	Net defined benefit liability -non current	6(17)	21,675	0.86	21,731	0.87	19,373	0.79
2645	Guarantee deposits		893	0.03	1,021	0.04	1,021	0.04
25XX	Total noncurrent liabilities		<u>670,039</u>	<u>26.50</u>	<u>788,440</u>	<u>31.50</u>	<u>720,031</u>	<u>29.39</u>
2XXX	Total Liabilities		<u>1,268,622</u>	<u>50.17</u>	<u>1,246,997</u>	<u>49.82</u>	<u>1,198,301</u>	<u>48.91</u>
	Equity Attributable to Shareholders of the Parent							
3100	Capital Stock	6(18)1						
3110	Common stock		823,608	32.57	823,608	32.90	823,608	33.61
3200	Capital surplus	6(18)2	10,586	0.42	10,557	0.42	10,557	0.43
3300	Retained earnings							
3310	Appropriated as legal capital reserve		169,093	6.69	169,093	6.75	169,093	6.90
3350	Unappropriated earnings	6(18)3	231,004	9.13	219,708	8.78	210,802	8.60
31XX	Equity Attributable to shareholders of the Parent		<u>1,234,291</u>	<u>48.81</u>	<u>1,222,966</u>	<u>48.85</u>	<u>1,214,060</u>	<u>49.54</u>
36XX	Non-Controlling Interests		<u>25,840</u>	<u>1.02</u>	<u>33,339</u>	<u>1.33</u>	<u>37,899</u>	<u>1.55</u>
3XXX	Total Equity		<u>1,260,131</u>	<u>49.83</u>	<u>1,256,305</u>	<u>50.18</u>	<u>1,251,959</u>	<u>51.09</u>
	Total Liabilities and Equity		<u>\$ 2,528,753</u>	<u>100.00</u>	<u>\$ 2,503,302</u>	<u>100.00</u>	<u>\$ 2,450,260</u>	<u>100.00</u>

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month and nine-month periods ended September 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars, Except for Earnings per Share)

Codes	Items	Notes	For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
			2024		2023		2024		2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(19), 7	\$ 464,682	100.00	\$ 369,604	100.00	\$ 1,441,514	100.00	\$ 1,181,907	100.00
5000	Cost of revenues	7	(404,164)	(86.98)	(344,874)	(93.31)	(1,221,290)	(84.72)	(1,086,800)	(91.95)
5900	Gross profit		60,518	13.02	24,730	6.69	220,224	15.28	95,107	8.05
	Operating expenses									
6100	Sales and marketing		(20,685)	(4.45)	(16,095)	(4.35)	(58,566)	(4.07)	(50,147)	(4.24)
6200	General and administrative	7	(19,345)	(4.16)	(16,875)	(4.57)	(65,190)	(4.52)	(58,078)	(4.92)
6300	Research and development		(12,466)	(2.68)	(8,205)	(2.22)	(30,090)	(2.09)	(23,195)	(1.96)
6450	Expected credit (loss) gain		(321)	(0.07)	(5,541)	(1.50)	(2,039)	(0.14)	(6,656)	(0.56)
6000	Total operating expenses		(52,817)	(11.36)	(46,716)	(12.64)	(155,885)	(10.82)	(138,076)	(11.68)
6900	Operating income (loss)		7,701	1.66	(21,986)	(5.95)	64,339	4.46	(42,969)	(3.63)
	Non-operating income and expenses									
7010	Other income	6(20)1	2,134	0.46	2,776	0.75	15,354	1.07	7,978	0.67
7020	Other gains and loss	6(20)2	(3,654)	(0.79)	5,863	1.59	3,927	0.27	14,294	1.21
7050	Finance costs	6(20)4, 7	(3,986)	(0.86)	(3,561)	(0.96)	(11,942)	(0.83)	(7,799)	(0.66)
7100	Interest income		161	0.04	85	0.02	1,009	0.07	715	0.06
7000	Total non-operating income and expenses		(5,345)	(1.15)	5,163	1.40	8,348	0.58	15,188	1.28
7900	Profit before tax		2,356	0.51	(16,823)	(4.55)	72,687	5.04	(27,781)	(2.35)
7950	Less: Income tax expense	6(21)	(23,100)	(4.97)	1,120	0.30	(35,945)	(2.49)	2,183	0.18
8200	Net (Loss) Income	6(20)	(20,744)	(4.46)	(15,703)	(4.25)	36,742	2.55	(25,598)	(2.17)
	Other comprehensive income (loss)									
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-
8300	Other comprehensive income (loss)		-	-	-	-	-	-	-	-
8500	Total comprehensive income		\$ (20,744)	(4.46)	\$ (15,703)	(4.25)	\$ 36,742	2.55	\$ (25,598)	(2.17)
8600	Net income attribute to:									
8610	Shareholders of the parent		\$ (12,999)	(2.80)	\$ (11,218)	(3.04)	\$ 44,730	3.10	\$ (10,172)	(0.86)
8620	Non-controlling interests		\$ (7,745)	(1.66)	\$ (4,485)	(1.21)	\$ (7,988)	(0.55)	\$ (15,426)	(1.31)
8700	Total comprehensive income attribute to:									
8710	Shareholders of the parent		\$ (12,999)	(2.80)	\$ (11,218)	(3.04)	\$ 44,730	3.10	\$ (10,172)	(0.86)
8720	Non-controlling interests		\$ (7,745)	(1.66)	\$ (4,485)	(1.21)	\$ (7,988)	(0.55)	\$ (15,426)	(1.31)
	Earnings per share	6(25)								
9750	Basic earnings per share		\$ (0.16)		\$ (0.14)		\$ 0.54		\$ (0.12)	
9850	Diluted earnings per share		\$ (0.16)		\$ (0.14)		\$ 0.54		\$ (0.12)	

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine-month periods ended September 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Items	Notes	Equity attribute to the parent company					Total 3300	Subtotal of equity attributable to the shareholders of the paren 31XX	Non-controlling interests 36XX	Total equity 3XXX
		Retained earnings								
		Capital Stock- Common stock 3110	Capital Surplus 3200	Legal reserve 3310	Special Reserve 3320	Unappropriated retained earnings 3350				
Balance on January 1, 2023	A1	\$ 823,608	\$ 10,552	\$ 141,662	\$ 4,369	\$ 345,726	\$ 491,757	\$ 1,325,917	\$ 45,918	\$ 1,371,835
Appropriations of earnings of legal reserve	B1	-	-	27,431	-	(27,431)	-	-	-	-
Cash dividends	B5	-	-	-	-	(98,833)	(98,833)	(98,833)	-	(98,833)
Special surplus reserve reversed	B17	-	-	-	(4,369)	4,369	-	-	-	-
Changes in capital surplus	C17	-	5	-	-	-	-	5	-	5
Net income for the period	D1	-	-	-	-	(10,172)	(10,172)	(10,172)	(15,426)	(25,598)
Other comprehensive income(loss) for the period	D3	-	-	-	-	-	-	-	-	-
Total comprehensive income(loss) for the period	D5	-	-	-	-	(10,172)	(10,172)	(10,172)	(15,426)	(25,598)
Changes in ownership equity of subsidiaries	M7	-	-	-	-	(2,857)	(2,857)	(2,857)	2,857	-
Non-controlling Interest	O1	-	-	-	-	-	-	-	4,550	4,550
Balance on September 30, 2023	Z1	<u>\$ 823,608</u>	<u>\$ 10,557</u>	<u>\$ 169,093</u>	<u>\$ -</u>	<u>\$ 210,802</u>	<u>\$ 379,895</u>	<u>\$ 1,214,060</u>	<u>\$ 37,899</u>	<u>\$ 1,251,959</u>
Balance on January 1, 2024	A1	\$ 823,608	\$ 10,557	\$ 169,093	\$ -	\$ 219,708	\$ 388,801	\$ 1,222,966	\$ 33,339	\$ 1,256,305
Cash dividends	B5	-	-	-	-	(32,945)	(32,945)	(32,945)	-	(32,945)
Changes in capital surplus	C17	-	29	-	-	-	-	29	-	29
Net income for the period	D1	-	-	-	-	44,730	44,730	44,730	(7,988)	36,742
Other comprehensive income(loss) for the period	D3	-	-	-	-	-	-	-	-	-
Total comprehensive income(loss) for the period	D5	-	-	-	-	44,730	44,730	44,730	(7,988)	36,742
Changes in ownership equity of subsidiaries	M7	-	-	-	-	(489)	(489)	(489)	489	-
Balance on September 30, 2024	Z1	<u>\$ 823,608</u>	<u>\$ 10,586</u>	<u>\$ 169,093</u>	<u>\$ -</u>	<u>\$ 231,004</u>	<u>\$ 400,097</u>	<u>\$ 1,234,291</u>	<u>\$ 25,840</u>	<u>\$ 1,260,131</u>

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

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Items	Nine-Month periods Ended September 30,	
		2024	2023
AAAA	Cash flows from operating activities		
A10000	Profit (Loss) before income tax	\$ 72,687	\$ (27,781)
A20000	Adjustments for:		
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	82,863	72,245
A20200	Amortization expenses	1,398	2,349
A20300	Expected credit loss	2,039	6,656
A20900	Interest expense	11,736	7,489
A21200	Interest income	(1,009)	(715)
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	143	(4,499)
A23800	Reversal of impairment loss on non-financial assets	-	(2,601)
A24100	Unrealized loss (gain) on foreign exchange	3,229	(2,968)
A29900	Others (government grants)	(511)	(511)
A29900	Others	905	40
A20010	Total adjustments to reconcile profit (loss)	100,793	77,485
A30000	Changes in operating assets and liabilities:		
A31000	Changes in operating assets		
A31130	Decrease in notes receivable	4,298	34,995
A31150	(Increase) Decrease in accounts receivable	(47,712)	60,772
A31180	Decrease in other receivables	265	327
A31200	(Increase) Decrease in inventories	(21,092)	39,283
A31240	(Increase) Decrease in other current assets	(6,839)	3,674
A31990	Decrease in other operating assets	354	35
A31000	Total changes in operating assets	(70,726)	139,086
A32000	Changes in operating liabilities		
A32130	Increase (Decrease) in notes payable	248	(876)
A32150	Increase (Decrease) in accounts payable	28,859	(36,412)
A32180	Increase (Decrease) in other payables	34,108	(52,840)
A32200	Increase in provisions	4	(3,661)
A32230	Increase in other current liabilities	2,230	(9,330)
A32240	Decrease in net defined benefit liability	(56)	(86)
A32000	Total changes in operating liabilities	65,393	(103,205)
A30000	Total changes in operating assets and liabilities	(5,333)	35,881
A20000	Total adjustments	95,460	113,366
A33000	Cash flow generated from operations	168,147	85,585
A33100	Interest received	1,009	715
A33300	Interest paid	(13,629)	(10,893)
A33500	Income tax paid	(18,167)	(20,440)
AAAA	Net cash flows generated by operating activities	137,360	54,967

