

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

Consolidated Financial Statements for the period  
from January 1 to March 31, 2025 and 2024 and  
Independent Auditors' Review Report

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## Independent Auditors' Review Report

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

### **Introduction**

We have reviewed the consolidated balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD ("YUNG CHI" hereinafter) and its subsidiaries as of March 31, 2025 and 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flow for the period from January 1 through March 31, 2025 and 2024, and the notes to the consolidated financial statements (including the summary of significant accounting policies). Management is responsible for preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Accounting Standards 34 "Interim Financial Reporting" endorsed and announced by Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on reviews.

### **Scope of Review**

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

### **Conclusion**

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

31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flow for the period from January 1 to March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards 34 “Interim Financial Reporting” endorsed and announced by Financial Supervisory Commission.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
May 7, 2025

Notice to Readers

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

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

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

Unit: NT\$1,000

Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 1,275,258	11	\$ 1,126,750	10	\$ 1,965,866	17
1110	Financial assets at fair value through profit or loss (Note 7)	516,894	4	415,223	4	507,281	4
1120	Financial assets at fair value through other comprehensive income (Note 8)	386,363	3	385,527	3	479,242	4
1140	Contract assets (Note 22)	162,992	1	131,179	1	96,083	1
1150	Notes receivable, net (Note 9)	388,395	3	444,124	4	564,774	5
1160	Notes receivable - related parties (Notes 9 and 27)	60,911	1	53,996	-	50,165	-
1170	Accounts receivable, net (Note 9)	1,896,825	16	1,860,751	16	1,669,435	14
1180	Accounts receivable - related parties (Notes 9 and 27)	152,192	1	138,072	1	136,814	1
1200	Other receivables (Notes 9 and 27)	23,721	-	23,452	-	19,775	-
130X	Inventories (Note 10)	2,439,773	20	2,481,570	21	2,292,802	19
1476	Other financial assets (Notes 11 and 28)	668,235	6	660,716	6	19,760	-
1479	Other current assets	122,937	1	137,174	1	153,262	2
11XX	Total current assets	<u>8,094,496</u>	<u>67</u>	<u>7,858,534</u>	<u>67</u>	<u>7,955,259</u>	<u>67</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 8)	29,586	-	29,580	-	29,622	-
1550	Investments accounted for using equity method (Note 13)	29,396	-	34,085	-	32,349	-
1600	Property, plant and equipment (Notes 14 and 28)	3,262,909	27	3,268,879	28	3,296,224	28
1755	Right-of-use assets (Note 15)	318,948	3	320,418	3	334,395	3
1760	Investment property (Note 16)	201,594	2	202,015	2	203,278	2
1780	Intangible assets	3,031	-	3,286	-	2,758	-
1840	Deferred income tax assets	38,355	-	40,835	-	46,454	-
1915	Equipment prepayments	84,543	1	45,120	-	21,556	-
1920	Guarantee deposits paid	53,639	-	20,830	-	18,996	-
1975	Net defined benefit assets (Notes 4 and 20)	24,440	-	22,662	-	-	-
1980	Other financial assets (Notes 11 and 28)	400	-	400	-	3,560	-
15XX	Total non-current assets	<u>4,046,841</u>	<u>33</u>	<u>3,988,110</u>	<u>33</u>	<u>3,989,192</u>	<u>33</u>
1XXX	Total Assets	<u>\$ 12,141,337</u>	<u>100</u>	<u>\$ 11,846,644</u>	<u>100</u>	<u>\$ 11,944,451</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 17, 27 and 28)	\$ 12,929	-	\$ 8,259	-	\$ 15,190	-
2130	Contract liabilities (Note 22)	44,047	1	53,971	-	59,199	-
2150	Notes payable	24,473	-	27,721	-	45,950	-
2170	Accounts payable	770,050	6	718,840	6	906,349	8
2200	Other payables (Notes 18 and 27)	332,549	3	423,353	4	312,386	3
2230	Current income tax liabilities	201,093	2	143,364	1	181,648	2
2280	Lease liability (Notes 15 and 27)	22,571	-	21,908	-	21,033	-
2365	Refund liabilities	39,040	-	67,373	1	29,691	-
2399	Other current liabilities	4,080	-	4,031	-	17,167	-
21XX	Total current liabilities	<u>1,450,832</u>	<u>12</u>	<u>1,468,820</u>	<u>12</u>	<u>1,588,613</u>	<u>13</u>
	Non-current liabilities						
2550	Provisions (Note 19)	7,078	-	5,824	-	5,693	-
2570	Deferred income tax liabilities	82,778	1	82,778	1	82,778	1
2580	Lease liability (Notes 15 and 27)	8,093	-	15,376	-	27,968	-
2640	Net defined benefit liability	-	-	-	-	12,578	-
2645	Guarantee deposit received	9,677	-	9,652	-	9,581	-
25XX	Total non-current liabilities	<u>107,626</u>	<u>1</u>	<u>113,630</u>	<u>1</u>	<u>138,598</u>	<u>1</u>
2XXX	Total liabilities	<u>1,558,458</u>	<u>13</u>	<u>1,582,450</u>	<u>13</u>	<u>1,727,211</u>	<u>14</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Capital stock	1,620,000	13	1,620,000	14	1,620,000	14
3200	Capital surplus	109,873	1	109,873	1	109,430	1
	Retained earnings						
3310	Legal reserve	2,082,370	17	2,082,370	18	1,999,353	17
3320	Special reserve	490,499	4	490,499	4	490,499	4
3350	Unappropriated earnings	6,301,614	52	6,042,330	51	6,051,441	50
3300	Total retained earnings	8,874,483	73	8,615,199	73	8,541,293	71
3400	Other equity	( 21,477 )	-	( 80,878 )	( 1 )	( 53,483 )	-
3XXX	Total equity	<u>10,582,879</u>	<u>87</u>	<u>10,264,194</u>	<u>87</u>	<u>10,217,240</u>	<u>86</u>
3X2X	Total Liabilities and Equity	<u>\$ 12,141,337</u>	<u>100</u>	<u>\$ 11,846,644</u>	<u>100</u>	<u>\$ 11,944,451</u>	<u>100</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui

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

Unit: NT\$1,000, except earnings per share

Code		January 1 to March 31 2025		January 1 to March 31 2024	
		Amount	%	Amount	%
	Operating revenue (Notes 22 and 27)				
4100	Goods sales revenue	\$ 2,358,556	93	\$ 2,196,562	96
4520	Construction revenue	<u>185,719</u>	<u>7</u>	<u>88,751</u>	<u>4</u>
4000	Total operating revenue	<u>2,544,275</u>	<u>100</u>	<u>2,285,313</u>	<u>100</u>
	Operating cost (Notes 10, 23 and 27)				
5110	Sales cost	1,714,482	68	1,602,722	70
5520	Construction cost	<u>158,642</u>	<u>6</u>	<u>83,450</u>	<u>4</u>
5000	Total operating cost	<u>1,873,124</u>	<u>74</u>	<u>1,686,172</u>	<u>74</u>
5900	Operating gross profit	<u>671,151</u>	<u>26</u>	<u>599,141</u>	<u>26</u>
	Operating expenses (Notes 9, 23 and 27)				
6100	Marketing expenses	182,219	7	172,390	7
6200	General and administrative expenses	118,397	5	111,353	5
6300	R&D expense	60,262	2	59,390	2
6450	Reversal gains on expected credit impairment	( <u>6,842</u> )	<u>-</u>	( <u>10,067</u> )	<u>-</u>
6000	Total operating expenses	<u>354,036</u>	<u>14</u>	<u>333,066</u>	<u>14</u>
6900	Operating Income	<u>317,115</u>	<u>12</u>	<u>266,075</u>	<u>12</u>
	Non-operating income and expenses (Notes 23 and 27)				
7100	Income from interests	5,468	-	6,160	-
7010	Other income	8,738	1	10,848	-
7020	Other gains and losses	5,519	-	18,358	1
7050	Financial cost	( 223 )	-	( 373 )	-
7060	Share of profit or loss of associates accounted for using equity method (Note 13)	( <u>5,001</u> )	<u>-</u>	( <u>1,744</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>14,501</u>	<u>1</u>	<u>33,249</u>	<u>1</u>
7900	Net profits before tax	<u>331,616</u>	<u>13</u>	<u>299,324</u>	<u>13</u>
7950	Income tax expenses (Notes 4 and 24)	<u>72,332</u>	<u>3</u>	<u>59,559</u>	<u>3</u>
8200	Net profit in the current period	<u>259,284</u>	<u>10</u>	<u>239,765</u>	<u>10</u>