(Continued)

Shuang-Bang Industrial Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

Codes	Items	Nine-Month periods Ended September 30,	
		2024	2023
	(Continued)		
BBBB	Cash flows from investing activities		
B00040	Acquisition of disposal of financial assets at fair value through other comprehensive incom	(46,000)	(39,601)
B00050	Proceeds from disposal of financial assets at fair value through other comprehensive incom	88,600	-
B02700	Acquisition of property, plant and equipment	(19,215)	(79,410)
B02800	Proceeds from disposal of property, plant and equipment	32	7,100
B03700	Increase in refundable deposits	(250)	-
B03800	Decrease in refundable deposits	180	2,295
B04500	Acquisition of intangible assets	(315)	(50)
B06700	Increase in other noncurrent assets	(315)	(1,833)
B06800	Decrease in other noncurrent assets	441	-
B07100	Increase in prepayments for business facilities	(97,194)	(141,765)
BBBB	Net cash used in investing activities	<u>(74,036)</u>	<u>(253,264)</u>
CCCC	Cash flows from financing activities		
C00100	Increase in short-term loans	494,408	387,259
C00200	Decrease in short-term loans	(413,067)	(407,649)
C01600	Proceeds from long-term bank loans	-	320,000
C01700	Repayment of long-term bank loans	(110,708)	(47,438)
C03000	Increase in guaranteed deposits received	166	168
C03100	Decrease in guaranteed deposits received	(294)	-
C04020	Repayment of the principal portion of lease liabilities	(9,367)	(9,465)
C04500	Cash dividends	(32,945)	(98,833)
C05800	Changes from non-controlling Interest	-	4,550
C09900	Others	29	5
CCCC	Net cash generated by financing activities	<u>(71,778)</u>	<u>148,597</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>(143)</u>	<u>233</u>
EEEE	Net (decrease) increase in cash and cash equivalents	<u>(8,597)</u>	<u>(49,467)</u>
E00100	Cash and cash equivalents, beginning of the year	120,866	134,236
E00200	Cash and cash equivalents, end of the year	<u>\$ 112,269</u>	<u>\$ 84,769</u>
E00210	Cash and cash equivalents on consolidated balance sheets	<u>\$ 112,269</u>	<u>\$ 84,769</u>

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

Shuang Bang Industrial Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the nine-month periods ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Shuang Bang Industrial Corporation (the Company) was incorporated on November 17, 1989. The Company is mainly engaged in manufacturing PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) as well as the sales of photoinitiators. The Company's stock has been listed on the Taipei Exchange (TPEX) since May 3, 2011. The registered address main operational base of the Company is located at No. 3, Yongxing Road, Nantou City, Nantou County. The principal operating activities of the Group and its subsidiaries (herein after referring to as the "Group") are described in note 14.

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

2. Approval Date and Procedures of the Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on Nov 12, 2024.

3. New Standards, Amendments and Interpretations Adopted

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant impact on the accounting policies of Shuang Bang Industrial Corporation and its subsidiaries (collectively as the "Group").

- (2) The IFRSs Endorsed by the FSC for 2025

New, Amended and Revised Standards and Interpretations	Effective Date issued by IASB
Lack of Exchangeability – Amendments to IAS 21	January 1, 2025 (Note 1)
Note 1: Applicable to annual reporting periods beginning on January 1, 2025. Upon initial application of the amendment, restatement of comparative periods is not permitted. And the impact should be recognized in retained earnings or in the foreign currency translation reserve under equity (as appropriate) as of the date of initial application, as well as in the related affected assets and liabilities.	

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date issued by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

As of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance from the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed and issued into effect by the FSC (collectively, the “Taiwan-IFRS Accounting Standards”).

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- A. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- C. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2023.

B. List of subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		
			September 30, 2024	December 31, 2024	September 30, 2023
Shuang Bang Corporation	Miracle textile industry Co., Ltd.	Manufacturing of coatings	44.50	44.50	44.50
Shuang Bang Corporation	Shoetex Corporation	Manufacturing of finished shoes	80.20	68.87	68.87

Shoetex Corporation increased its authorized share capital by approval of board of directors on March 13, 2023. The effective date was March 21, 2023, and had registered in Ministry of Economic Affairs on April 7, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of the ownership increased from 62.47% to 68.87%.

Shoetex Corporation decreased and increased its authorized share capital and by approval of board of directors, resolved to reduce capital to offset losses and to implement a cash capital increase on March 19, 2023. The effective date was March 25 and March 26, 2023, respectively, and had registered in Ministry of Economic Affairs on April 12, 2023. Due to non-proportional investment in an investee's capital increase, the percentage of the ownership increased from 68.87% to 80.20%.

The aforementioned subsidiary included in the consolidated financial statements is not considered a significant subsidiary. Furthermore, the company's management believes that the investment has a minimal impact on the financial statements. Therefore, its financial statements as of September 30, 2024, and September 30, 2023, were not reviewed.

As of September 30, 2024, December 31, 2023, and September 30, 2023, there were no subsidiaries excluded from the consolidated financial statements. Additionally, there were no significant restrictions on the ability of the consolidated company to access or use the group's assets and settle the group's liabilities.

C. Subsidiaries with non-controlling interests that are material to the consolidated company were as follows:

Name of subsidiary	Ownership (%)	Non-controlling interest		
		September 30, 2024	December 31, 2023	September 30, 2023
Miracle textile industry Co. Ltd.	55.50	\$ 17,527	\$ 17,010	\$ 18,860
Shoetex Corporation	19.80	8,313	16,329	19,039
		<u>\$ 25,840</u>	<u>\$ 33,339</u>	<u>\$ 37,899</u>

Name of subsidiary	Ownership (%)	Profit (Loss) Allocated to Non-controlling Interests			
		For the three-month ended September 30,		For the nine-month ended September 30,	
		2024	2023	2024	2023
Miracle textile industry Co. Ltd.	55.50	\$ (1,602)	\$ (2,799)	\$ 517	\$ (7,796)
Shoetex Corporation	19.80	(6,143)	(1,686)	(8,505)	(7,630)
		<u>\$ (7,745)</u>	<u>\$ (4,485)</u>	<u>\$ (7,988)</u>	<u>\$ (15,426)</u>

(A) For the main business and products, location, and registration information of the above subsidiaries, refer to Table 3 in note 13.

(B) The financial information was summarized as follows:

a. Balance sheets

	Miracle textile industry Co. Ltd.		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 53,444	\$ 53,776	\$ 56,202
Non-current assets	21,784	29,020	30,690
Current liabilities	(22,855)	(27,858)	(27,082)
Non-current liabilities	(20,793)	(24,290)	(25,829)
Equity	<u>\$ 31,580</u>	<u>\$ 30,648</u>	<u>\$ 33,981</u>
Equity attributable to shareholders of the parent	<u>\$ 14,053</u>	<u>\$ 13,638</u>	<u>\$ 15,121</u>
Equity attributable to non-controlling interests	<u>\$ 17,527</u>	<u>\$ 17,010</u>	<u>\$ 18,860</u>

	Shoetex Corporation		
	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 46,886	\$ 77,482	\$ 92,851
Non-current assets	13,435	37,521	36,854
Current liabilities	(15,401)	(21,906)	(25,735)
Non-current liabilities	(2,933)	(40,640)	(42,808)
Equity	<u>\$ 41,987</u>	<u>\$ 52,457</u>	<u>\$ 61,162</u>
Equity attributable to shareholders of the parent	<u>\$ 33,674</u>	<u>\$ 36,128</u>	<u>\$ 42,123</u>
Equity attributable to non-controlling interests	<u>\$ 8,313</u>	<u>\$ 16,329</u>	<u>\$ 19,039</u>

b. Comprehensive income statements

	Miracle textile industry Co. Ltd.			
	For the three-month ended September 30, 2024	For the three-month ended September 30, 2023	For the nine-month ended September 30, 2024	For the nine-month ended September 30, 2023
Operating revenue	\$ 17,464	\$ 16,886	\$ 80,745	\$ 60,724
Net income (loss)	\$ (2,887)	\$ (5,044)	\$ 932	\$ (14,047)
Other comprehensive income (loss), after tax	-	-	-	-
Total comprehensive income (loss)	\$ (2,887)	\$ (5,044)	\$ 932	\$ (14,047)
Net income (loss) attributable to shareholders of the parent	\$ (1,285)	\$ (2,245)	\$ 415	\$ (6,251)
Net income (loss) attributable to non-controlling interests	\$ (1,602)	\$ (2,799)	\$ 517	\$ (7,796)
Total comprehensive income (loss) attributable to owners of parent	\$ (1,285)	\$ (2,245)	\$ 415	\$ (6,251)
Total comprehensive income (loss) attributable to non-controlling interests	\$ (1,602)	\$ (2,799)	\$ 517	\$ (7,796)
Dividends paid to non-controlling interests	\$ -	\$ -	\$ -	\$ -

	Shoetex Corporation			
	For the three-month ended September 30, 2024	For the three-month ended September 30, 2023	For the nine-month ended September 30, 2024	For the nine-month ended September 30, 2023
Operating revenue	\$ 15,298	\$ 22,290	\$ 44,240	\$ 39,473
Net income (loss)	\$ (31,023)	\$ (5,415)	\$ (40,470)	\$ (22,763)
Other comprehensive income (loss), after tax	-	-	-	-
Total comprehensive income (loss)	\$ (31,023)	\$ (5,415)	\$ (40,470)	\$ (22,763)
Net income (loss) attributable to shareholders of the parent	\$ (24,880)	\$ (3,729)	\$ (31,965)	\$ (15,133)
Net income (loss) attributable to non-controlling interests	\$ (6,143)	\$ (1,686)	\$ (8,505)	\$ (7,630)
Total comprehensive income (loss) attributable to owners of parent	\$ (24,880)	\$ (3,729)	\$ (31,965)	\$ (15,133)
Total comprehensive income (loss) attributable to non-controlling interests	\$ (6,143)	\$ (1,686)	\$ (8,505)	\$ (7,630)
Dividends paid to non-controlling interests	\$ -	\$ -	\$ -	\$ -

C. Cash flows statements

	Miracle textile industry Co. Ltd.	
	For the nine-month ended September 30, 2024	For the nine-month ended September 30, 2023
Cash flows from (used in) operating activities	\$ 25,011	\$ (31,413)
Cash flows used in investing activities	-	(126)
Cash flows (used in) from financing activities	(5,326)	15,731
Net Increase (Decrease) in cash and cash equivalents	19,685	(15,808)
Cash and cash equivalents, beginning of the year	7,544	26,014
Cash and cash equivalents, end of the year	\$ 27,229	\$ 10,206

	Shoetex Corporation	
	For the nine-month ended September 30, 2024	For the nine-month ended September 30, 2023
Cash flows from (used in) operating activities	\$ 307	\$ (52,754)
Cash flows from (used in) investing activities	19,275	(11,699)
Cash flows (used in) from financing activities	(11,014)	53,755
Net Increase (Decrease) in cash and cash equivalents	8,568	(10,698)
Cash and cash equivalents, beginning of the year	11,661	32,284
Cash and cash equivalents, end of the year	\$ 20,229	\$ 21,586

(4) Other material accounting policy information

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

A. Retirement Benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year. And for the significant market fluctuations during the period, as well as for significant revisions, settlements, or other major one-time items, adjustments have been made.

B. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant accounting Judgments, Assumptions, and the major sources of Estimation Uncertainty

The same material accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash	\$ 317	\$ 312	\$ 309
Checking accounts and demand deposits	111,952	120,554	75,460
Cash Equivalents			
Time deposits	-	-	9,000
	<u>\$ 112,269</u>	<u>\$ 120,866</u>	<u>\$ 84,769</u>

The details of the interest rate for bank deposits were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Demand deposits (%)	0.002~1.150	0.001~1.450	0.001~1.450
Time deposits(%)	-	-	1.160

(2) Financial assets at amortized costs—current

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged time deposits	\$ 900	\$ 3,900	\$ 1,202
Time deposits	-	39,600	39,600
	<u>\$ 900</u>	<u>\$ 43,500</u>	<u>\$ 40,802</u>
Interests rate (%)	0.530~0.580	0.530~1.565	0.455~1.575

The details of loss allowance of financial assets at amortized costs — current were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total of carrying amount	\$ 900	\$ 43,500	\$ 40,802
Loss allowance	-	-	-
Financial assets at amortized costs	<u>\$ 900</u>	<u>\$ 43,500</u>	<u>\$ 40,802</u>

The Group's financial assets at amortized costs — current comprised custom duty deposits, bank loans with a specific purpose and bank deposits with originally due over three months and within one year which cannot be transferred to other category.

The Group's financial assets at amortized costs were pledged as collateral; please refer to note 8.

(3) Accounts and notes receivables, net

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivables			
From operating activities	\$ 64,325	\$ 68,623	\$ 57,483
Not from operating activities	177	-	-
	<u>\$ 64,502</u>	<u>\$ 68,623</u>	<u>\$ 57,483</u>
Accounts receivables	\$ 351,190	\$ 312,763	\$ 299,494
Less: loss allowance	(8,525)	(6,486)	(7,357)
	<u>\$ 342,665</u>	<u>\$ 306,277</u>	<u>\$ 292,137</u>
Accounts receivables from related parties	<u>\$ 28,100</u>	<u>\$ 22,508</u>	<u>\$ 9,082</u>

The credit term on sales to the customers is 30 to 120 days.

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The abovementioned notes receivable which were not from operating were compensation payments by installments for the equipment was recognized as notes receivables and long-term accounts receivables of other noncurrent liabilities, respectively.

Details of allowance of accounts receivables were as follows:

September 30, 2024

	Current	Overdue 1-60 days	Overdue more than 61 days	Total
Total carrying amount	\$ 427,415	\$ 9,259	\$ 7,118	\$ 443,792
Provision for loss allowance	(238)	(1,356)	(6,931)	(8,525)
Cost after amortization	<u>\$ 427,177</u>	<u>\$ 7,903</u>	<u>\$ 187</u>	<u>\$ 435,267</u>

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.000% to 0.068%, rates of due over 1 to 60 days were 0.000% to 37.608% and rates of due over 61 days were 77.672% to 100%.

December 31, 2023

	<u>Current</u>	<u>Overdue 1-60 days</u>	<u>Overdue more than 61 days</u>	<u>Total</u>
Total carrying amount	\$ 395,458	\$ 2,339	\$ 6,097	\$ 403,894
Provision for loss allowance	(360)	(29)	(6,097)	(6,486)
Cost after amortization	<u>\$ 395,098</u>	<u>\$ 2,310</u>	<u>\$ -</u>	<u>\$ 397,408</u>

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.120%, rates of due over 1 to 60 days were 0.000% to 41.501% and rates of due over 61 days were 65.892% to 100%.

September 30, 2023

	<u>Current</u>	<u>Overdue 1-60 days</u>	<u>Overdue more than 61 days</u>	<u>Total</u>
Total carrying amount	\$ 354,122	\$ 5,538	\$ 6,399	\$ 366,059
Provision for loss allowance	(336)	(625)	(6,396)	(7,357)
Cost after amortization	<u>\$ 353,786</u>	<u>\$ 4,913</u>	<u>\$ 3</u>	<u>\$ 358,702</u>

The Group's abovementioned rates of expected credit loss were as follows, current rates were 0.000% to 0.120%, rates of due over 1 to 60 days were 0.000% to 32.725% and rates of due over 61 days were 41.058% to 100%.

Information of changes in impairments of notes and accounts receivables were as follows:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Balance on January 1	\$ 6,486	\$ 701
Add: Impairment loss for the current period, net	2,039	6,656
Balance on September 30	<u>\$ 8,525</u>	<u>\$ 7,357</u>

(4) Inventories

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Merchandises	\$ 10,569	\$ 3,820	\$ 4,817
Finished goods	108,936	113,834	132,785
Semi-finished goods	19,805	13,492	16,633
Work in process	19,577	11,831	17,190
Raw materials	100,489	102,277	102,245
Manufacturing materials	24,169	17,199	20,138
	<u>\$ 283,545</u>	<u>\$ 262,453</u>	<u>\$ 293,808</u>

The operating costs relating to inventories amounted to \$1,221,290 thousand and \$1,086,800 thousand for the nine-month periods ended September 30, 2024 and 2023, respectively.

The information of write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value which were included in the cost of revenue:

	<u>For the three-month periods ended September 30,</u>		<u>For the six-month periods ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Reversal of inventory obsolescence for the period (gains)	<u>\$ (1,070)</u>	<u>\$ 2,637</u>	<u>\$ 1,006</u>	<u>\$ 86</u>

(5) Financial assets at fair value through profit or loss, non-current

	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	Ownership%	Amount	Ownership%	Amount	Ownership%
Financial assets at fair value through profit or loss, non-current						
Stock:						
Nanyang Cooperatives for common labors	\$ 20	0.42	\$ 20	0.42	\$ 20	0.42
Loyal Splendor Int'l Ltd. (Seychelles)	10,678	18.00	10,678	18.00	14,306	18.00
Grand and Great Corp. (Samoa)	27,754	3.33	27,754	3.33	24,843	3.33
Total	<u>\$ 38,452</u>		<u>\$ 38,452</u>		<u>\$ 39,169</u>	

The Group's financial assets at fair value through profit or loss were not pledged as collateral.

For the purpose of expanding oversea market of TPU, the Group set up a joint venture (Loyal Splendor Int'l Ltd. (Seychelles)) with others. This decision was approved in 2017, with the intention of setting up another new company. As of September 30, 2024, the Group had paid a total of USD 540,000 in investment funds.

For the purposes of vertical integration and expanding oversea market, the Group set up a joint venture (Grand and Great Corporation Limited (SAMOA)) with others. This decision was approved in 2015, with the intention of setting up another new company. The Group resolved to make a capital injection of USD 10.5 million on August 19, 2022, with the reference date for the capital injection being January 4, 2023. The Group did not subscribe according to its shareholding ratio. Resulting in a decrease in its shareholding percentage from 4.44% to 3.33%. As of September 30, 2024, the Group had paid a total of USD 1.4 million in investment funds.