Code		January 1 to March 31 2025		January 1 to March 31 2024	
		Amount	%	Amount	%
	Other comprehensive income (Note 21)				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	836	-	39,460	2
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising in the translation of foreign operations	58,565	3	149,999	7
8300	Other comprehensive income (net after tax) for the period	59,401	3	189,459	9
8500	Total comprehensive income for the period	<u>\$ 318,685</u>	<u>13</u>	<u>\$ 429,224</u>	<u>19</u>
8600	Net income attributable to:				
8610	Owners of the Company	<u>\$ 259,284</u>		<u>\$ 239,765</u>	
8700	Total comprehensive income attributable to:				
8710	Owners of the Company	<u>\$ 318,685</u>		<u>\$ 429,224</u>	
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 1.60</u>		<u>\$ 1.48</u>	
9810	Diluted	<u>\$ 1.60</u>		<u>\$ 1.48</u>	

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

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

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Consolidated Statement of Changes in Equity

Unit: NT\$1,000

		Equity attributable to owners of the Company									
								Other equity			
		Retained earnings						Exchange differences arising in the translation of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Total	Total equity
Code		Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total				
A1	Balance as of January 1, 2025	<u>\$1,620,000</u>	<u>\$ 109,873</u>	<u>\$2,082,370</u>	<u>\$ 490,499</u>	<u>\$6,042,330</u>	<u>\$8,615,199</u>	<u>(\$ 126,385)</u>	<u>\$ 45,507</u>	<u>(\$ 80,878)</u>	<u>\$10,264,194</u>
D1	Net profit for January 1 to March 31, 2025	-	-	-	-	259,284	259,284	-	-	-	259,284
D3	Other comprehensive income for January 1 to March 31, 2025, net of income tax	-	-	-	-	-	-	58,565	836	59,401	59,401
D5	Total comprehensive income for January 1 to March 31, 2025	-	-	-	-	259,284	259,284	58,565	836	59,401	318,685
Z1	Balance on March 31, 2025	<u>\$1,620,000</u>	<u>\$ 109,873</u>	<u>\$2,082,370</u>	<u>\$ 490,499</u>	<u>\$6,301,614</u>	<u>\$8,874,483</u>	<u>(\$ 67,820)</u>	<u>\$ 46,343</u>	<u>(\$ 21,477)</u>	<u>\$10,582,879</u>
A1	Balance as of January 1, 2024	<u>\$1,620,000</u>	<u>\$ 109,430</u>	<u>\$1,999,353</u>	<u>\$ 490,499</u>	<u>\$5,811,676</u>	<u>\$8,301,528</u>	<u>(\$ 340,618)</u>	<u>\$ 97,676</u>	<u>(\$ 242,942)</u>	<u>\$9,788,016</u>
D1	Net profit for January 1 to March 31, 2024	-	-	-	-	239,765	239,765	-	-	-	239,765
D3	Other comprehensive income for January 1 to March 31, 2024, net of income tax	-	-	-	189,459	-	-	149,999	39,460	189,459	189,459
D5	Total comprehensive income for January 1 to March 31, 2024	-	-	-	-	239,765	239,765	149,999	39,460	189,459	429,224
Z1	Balance on March 31, 2024	<u>\$1,620,000</u>	<u>\$ 109,430</u>	<u>\$1,999,353</u>	<u>\$ 490,499</u>	<u>\$6,051,441</u>	<u>\$8,541,293</u>	<u>(\$ 190,619)</u>	<u>\$ 137,136</u>	<u>(\$ 53,483)</u>	<u>\$10,217,240</u>

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

Chairperson: Chang Te-Jen

Manager: Chen Hung-Wei

Accounting Manager: Chen Hsi-Hui



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

Consolidated Statement of Cash Flow

Unit: NT\$1,000

Code		January 1 to March 31, 2025	January 1 to March 31, 2024
	Cash flow from operating activities		
A10000	Pre-tax profit for the period	\$ 331,616	\$ 299,324
A20010	Adjustments for:		
A20100	Depreciation	58,911	56,123
A20200	Amortization	265	264
A20300	Reversal gains on expected credit impairment	( 6,842)	( 10,067)
A20400	Gains on financial assets at fair value through profit or loss	( 1,671)	( 1,287)
A20900	Financial cost	223	373
A21200	Income from interests	( 5,468)	( 6,160)
A22300	Share of profit or loss of associates accounted for using equity method	5,001	1,744
A22500	Gain on disposal and retirement of property, plant and equipment	( 1,167)	( 465)
A23700	Loss on inventory devaluation	3,810	6,472
A29900	Provisions recognized (reversed)	1,254	( 690)
A29900	Refund liabilities recognized	62,191	58,024
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 31,813)	4,011
A31130	Notes receivable	55,729	( 24,546)
A31140	Notes receivable - related parties	( 7,056)	2,655
A31150	Accounts receivable	( 29,074)	95,913
A31160	Accounts receivable - related parties	( 14,407)	( 6,611)
A31180	Other receivables	( 1,234)	( 1,247)
A31200	Inventories	37,043	( 60,839)
A31240	Other current assets	14,232	( 34,206)
A32125	Contract liabilities	( 9,924)	814
A32130	Notes payable	( 3,248)	8,091
A32150	Accounts payable	51,210	19,969
A32180	Other accounts payable	( 88,534)	( 85,977)
A32230	Other current liabilities	49	( 3,945)
A32240	Net defined benefit assets and liabilities	( 1,778)	( 1,651)
A32990	Refund liabilities	( 90,840)	( 89,250)