(6) Property, plant and equipment

	September 30, 2024	December 31, 2023	September 30, 2023
Owner occupation	\$ 1,412,422	\$ 1,390,252	\$ 1,386,880
Operating leases	18,337	23,469	23,610
	<u>\$ 1,430,759</u>	<u>\$ 1,413,721</u>	<u>\$ 1,410,490</u>

A. Owner occupation

Carrying amount	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 645,954	\$ 645,954	\$ 645,954
Buildings, net	442,770	446,185	450,002
Machinery equipment, net	242,052	208,661	198,144
Testing equipment, net	6,211	5,862	6,365
Pollution control equipment, net	24,565	26,773	28,514
Transportation	5,442	6,167	6,369
Office equipment	62	105	129
Other equipment	45,366	49,640	50,498
Construction in progress and inspection equipment	-	905	905
	<u>\$ 1,412,422</u>	<u>\$ 1,390,252</u>	<u>\$ 1,386,880</u>

Cost	January 1, 2024	Additions	Disposals	Prepaid	Reclassification	September 30, 2024
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	558,001	106	(1,822)	5,420	5,102	566,807
Equipment	399,662	7,321	(11,283)	61,769	-	457,469
Testing equipment	14,637	1,446	(2,449)	249	-	13,883
Pollution control equipment	87,750	657	(5,350)	3,986	-	87,043
Transportation	17,963	126	-	-	-	18,089
Office equipment	548	-	-	-	-	548
Other	126,876	7,677	(20,676)	2,917	-	116,794
Construction in progress and inspection equipment	905	-	-	-	(905)	-
	<u>\$ 1,852,296</u>	<u>\$ 17,333</u>	<u>\$ (41,580)</u>	<u>\$ 74,341</u>	<u>\$ 4,197</u>	<u>\$ 1,906,587</u>

Accumulated depreciation and impairment	January 1, 2024	Depreciation	Disposals	Prepaid	Reclassification	September 30, 2024
Buildings	\$ 111,816	\$ 13,713	\$ (1,822)	\$ -	\$ 330	\$ 124,037
Machine equipment	191,001	35,525	(11,109)	-	-	215,417
Testing equipment	8,775	1,346	(2,449)	-	-	7,672
Pollution control equipment	60,977	6,851	(5,350)	-	-	62,478
Transportation	11,796	851	-	-	-	12,647
Office equipment	443	43	-	-	-	486
Other equipment	77,236	14,868	(20,676)	-	-	71,428
	<u>\$ 462,044</u>	<u>\$ 73,197</u>	<u>\$ (41,406)</u>	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 494,165</u>

Cost	January 1, 2023	Additions	Disposals	Prepaid	Reclassification	September 30, 2023
Land	\$ 645,954	\$ -	\$ -	\$ -	\$ -	\$ 645,954
Buildings	336,906	3,057	(1,977)	19,827	207,248	565,061
Equipment	341,665	3,473	(57,385)	95,326	-	383,079
Testing equipment	13,627	211	(985)	2,221	-	15,074
Pollution control equipment	86,761	400	(6,364)	6,478	-	87,275
Transportation	11,938	-	-	6,025	-	17,963
Office equipment	1,207	-	(659)	-	-	548
Other	116,964	14,301	(10,195)	7,869	-	128,939
Construction in progress and inspection equipment	187,493	24,816	-	-	(211,404)	905
	<u>\$ 1,742,515</u>	<u>\$ 46,258</u>	<u>\$ (77,565)</u>	<u>\$ 137,746</u>	<u>\$ (4,156)</u>	<u>\$ 1,844,798</u>

Accumulated depreciation and impairment	January 1, 2023	Depreciation	Disposals	Prepaid	Reclassification	September 30, 2023
Buildings	\$ 107,941	\$ 9,266	\$ (1,977)	\$ -	\$ (171)	\$ 115,059
Machine equipment	213,702	28,618	(54,784)	(2,601)	-	184,935
Testing equipment	8,067	1,627	(985)	-	-	8,709
Pollution control equipment	58,181	6,945	(6,365)	-	-	58,761
Transportation	10,986	608	-	-	-	11,594
Office equipment	937	141	(659)	-	-	419
Other equipment	73,450	15,185	(10,194)	-	-	78,441
	<u>\$ 473,264</u>	<u>\$ 62,390</u>	<u>\$ (74,964)</u>	<u>\$ (2,601)</u>	<u>\$ (171)</u>	<u>\$ 457,918</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Buildings	5 to 50 years	Transportation	3 to 13 years
Machine equipment	2 to 16 years	Office equipment	5 to 6 years
Testing equipment	5 to 10 years	Other equipment	1 to 25 years
Pollution control equipment	2 to 25 years		

B. Operating leases

Carrying amount	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	\$ 18,337	\$ 23,469	\$ 23,610

Cost	January 1, 2024	Additions	Disposals	Prepaid	Reclassification	September 30, 2024
Buildings	\$ 25,257	\$ -	\$ -	\$ -	\$ (5,102)	\$ 20,155

Accumulated depreciation and impairment	January 1, 2024	Depreciation	Disposals	Prepaid	Reclassification	September 30, 2024
Buildings	\$ 1,788	\$ 360	\$ -	\$ -	\$ (330)	\$ 1,818

Cost	January 1, 2023	Additions	Disposals	Prepaid	Reclassification	September 30, 2023
Buildings	\$ 21,101	\$ -	\$ -	\$ -	\$ 4,156	\$ 25,257

Accumulated depreciation and impairment	January 1, 2023	Depreciation	Disposals	Prepaid	Reclassification	September 30, 2023
Buildings	\$ 1,051	\$ 425	\$ -	\$ -	\$ 171	\$ 1,647

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives
Buildings	10 to 48 years

The Group's property, plant and equipment were pledged as collateral for bank loans and secured borrowings, please refer to note 8.

(7) Leases

Lessee

A. Right-of-use assets

Carrying amount	September 30, 2024	December 31, 2023	September 30, 2023
Buildings	\$ 11,785	\$ 18,914	\$ 21,291
Transportation	6,813	7,795	8,531
	\$ 18,598	\$ 26,709	\$ 29,822

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Additions of right-of-use assets	\$ -	\$ 9,453	\$ 1,293	\$ 14,419
Depreciation of right-of-use assets				
Buildings	\$ 2,376	\$ 2,388	\$ 7,129	\$ 7,176
Transportation	728	736	2,177	2,254
	\$ 3,104	\$ 3,124	\$ 9,306	\$ 9,430

B. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 11,550	\$ 12,233	\$ 12,303
Noncurrent	\$ 7,231	\$ 14,720	\$ 17,775

The discount rates of lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Buildings (%)	1.272~1.926	1.250~1.926	1.250~1.926
Transportation (%)	0.967~1.846	0.967~4.248	0.967~4.248

C. Significant leasing activities and requirements

The underlying assets leased by the Group include land, houses and buildings, company cars and photocopiers. The periods of the lease contract vary from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions.

D. Profit and loss items associated with lease contracts are as follows:

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Items that affect profit or loss				
Items that affect profit or loss	\$ 83	\$ 99	\$ 281	\$ 288
Interest expense on lease liabilities	459	458	1,566	3,031
	\$ 542	\$ 557	\$ 1,847	\$ 3,319

E. The Group's total lease cash outflows from January 1 to September 30, 2024, and 2023 were NT\$9,648 thousand and NT\$9,753 thousand, respectively.

Lessor

A. Rental agreements

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings in Taoyuan	2020/09/01~2025/08/31	Monthly rental fees \$100 thousand.	\$100 thousand
Buildings (dormitory)	2021/06/01~2024/06/01 2024/06/01~2026/06/01	Monthly rental fees \$14 thousand.	-
Buildings (warehouse)	2022/02/26~2027/05/16	Actual amount of the rental fees, according to number of buckets and weight.	-
Buildings (warehouse)	2022/07/01~2023/06/30	Actual amount of the rental fees, according to number of buckets and weight.	-
Buildings (plant)	2021/07/01~2027/06/30	Monthly rental fees \$149 thousand.	\$448 thousand
Buildings (plant)	2022/05/01~2025/04/30	First year, monthly rental fees \$140 thousand. Starting from the second year, monthly rental fees \$147 thousand. (Note 1)	-
Buildings (plant)	2022/08/31~2025/04/30	Monthly rental fees \$6 thousand. Starting from July 2023, monthly rental fees \$8 thousand. (Note 1)	-
Buildings (plant)	2023/01/01~2027/06/30	Monthly rental fees \$55 thousand.	\$166 thousand
Buildings (plant)	2024/08/01~2026/06/30	Monthly rental fees \$55 thousand.	\$166 thousand

Objective	Lease period	Monthly rental revenue and method	Guarantee Deposits
Buildings (plant)	2023/02/01~2024/03/31	Monthly rental fees \$13 thousand.	\$13 thousand
	2024/04/01~2025/03/31	Starting from April 2024, the monthly rental fees \$14 thousand. Rental fees are collected monthly.	

Note 1 : The company terminated the contract early in May 2024.

B. The information on gains from operating lease rental contracts for the nine-month periods ended September 30, 2024 and 2023, respectively, is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
	Rental revenue	\$ 1,111	\$ 1,464	\$ 3,731

C. Non-cancellable operating lease contracts

	September 30, 2024	December 31, 2023	September 30, 2023
Within one year	\$ 4,470	\$ 5,604	\$ 5,685
More than 1 year to 3 years	4,906	6,332	7,098
Over 3 years	-	1,227	1,841

(8) Intangible assets

Carrying amounts	September 30, 2024	December 31, 2023	September 30, 2023
Computer software	\$ 3,554	\$ 3,353	\$ 3,824
Professional technology	-	167	267
	\$ 3,554	\$ 3,520	\$ 4,091

Costs	January 1, 2024	Additions	Disposals	September 30, 2024
Computer software	\$ 8,887	\$ 1,432	\$ (195)	\$ 10,124
Professional technology	2,000	-	-	2,000
	\$ 10,887	\$ 1,432	\$ (195)	\$ 12,124

Accumulated amortization and impairment	January 1, 2024	Additions	Disposals	September 30, 2024
Computer software	\$ 5,534	\$ 1,231	\$ (195)	\$ 6,570
Professional technology	1,833	167	-	2,000
	\$ 7,367	\$ 1,398	\$ (195)	\$ 8,570

Costs	January 1, 2023	Additions	Disposals	September 30, 2023
Computer software	\$ 9,805	\$ 50	\$ -	\$ 9,855
Professional technology	6,803	-	-	6,803
	\$ 16,608	\$ 50	\$ -	\$ 16,658

Accumulated amortization and impairment	January 1, 2023	Additions	Disposals	September 30, 2023
Computer software	\$ 4,456	\$ 1,575	\$ -	\$ 6,031
Professional technology	5,762	774	-	6,536
	\$ 10,218	\$ 2,349	\$ -	\$ 12,567

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Item	Useful lives	Item	Useful lives
Computer software	1 to 6 years	Professional technology	5 years

(9) Other noncurrent assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments for equipment	\$ 145,048	\$ 121,372	\$ 120,435
Refundable deposits	2,957	2,887	2,687
Long-term notes receivables	710	1,109	1,242
Other	2,412	2,538	2,103
	<u>\$ 151,127</u>	<u>\$ 127,906</u>	<u>\$ 126,467</u>

The abovementioned long-term notes receivable were for the compensation payment with installments for the machine equipment, please refer to note 6(3).

(10) Short-term loans

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Secured loans			
L/C loans	\$ 53,789	\$ 19,367	\$ 16,483
Unsecured loans			
Operating deposits	40,050	31,050	31,050
L/C loans	52,028	14,118	50,653
	<u>\$ 145,867</u>	<u>\$ 64,535</u>	<u>\$ 98,186</u>
Loan rate (%)	1.880~5.860	1.750~6.800	1.675~6.967
Due date	Before 2025/03/25	Before 2024/09/04	Before 2024/09/04

The abovementioned loans were all bank loans.

The Group's short-term loans were pledged as collateral, please refer to note 8.

(11) Notes and accounts payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Arising from operation:			
Notes payables	\$ 4,300	\$ 4,052	\$ 3,415
Accounts payables	202,254	173,895	144,022
Not arising from operation:			
Other notes payables	8,508	15,562	12,556

Other notes payable were mainly used for the purchase of equipment.

(12) Other payables

	<u>September 30, 2024</u>	<u>December 30, 2023</u>	<u>September 30, 2023</u>
Third-party transaction			
Salary and bonus payables	\$ 41,277	\$ 30,742	\$ 36,310
Employee compensation payables	6,182	-	-
Insurance payables	4,974	4,663	4,822
Equipment payables	6,345	1,173	3,484
Directors' remuneration payables	2,109	-	-
Other accounts payables	47,897	32,898	49,887
	<u>\$ 108,784</u>	<u>\$ 69,476</u>	<u>\$ 94,503</u>
Related parties	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 31</u>

(13) Provision

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Employees benefits	\$ 8,561	\$ 8,557	\$ 8,973
Returns and discounts	260	260	-
Sales rebates	-	-	-
	<u>\$ 8,821</u>	<u>\$ 8,817</u>	<u>\$ 8,783</u>

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2024	\$ 8,557	\$ 260	\$ -	\$ 8,817
Provision for the period	6,084	6,157	-	12,241
Payments for the period	(52)	-	-	(52)
Write-off for the period	(6,028)	(6,157)	-	(12,185)
Balance on September 30, 2024	\$ 8,561	\$ 260	\$ -	\$ 8,821

	Employees benefits	Returns and discounts	Sales rebates	Total
Balance on January 1, 2023	\$ 8,189	\$ 2,000	\$ 2,255	\$ 12,444
Provision for the period	6,581	-	-	6,581
Payments for the period	(33)	-	(2,255)	(2,288)
Write-off for the period	(5,954)	(2,000)	-	(7,954)
Balance on September 30, 2023	\$ 8,783	\$ -	\$ -	\$ 8,783

The Group's provision was for benefits of accumulated paid time off as of the balance sheet date, probable sales returns of the products and the sales rebates. Provision for warranty and after service cost was estimated based on historical information, management judgements and other known factors.

(14) Other current liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities	\$ 4,874	\$ 2,727	\$ 494
Temporary receipts	226	251	326
Receipts under custody	1,147	1,140	1,086
Deferred revenue — current	682	682	682
	\$ 6,929	\$ 4,800	\$ 2,588

(15) Long-term loans

Category	Due year	September 30, 2024	December 31, 2023	September 30, 2023
Secured borrowings	2028	\$ 183,334	\$ 220,834	\$ 233,333
Secured borrowings	2034	253,564	273,237	279,795
Secured borrowings	2038	277,703	292,759	197,778
Unsecured borrowings	2025	-	229	260
Unsecured borrowings	2026	-	3,250	3,625
Unsecured borrowings	2028	20,000	55,000	55,000
		\$ 734,601	\$ 845,309	\$ 769,791
Current portion of long-term loans payable		\$ 96,306	\$ 99,493	\$ 91,814
Non-current		638,295	745,816	677,977
		\$ 743,601	\$ 845,309	\$ 769,791
Interest rate of loans (%)		1.925~2.220	1.800~2.595	0.500~2.479

Some of the abovementioned loans had been paid in advance.

The abovementioned loans are bank loans and used in floating rate borrowings, please refer to note 6(24).

The Group's pledged and mortgaged assets used as collateral for long term loans, please refer to note 8.

(16) Government grants

The Group purchased pollution control equipment in 2015 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and

approved by the Department of Environmental Protection in Taoyuan and obtained \$5,000 thousand of the exemption. As of September 30, 2024, the remaining amounted to \$22 thousand.

The Group purchased pollution control equipment in 2018 and had applied for exemption in the local government in accordance with the laws. The application had been reviewed and approved by the Bureau of Energy, Ministry of Economic Affairs and obtained \$5,000 thousand of the exemption. As of September 30, 2024, the government grant was recognized under other liabilities, current and long-term deferred revenue and will be transferred to other revenue in accordance with the useful lives of the equipment.

The Group had applied for Industrial Upgrading Innovation Platform Guidance Program by the Ministry of Economic Affairs and had been reviewed and approved. As of September 30, 2023, and 2024, the Group obtained government grants amounted to \$14,595 and \$8,488 thousand, respectively, which were recognized under other revenue.

(17) Post-employment benefits plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Accordingly, the Group recognized as expenses under consolidated comprehensive income statement amounts to \$2,726 thousand, \$2,727 thousand, \$8,307 thousand and \$8,077 thousand for the periods from January 1 to September 30, 2024, and 2023, from January 1 to September 30, 2024, and 2023, respectively. As of September 30, 2024, December 31, 2023 and September 30, 2023, the unpaid amounts of define benefit plans amounted to \$2,860 thousand, 2,765 thousand and \$2,620 thousand, respectively.

B. Defined benefit plans

The Group has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. According to the law, two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Group contributes an amount equal to 5% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of June of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds.

(a) Expenses through profit or loss

The pension cost under the defined benefit retirement plan, determined by actuarial valuation as of December 31, 2024, and 2023, was recognized in the comprehensive income statement in the following periods.

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Operating costs	\$ 62	\$ 56	\$ 185	\$ 167
Selling expenses	6	6	18	16
General and administrative expenses	25	22	75	67
Research and development expenses	3	3	8	8
	<u>\$ 96</u>	<u>\$ 86</u>	<u>\$ 286</u>	<u>\$ 258</u>

(b)The Group plans to allocate \$1,321 thousand to the defined benefit plan in 2024.

(18) Equity

A. Common stocks

	September 30, 2024	December 31, 2023	September 30, 2023
Amount of shares authorized (\$10 per share)	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Amount of shares issued	<u>\$ 823,608</u>	<u>\$ 823,608</u>	<u>\$ 823,608</u>
Numbers of shares authorized (in thousands of shares)	120,000	120,000	120,000
Numbers of shares issued (in thousands of shares)	82,361	82,361	82,361

Each share has the same voting rights equal to the number of Directors to be elected and dividends received.

B. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
Capital surplus	\$ 983	\$ 983	\$ 983
Employee share options	9,506	9,506	9,506
Expired dividends	97	68	68
	<u>\$ 10,586</u>	<u>\$ 10,557</u>	<u>\$ 10,557</u>

According to regulation, the Group may not use capital surplus to cover capital losses unless the earnings reserve is insufficient to make up for the losses.

The capital surplus from shares issued in excess of par (including additional paid-in capital from the converted convertible bonds) may be used to offset deficits; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (but limited to a certain percentage of the Group's paid-in capital on a yearly basis).

The capital surplus arising from employee share options may not be used for any purpose. The capital surplus arising from expired dividends may not be used for any purpose, except for offsetting a deficit.

The Group's reconciliation of outstanding common stocks and capital surplus were as follows:

	Capital		Capital surplus		
	Shares (in thousands)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2024	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 68
Others	-	-	-	-	29
Balance on September 30, 2024	<u>82,361</u>	<u>\$ 823,608</u>	<u>\$ 983</u>	<u>\$ 9,506</u>	<u>\$ 97</u>

	Capital		Capital surplus		
	Shares (in thousands)	Amount	Share premiums	Employee share options	Expired dividends
Balance on January 1, 2023	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 63
Others	-	-	-	-	5
Balance on September 30, 2023	82,361	\$ 823,608	\$ 983	\$ 9,506	\$ 68

C. Appropriation of earnings and dividend policy

According to the Group Act, A company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profits, first set aside ten percent of such profits as a legal reserve. The appropriation for a legal capital reserve shall be made until the reserve equals the Group's paid-in capital. The reserve may be used to offset a deficit or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

Pursuant to existing regulations, the Group is required to set aside an additional special capital reserve equivalent to the net debit balance of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

When allocating the profits for each fiscal year, the following order shall be followed:

- (a) pay all taxes and dues.
 - (b) offset accumulated deficits.
 - (c) set aside 10 percent of earning as legal reserve
 - (d) set aside special capital reserve in accordance with relevant laws or regulations.
- The remaining balance after the mentioned above payment to be made, combining with the undistributed earnings of the proceeding years may be retained or distributed as shareholders' dividends after the approval of the shareholders' meeting.

Since the Group is in a highly developing industry, the Group has to adapt its dividend policy to meet the Group's long-term development and capital requirement, along with the shareholders' demand for cash. Therefore, the Group is allowed to distribute no more than 90% of the amount of the profits of the fiscal year. The Board of Directors shall submit a distribution proposal for approval at the shareholders' meeting. Distribution of profits may be made by way of a cash dividend or stock dividend; provided, however, the ratio for cash dividend shall be not less than 10% of total distribution.

On March 12, 2024, and March 17, 2023, the Group held board of directors resolved to distribute cash dividends for the fiscal year 2023 and 2022, respectively. The remaining items of earnings distribution were also approved by the shareholders' meetings on May 31, 2024, and June 20, 2023, with the distribution details as follows:

Items	Appropriation of earnings		Dividends per share (NTD)	
	2023	2022	2023	2022
Legal reserve	\$ -	\$ 27,431		
Cash dividends	32,945	98,833	\$ 0.4	\$ 1.2
	\$ 32,945	\$ 126,264		

(19) Sales revenue

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Revenue from contracts with customers				
Sales revenue	\$ 459,073	\$ 366,078	\$ 1,429,799	\$ 1,158,449
Service revenue	5,609	3,526	11,715	23,458
	<u>\$ 464,682</u>	<u>\$ 369,604</u>	<u>\$ 1,441,514</u>	<u>\$ 1,181,907</u>

Balance of the contracts

	September 30,	December 31, 2023	September 30,	January 1, 2023
	2024		2023	
Notes receivables, net (including related parties)	<u>\$ 64,325</u>	<u>\$ 68,623</u>	<u>\$ 57,483</u>	<u>\$ 92,478</u>
Accounts receivables, net (including related parties)	<u>\$ 370,765</u>	<u>\$ 328,785</u>	<u>\$ 301,219</u>	<u>\$ 365,576</u>
Contract liabilities—current (Recognized as other current liabilities)	<u>\$ 4,874</u>	<u>\$ 2,727</u>	<u>\$ 494</u>	<u>\$ 9,689</u>

The changes arising from the contract liabilities were mainly because of the differences of fulfillment of the obligation and payment received from the customers.

The sales revenue on contract liabilities were as follows:

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Sales revenue of goods	<u>\$ 1</u>	<u>\$ 8,503</u>	<u>\$ 2,722</u>	<u>\$ 9,607</u>

Breakdown of the consolidated company's customer contract revenue, please refer to note 14.

(20) Net income

The Group's net income included the following items:

A. Other revenue

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Rental revenue	\$ 1,111	\$ 1,464	\$ 3,731	\$ 4,377
Other income	1,023	1,312	11,623	3,601
	<u>\$ 2,134</u>	<u>\$ 2,776</u>	<u>\$ 15,354</u>	<u>\$ 7,978</u>

B. Other profit and loss

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
(Loss) gains on disposal of plant, property and equipment	\$ -	\$ -	\$ (143)	\$ 4,499
Gain on reversal of impairment (loss) of plant, property and equipment	-	-	-	2,601
(Loss) gains on foreign exchange	(3,653)	5,862	4,903	7,210
Gain (loss) on lease modification	-	1	-	(16)
Others	(1)	-	(833)	-
	<u>\$ (3,654)</u>	<u>\$ 5,863</u>	<u>\$ 3,927</u>	<u>\$ 14,294</u>

C. Depreciation and amortization

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Depreciation of plant, property and equipment	\$ 24,307	\$ 23,084	\$ 73,557	\$ 62,815
Depreciation of right-of-use assets	3,104	3,124	9,306	9,430
Amortization of intangible assets	446	671	1,398	2,349
	<u>\$ 27,857</u>	<u>\$ 26,879</u>	<u>\$ 84,261</u>	<u>\$ 74,594</u>
Depreciation expenses were summarized by functions:				
Operating costs	\$ 24,680	\$ 23,289	\$ 74,495	\$ 63,575
Operating expenses	2,731	2,919	8,368	8,670
Amortization expenses were summarized by functions:				
Operating costs	153	205	410	673
Operating expenses	293	466	988	1,676
	<u>\$ 27,857</u>	<u>\$ 26,879</u>	<u>\$ 84,261</u>	<u>\$ 74,594</u>

D. Financial cost

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Bank loans	\$ 3,895	\$ 3,243	\$ 11,455	\$ 7,201
Interests from lease liabilities	83	99	281	288
Handling fees	8	219	206	310
	<u>\$ 3,986</u>	<u>\$ 3,561</u>	<u>\$ 11,942</u>	<u>\$ 7,799</u>
Amount of capitalized borrowing costs	\$ 688	\$ 631	\$ 1,940	\$ 3,452
Rate of capitalized borrowing costs (%)	1.284~2.052	1.284~1.932	1.284~2.052	1.284~1.932

E. Gains (loss) on foreign exchange

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Total of gains on foreign exchange	\$ 2,287	\$ 6,849	\$ 12,438	\$ 11,272
Total of loss on foreign exchange	(5,940)	(987)	(7,535)	(4,062)
Net of gains (loss) on foreign exchange	<u>\$ (3,653)</u>	<u>\$ 5,862</u>	<u>\$ 4,903</u>	<u>\$ 7,210</u>

F. Employees benefits

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Salary	\$ 68,972	\$ 66,253	\$ 243,021	\$ 216,821
Employee insurance	7,321	7,396	22,246	22,389
Post-employment benefits plans				
Defined contribution plans	2,726	2,727	8,307	8,077
Defined benefit plans	96	86	286	258
Directors' remuneration	176	180	804	800
Other benefits	3,192	3,388	8,952	10,944
	<u>\$ 82,483</u>	<u>\$ 80,030</u>	<u>\$ 283,616</u>	<u>\$ 259,289</u>
Summary by function:				
Operating costs	\$ 57,852	\$ 57,695	\$ 201,168	\$ 186,592
Operating expenses	24,631	22,335	82,448	72,697
	<u>\$ 82,483</u>	<u>\$ 80,030</u>	<u>\$ 283,616</u>	<u>\$ 259,289</u>

G. Employees' compensation and remuneration of directors

According to the Group's Articles of Incorporation, the Group shall allocate compensation to directors and profit-sharing bonus to employees of the Group as follows:

If there is any profit for the current fiscal year, the Group shall allocate 5% to 10% of the profit as employees' compensation and shall allocate at a maximum of 3% of the profit as remuneration to directors, provided that the Group's accumulated losses shall have been covered in advance.

The aforementioned income was calculated using the Group's net income before income taxes without the remunerations to employees and directors for each period. The employee remuneration will be distributed in cash or in the form of shares to the employees of the controlling companies and subsidiaries who meet certain criteria.

The distributable dividends and bonus in whole or in part or the legal reserve and capital reserved in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Group estimated the employees' compensation and directors' remuneration were as follows:

Percentage of estimate

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Employees' compensation	8.76%	-
Directors' remuneration	2.99%	-

Amount

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Employees' compensation	<u>\$ 6,182</u>	<u>\$ -</u>
Directors' remuneration	<u>\$ 2,109</u>	<u>\$ -</u>

The estimated amount of employees' compensation and directors' remuneration were recognized as an operating cost or operating expense. If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

If the board of directors decided to pay the employee remuneration in the form of company shares, the number of dividend shares is determined by dividing the amount of the dividend by the fair value of the share. The fair value of the shares is based on the closing price of the day before the resolution date of the shareholders' meeting.

The 2023 and 2022 employee's compensation and director's and supervisor's remuneration were respectively resolved in the board meeting on March 12, 2024 and March 17, 2023 as follows:

	<u>2023</u>	<u>2022</u>
Employees' compensation	<u>\$ -</u>	<u>\$ 20,000</u>
Directors' remuneration	<u>\$ -</u>	<u>\$ 8,500</u>

There is no difference between the 2023 and 2022 employee's compensation and director's and supervisor's remuneration and the Group's 2023 and 2022 recognized fee estimates.

The information about appropriations of the Group's employees' compensation and remuneration to directors is available on the Market Observation Post System website.

(21) Income tax

A. Income tax expense recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Current tax	\$ 5,369	\$ (475)	\$ 10,099	\$ 2,456
Current year				
Income tax on unappropriated earnings	-	-	-	7,621
Adjustments for prior year	-	2,125	7,609	(5,054)
Deferred tax				
Current year	17,731	(2,770)	18,237	(7,206)
Income tax expense recognized in profit or loss	\$ 23,100	\$ (1,120)	\$ 35,945	\$ (2,183)

B. Income tax assessment

As of Nov 12, 2024, the income tax returns of the Group through 2022 and its subsidiaries, including Miracle Textile Industry Co., Ltd. and Shoetex Corporation, have been examined by the tax authorities.

(22) Explanation of seasonal or periodic in interim operations

The Group operates in the coating and resin industry, which exhibits a high degree of seasonality. Based on past experiences, its peak sales typically occur in the first half of each year. Consequently, the Group generates higher sales revenue and operating profits in the first half of the year compared to the second half.

(23) Capital management

The coating markets had been affected by the global demands which needs large amount of operating fund in the early of the year. The Group manages its capital risk to ensure sufficient financial resources and operational plan to meet the demand of necessary operating fund, capital expenditure, research and development expense, debt repayment, and dividend expenditure for the future. The Group had adjusted the proportion of liabilities to maintain the capital structures. The ratio of assets and liabilities as of September 30, 2024, December 31, 2024 and September 30, 2023, respectively were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Total of liabilities	\$ 1,268,622	\$ 1,246,997	\$ 1,198,301
Total of assets	2,528,753	2,503,302	2,450,260
Ratio of liabilities (%)	50.17	49.82	48.91

(24) Financial instruments

A. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 112,269	\$ 120,866	\$ 84,769
Financial assets at amortized cost—current	900	43,500	40,802
Notes and accounts receivables, net	435,090	397,408	358,702
Other notes receivables	177	-	-
Other accounts receivables	955	1,354	790
Other current assets	2,558	132	2,212
Other noncurrent assets	3,667	3,996	3,929
Financial assets at amortized cost — noncurrent	38,452	38,452	39,169

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities			
Financial liabilities at amortized cost			
Short-term loans	\$ 145,867	\$ 64,535	\$ 98,186
Notes and accounts payables	206,554	177,947	147,437
Other accounts payables	8,508	15,562	12,556
Other payables	108,805	69,476	94,534
Guarantee deposits	893	1,021	1,021
Long-term loans (including current portion)	734,601	845,309	769,791

B. Financial risk management objectives

The Group manages its exposure to risks relating to the operations through market risk, credit risk, and liquidity risk with the objective of reducing the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by management in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group must comply with certain treasury procedures that provide guiding principles for overall financial risk management.

C. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

(a) Risks of foreign currency exchange rates

The Group's operating activities and investment in foreign are mainly denominated in foreign currencies and exposed to foreign currency risk.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

The Group had not used derivatives financial instruments for the nine-month periods ended September 30, 2024 and 2023.

The Group has not hedged certain foreign exchange risks that the Group is exposed to throughout its operating.

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 10% strengthening/weakening of the functional currency against U.S. dollars, the Group's net income before tax for January 1 to September 30, 2024 and 2023 would have decreased/increased by \$17,415 thousand and \$13,513 thousand, respectively. Assuming a 10% strengthening/weakening of the functional currency against Japanese Yen, the Company's net income before tax for January 1 to September 30, 2024 and 2023 would have decreased/increased by \$2 thousand and \$93 thousand, respectively.

The information of financial assets and liabilities with major impact were as follows:

Unit: currency in thousand

Items	September 30, 2024		December 31, 2023		September 30, 2023	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets						
Monetary items						
USD	\$ 8,061	31.65	\$ 6,791	30.655	\$ 6,004	32.26
JPY	106	0.2226	4,799	0.2146	5,393	0.2163

Items	September 30, 2024		December 31, 2023		September 30, 2023	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial liabilities						
Monetary items						
USD	1,183	31.65	190	30.655	768	32.26

The Group recognized gains or losses on foreign exchange (including realized and unrealized) of \$4,903 thousand and \$7,210 thousand for the nine-month periods ended September 30, 2024 and 2023, respectively.

(b) Interest rate risk

The Group holds assets and liabilities at fixed and floating interest rates which may encounter the risks of future cash flow and from the changes of market rates. The Group is exposed to interest rate risk from floating rates.

The sensitivity analysis of interest is performed based on the financial liabilities exposed to cash flow interest rate risk at the end of each reporting period. If interest rates had been 1% higher/lower, the Group's pre-tax loss for the nine months periods ended September 30, 2024 and 2023 would have decreased/increased by \$6,706 thousand and \$6,688 thousand, respectively.

The information of carrying amount of the fixed and floating interest rate as of the balance sheet date were as follows:

Items	September 30, 2024	December 31, 2023	September 30, 2023
Fixed rates			
Financial liabilities	\$ 42,216	\$ 31,122	\$ 32,028
Floating rate borrowing			
Financial assets	110,956	156,952	115,665
Financial liabilities	838,252	878,722	835,949

D. Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk mainly arises from trade receivables - operating, bank deposits, and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables.

Credit evaluation is performed in the consideration of the relevant factors, such as financial condition, external and internal credit scoring, historical experience, and economic conditions, which may affect the customer's paying ability.

As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's ten largest customers accounted for 61%, 55% and 54% of its total trade receivables (including receivables from related parties), respectively. The Group believed that the concentration of credit risk is relatively insignificant for the remaining trade receivables.

Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by the Corporate Treasury function. The Group only deals with creditworthy counterparties and banks so that no significant credit risk was identified.

E. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the use of financing facilities associated with existing operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual, undiscounted payments, including principal and estimated interest of interest bearing.

September 30, 2023	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$ 323,867	\$ 14	\$ 879	\$ -	\$ -	\$324,760
Lease liabilities	5,728	5,442	6,711	650	-	18,531
Instruments using floating interests' rate	151,805	48,153	192,611	145,945	299,738	838,252
Instruments using fixed interests' rate	42,216	-	-	-	-	42,216
December 31, 2023	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$ 262,997	\$ -	\$ 395	\$ 614	\$ -	\$264,006
Lease liabilities	6,312	6,242	13,943	1,001	-	27,498
Instruments using floating interests' rate	81,378	51,528	224,049	187,299	334,468	878,722
Instruments using fixed interests' rate	31,122	-	-	-	-	31,122
September 30, 2023	On Demand or Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Noninterest bearing	\$ 254,539	\$ -	\$ 395	\$ 614	\$ -	\$255,548
Lease liabilities	6,376	6,312	16,746	1,286	-	30,720
Instruments using floating interests' rate	111,753	46,220	196,666	181,559	299,752	835,950
Instruments using fixed interests' rate	32,027	-	-	-	-	32,027

As of September 30, 2024, December 31, 2023 and September 30, 2023, the unused financing facilities of the Group amounted to \$477,599 thousand, \$615,185 thousand and \$606,138 thousand, respectively.

F. Fair value of financial instrument

(a) Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

(b) Valuation techniques and assumptions used fair value measurement

Financial assets at fair value through profit or loss and financial assets at fair value through OCI are classified into Level 3 and Level 1 fair value respectively.

The listed stocks, beneficiary certificates and global depositary receipts held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

Financial instruments without an active market held by the Group are measured at fair value according to the market approach; the fair value is assessed by using the price-equity ratio and price-earnings ratio of the competitors.

(c) Fair value measurements recognized in the consolidated balance sheet

September 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 38,452	\$ 38,452
<hr/>				
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 38,452	\$ 38,452
<hr/>				
September 30, 2023	Level 1	Level 2	Level 4	Total
Assets				
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Stock	\$ -	\$ -	\$ 39,169	\$ 39,169

There was no transfer of measurements of fair value in the Group for the nine-month periods ended September 30, 2024 and 2023, respectively.

(25) Earnings per share

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Basic earnings per share				
Net income available to common shareholders	\$ (12,999)	\$ (11,218)	\$ 44,730	\$ (10,172)
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361	82,361	82,361
Basic earnings per share (dollar)	\$ (0.16)	\$ (0.14)	\$ 0.54	\$ (0.12)
Diluted earnings per share				
Net income available to common shareholders	\$ (12,999)	\$ (11,218)	\$ 44,730	\$ (10,172)
Weighted average number of common shares outstanding used in the computation of basic EPS (in thousand)	82,361	82,361	82,361	82,361
Effects of all dilutive potential common shares (in thousand)				
Employees compensation	31	-	315	-
Weighted average number of common shares used in the computation of diluted EPS (in thousand)	82,392	82,361	82,676	82,361
Diluted EPS (in dollars)	\$ (0.16)	\$ (0.14)	\$ 0.54	\$ (0.12)

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares are included in the

weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(26) Non-cash transaction

Investing and financing activities which were not listed in the statement of cash flows for the nine-month periods ended September 30, 2024 and 2023, respectively were as follows:

A. Investing activities of property, plant and equipment

	For the nine-month periods ended September 30,	
	2024	2023
Additions of property, plant and equipment	\$ (17,333)	\$ (46,258)
Changes in other notes payables	(7,054)	(35,703)
Changes in other accounts payables	5,172	936
Capitalized interests	-	1,615
Payments for acquisition of property, plant and equipment	\$ (19,215)	\$ (79,410)

B. Non-cash Investing Activities Related to Intangible Assets

	For the nine-month periods ended September 30,	
	2024	2023
Additions of intangible assets	\$ (1,432)	\$ (50)
Reclassified amount of prepayments for equipment purchases	1,117	-
Cash payment for acquiring intangible assets	\$ (315)	\$ (50)

C. Financing activities that will not have effect on cash flows

	September 30, 2024	September 30, 2023
Current portion of long-term loans payable	\$ 96,306	\$ 91,814

7. Related-Party Transactions

Intercompany balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related party name and categories

Related Party Name	Related Party Categories
Hor Jing Corp.	Others
Htm Material Co., Ltd	Others
Wada Technology Co., Ltd	Others
Chia Cherng Industry Co., Ltd	Others
Lego Stone Co., Ltd.	Others
Panel Trading Co., Ltd.	Others
VESSI Footwear LTD.	Others
Win Tech Worldwide Co. LTD.	Others
Wang, Hong-Rong	Others
Wu, Li Hsueh	Others
Chen Wu, Li Show	Others

(2) Operating revenue

Accounts	Category	For the three-month periods ended		For the nine-month periods ended	
		September 30,		September 30,	
		2024	2023	2024	2023
Operating revenue	Others	\$ 18,251	\$ 9,384	\$ 47,160	\$ 26,013

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 30 to 120 days after monthly closing.

(3) Purchases

	Category	For the three-month periods ended		For the nine-month periods ended	
		September 30,		September 30,	
		2024	2023	2024	2023
Other related party		\$ 160	\$ 1,954	\$ 2,447	\$ 3,360

The purchase prices of related parties was determined based on normal market terms. The payment terms for related parties were 30 to 60 days after monthly closing.

(4) Accounts receivable-related parties

Accounts	Category	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivables	Others	\$ 28,100	\$ 22,508	\$ 9,082
Other accounts receivables	Others	\$ -	\$ -	\$ 11

The Group had no insurance for those outstanding accounts receivable from related parties.

(5) Accounts payable-related parties

Accounts	Category	September 30, 2024	December 31, 2023	September 30, 2023
Notes payables	Others	\$ 168	\$ 1,403	\$ 1,310
Other notes payables	Others	\$ 21	\$ -	\$ 31

The Group had no insurance for those outstanding accounts payable from related parties.

(6) Lease agreements

Accounts	Category	September 30, 2024	December 31, 2023	September 30, 2023
Lease liability	Others	\$ 1,367	\$ 2,176	\$ 2,445

Accounts	Category	For the three-month periods ended		For the nine-month periods ended	
		September 30,		September 30,	
		2024	2023	2024	2023
Interest expense	Others	\$ 4	\$ 8	\$ 16	\$ 27

(7) Other

A. Guarantee deposits (recognized as other noncurrent assets)

Category	September 30, 2024	December 30, 2023	September 30, 2023
Others	\$ 220	\$ 220	\$ 220

B. Operating - commission expenses

Category	September 30, 2024	December 31, 2023	September 30, 2023
Others	\$ 153	\$ -	\$ -

(8) Directors, supervisors, and the management's remuneration

Directors, supervisors, and the management's remuneration were as follows:

	For the three-month periods ended		For the nine-month periods ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Short-term benefits	\$ 5,082	\$ 5,059	\$ 15,509	\$ 15,445
Post-employment benefits	159	142	654	424
	<u>\$ 5,241</u>	<u>\$ 5,201</u>	<u>\$ 16,163</u>	<u>\$ 15,869</u>

The compensation to directors and other key management personnel was determined by the compensation committee of the Group in accordance with the individual performance and market trends.

8. Assets Pledged as Collateral

Assets	Purposes	September 30, 2024	December 31, 2023	September 30, 2023
Land	Long-term and short-term loans	\$ 642,154	\$ 642,154	\$ 642,154
Buildings	Long-term and short-term loans	408,994	418,705	421,961
Financial assets at amortized cost—current	Short-term loans	-	3,000	-
Financial assets at amortized cost—current	Custom duty deposits	900	900	1,202
		<u>\$ 1,052,048</u>	<u>\$ 1,064,759</u>	<u>\$ 1,065,317</u>

9. Significant Contingencies and Unrecognized Contract Commitments

(1) Significant contingent liabilities

The Group received correspondence from SIXUP CORPORATION (hereinafter referred to as 'SIXUP') in 2024, alleging defects in the TPU products it had purchased and subsequently filing a claim for damages against the Group. The Group has appointed legal counsel to negotiate a settlement, and the first mediation session was held at the Taoyuan District Court in Taiwan in September of the same year. However, the final outcome remains subject to judicial review, and it is currently not possible to assess the future progress, potential results, or impacts.

(2) Significant unrecognized commitments

- A. For the purpose of purchasing materials, the amounts of the L/C issued by the Group but not yet used were \$27,802 thousand, \$22,399 thousand and \$13,826 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- B. The Group had signed contracts for the purchase of equipment, the amount which were not yet recognized of \$70,973 thousand, \$94,254 thousand and \$66,311 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- C. The Group had signed an unfinished construction amounted to \$0 thousand, \$ 188 thousand and \$188 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

10. Significant Disasters Loss: None

11. Significant Subsequent Events:

The Company's subsidiary, Shoetex Corporation, resolved at its extraordinary shareholders' meeting to proceed with dissolution and liquidation, which was decided on October 30, 2024. The dissolution date was set as October 31, 2024, and the liquidator was authorized to handle subsequent matters related to the dissolution and liquidation. The dissolution registration was approved by the Ministry of Economic Affairs on November 4, 2024.

12. Others : None

13. Other Disclosures

- (1) Information on significant transactions and (2) investees
 - A. Loans to other parties: None
 - B. Guarantees and endorsements for other parties: None
 - C. Securities held as of September 30, 2024 (excluding investment in subsidiaries): Please refer to Table 1.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - F. Disposal of real property with transaction amount reaches 20% or more of capital surplus, or NT\$ 300 million: None
 - G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
 - H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
 - I. Trading in derivative instruments: None.
 - J. Business relationships and significant intercompany transactions: Please refer to Table 2.
 - K. Information of investees: Please refer to Table 3.
- (3) Information on investment in Mainland China:
 - A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 4.
 - B. Any of the following significant transactions with investee companies in the mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - (c) The number of property transactions and the amount of the resultant gains or losses: None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
 - (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- (4) Major shareholders: The information on major shareholders who hold 5 percent, please refer to Table 5.

14. Segment Information

(1) Operation

The Group has four segments, including coating and lamination, polymer, TPU and sports.

The segment of coating and lamination were mainly for manufacturing; the segment of TPU were mainly for manufacturing of PU resin for shoes, coating and lamination, hardener, and Thermoplastic Polyurethane (TPU) and sales of photo initiators and the main business for production line of finished shoes were mainly from sales of sports shoes and manufacturing.

The Group's unallocated expenses or nonrecurring expenses should be allocated to the segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4. The profit or loss for the operating department was measured by operating income or loss before tax and it is the base to evaluate the performance.

(2) Segment information

The Group's operating segment information and reconciliations were as follows:

For the three-month periods ended	Coatings	Polymer	TPU	Finished goods of shoes	Reconciliation and Elimination	Others	Total
September 30, 2024							
External revenue	\$ 208,372	\$ 184,579	\$ 56,439	\$ 15,292	\$ -	\$ -	\$ 464,682
Inter-segment revenue	\$ 870	\$ 72,842	\$ 17,476	\$ 6	\$ (91,194)	\$ -	\$ -
Reportable segment operating income (loss)	\$ (15,591)	\$ 9,838	\$ (7,371)	\$ (10,686)	\$ 26,166	\$ -	\$ 2,356
For the three-month periods ended							
September 30, 2023							
External revenue	\$ 165,033	\$ 139,697	\$ 43,240	\$ 21,634	\$ -	\$ -	\$ 369,604
Inter-segment revenue	\$ 374	\$ 59,628	\$ 10,177	\$ 655	\$ (70,834)	\$ -	\$ -
Reportable segment operating income (loss)	\$ (998)	\$ 4,178	\$ (19,208)	\$ (6,768)	\$ 5,973	\$ -	\$ (16,823)
For the nine-month periods ended							
September 30, 2023							
External revenue	\$ 769,421	\$ 478,553	\$ 149,323	\$ 44,217	\$ -	\$ -	\$ 1,441,514
Inter-segment revenue	\$ 3,411	\$ 257,309	\$ 61,722	\$ 23	\$ (322,465)	\$ -	\$ -
Reportable segment operating income (loss)	\$ 42,694	\$ 45,554	\$ (24,826)	\$ (22,286)	\$ 31,551	\$ -	\$ 72,687
For the six-month periods ended							
September 30, 2023							
External revenue	\$ 581,318	\$ 424,388	\$ 137,462	\$ 38,739	\$ -	\$ -	\$ 1,181,907
Inter-segment revenue	\$ 1,595	\$ 223,498	\$ 40,861	\$ 733	\$ (266,687)	\$ -	\$ -
Reportable segment operating income (loss)	\$ (4,102)	\$ 20,228	\$ (37,454)	\$ (27,836)	\$ 21,383	\$ -	\$ (27,781)

(3) Information by product and service.

The Group has operating activities only in Taiwan.

(4) Information on major customers

Information of single customers whose revenue comprised up to 10% of the Group's total revenue:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Customer B	<u>\$ 225,229</u>	<u>\$ 137,775</u>

Shuang Bang Industrial Corporation and Subsidiaries
Securities held as of the nine-month periods ended September 30, 2024
(excluding investment in subsidiaries)
(Expressed in Thousands of New Taiwan Dollars)

September 30, 2024

Name of holder	Category and name of security (note 1)	Relationship with company	Account title	Ending balance (Note 2)				Note
				Shares (In Thousands)	Carrying amount	Ownership (%)	Fair value	
Shuang Bang Industrial Corporation	Stock-Nangang Cooperatives for common labors	—	Financial assets at fair value through profit or loss — non-current	200 shares	20	0.42	20	(Note 3)
Shuang Bang Industrial Corporation	Stock-LOYAL SPLENDOR INT'L LTD.(Seychelles)	—	Financial assets at fair value through profit or loss — non-current	540	10,678	18.00	10,678	(Note 3)
Shuang Bang Industrial Corporation	Stock-GRAND AND GREAT CORPORATION LIMITED(Samoa)	—	Financial assets at fair value through profit or loss — non-current	1,400	27,754	3.33	27,754	(Note 3)

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments.”

Note 2: Refer to note 6(5) in consolidated financial statements.

Note 3: The number of shares of securities were not provided as collateral, pledged for loans, or subject to any other contractual restrictions on their use under certain agreements.

Shuang Bang Industrial Corporation and Subsidiaries
Business relationship and significant intercompany transactions
For the nine-month periods ended September 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

Number (Note1)	Name of Company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note3)
0	Shuang Bang Industrial Corporation	Miracle textile industry Co., LTD.	1	Sales revenue	24,760	-	1.72
				Notes receivables – related party	4,955	Net 120 days	0.20
				Accounts receivables – related party	2,554	Net 120 days	0.10
0	Shuang Bang Industrial Corporation	Shoetex Corporation	1	Sales revenue	4,794	-	0.33
				Accounts receivables – related party	1,978	Net 105 days	0.08
				Lease receivables – related party	6,182	-	0.24
				Other accounts receivables – related party	1,627	Net 105 days	0.06
				Other accounts payables – related party	2	-	-
				Operating - entertainment expense	20	-	-
				Administrative - entertainment expense	4	-	-

Note1: Numbers are filled in as follows:

- 1.0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: Nature of relationship: 1. From parent to subsidiary. ; 2. From subsidiary to parent. 3. Between subsidiaries. Related party transactions are not separately disclosed.

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

Shuang Bang Industrial Corporation and Subsidiaries
Information on investee
For the nine-month periods ended September 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main business	Original investment amount		Balance as of September 30, 2024			Net income (loss) of the investees (Note 1)	Share of Profits/Losses of Investee (Note 1)	Note
				September 30, 2024	December 31, 2023	Shares (In Thousands)	Ownership %	Carrying value			
Shuang Bang Corporation	Miracle textile industry Co., LTD.	Taiwan	Manufacturing of coatings	22,517	22,517	2,225	44.50	14,358	932	415	Subsidiary
Shuang Bang Corporation	Shoetex Corporation	Taiwan	Manufacturing of finished shoes	112,650	82,650	6,613	80.20	51,204	(40,470)	(31,965)	Subsidiary

Note1: Recognized based on the financial statements audited by certified public accountants.

Shuang Bang Industrial Corporation and Subsidiaries
Information of investment in Mainland China
For the nine-month periods ended September 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2024 (Note 3)	Investment flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of September 30, 2024 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2024
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

Accumulated Investment in Mainland China as of S June 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 1)
24,849	24,849	740,575

Note1: The net value of the stocks on the balance sheet date by 1,247,290 thousand * 0.6 = 740,575 thousand dollars.

Note2: The above amounts were translated into New Taiwan dollars at the prevailing exchange rate as of September 30, 2024, except for the original investment.

Note3: The Group did not have any investments in Mainland China currently.

Shuang Bang Industrial Corporation
Information of major shareholders
September 30, 2024

Shareholders	Shares	
	Total shares owned	Ownership percentage
Chang, Chung-Tung	6,700,207	8.13%
Chen, A-Ming	4,998,802	6.06%

Note1 : The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the Group without physical registration has reached more than 5%. As for the share capital recorded in the Group's financial report and the number of shares actually delivered by the Group without physical registration, there may be differences due to the different calculation basis.