(Continued)

(Continued)

Code		January 1 to March 31, 2025	January 1 to March 31, 2024
A33000	Cash flow from operating activities	\$ 328,478	\$ 226,836
A33100	Interest received	6,433	5,123
A33300	Interest paid	( 223 )	( 373 )
A33500	Income taxes paid	( 12,123 )	( 15,193 )
AAAA	Net cash generated by operating activities	<u>322,565</u>	<u>216,393</u>
	Cash Flow from Investing Activities		
B00100	Acquisition of financial assets at fair value through profit or loss	( 100,000 )	( 150,000 )
B02700	Acquisition of property, plant and equipment	( 63,713 )	( 28,530 )
B02800	Proceeds from disposal of property, plant and equipment	1,694	483
B03700	Decrease (increase) in guarantee deposit paid	( 32,809 )	170
B04500	Acquisition of intangible assets	-	( 9 )
B06500	Increase in other financial assets	( 7,519 )	( 143 )
BBBB	Net cash used in investing activities	<u>( 202,347 )</u>	<u>( 178,029 )</u>
	Cash Flow from Financing Activities		
C00100	Increase in short-term borrowings	4,670	13,812
C03000	Increase in guarantee deposit received	25	116
C04020	Repayment of principal of lease liabilities	( 7,880 )	( 7,492 )
CCCC	Net cash generated by (used in) financing activities	<u>( 3,185 )</u>	<u>6,436</u>
DDDD	Effects of exchange rate changes on cash and cash equivalents	<u>31,475</u>	<u>76,155</u>
EEEE	Increase in cash and cash equivalents	148,508	120,955
E00100	Cash and cash equivalents - beginning of period	<u>1,126,750</u>	<u>1,844,911</u>
E00200	Cash and cash equivalents - end of period	<u>\$1,275,258</u>	<u>\$1,965,866</u>

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

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

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

Notes to the Consolidated Financial Statements

January 1 through March 31, 2025 and 2024

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

I. Company History

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

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

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

II. Date and procedures of approval of the financial statements

The consolidated financial statements were approved at the Board meeting on May 7, 2025.

III. Application of New Standards, Amendments, and Interpretations

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

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

- (II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note )

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

Up to the date when the consolidated financial statements were approved by the Board of Directors, the Company and subsidiaries assessed the effects of the said amendments on their financial position and financial performance on a continuous basis.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note )
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”.

The main changes comprise:

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

calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

#### IV. Summary of significant accounting policies

Except for the following policies, please refer to the summary of significant accounting policies in the 2024 Consolidated Financial Report.

##### (I) Compliance statement

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

##### (II) Basis of consolidation

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

##### (III) Retirement benefits

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

##### (IV) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an

annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

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

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2024.

VI. Cash and cash equivalents

	March 31, 2025	December31, 2024	March 31, 2024
Cash on hand and working capital	\$ 1,562	\$ 1,718	\$ 1,595
Bank check and demand deposit	985,661	875,856	1,146,597
Cash equivalents (investment whose initial maturity date will be due within 3 months)			
Time deposits in banks	288,035	249,176	666,918
Bonds with repurchase agreement	-	-	150,756
	<u>\$ 1,275,258</u>	<u>\$ 1,126,750</u>	<u>\$ 1,965,866</u>

VII. Financial assets at fair value through profit or loss

	March 31, 2025	December31, 2024	March 31, 2024
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss			
Fund beneficiary certificates	<u>\$516,894</u>	<u>\$415,223</u>	<u>\$507,281</u>

VIII. Financial assets at fair value through other comprehensive income

	March 31, 2025	December31, 2024	March 31, 2024
Current			
TWSE-listed stocks	<u>\$386,363</u>	<u>\$385,527</u>	<u>\$479,242</u>

Non-current			
Domestic shares not traded on an exchange or OTC	\$ 29,435	\$ 29,431	\$ 29,482
Foreign shares not traded on an exchange or OTC	<u>151</u>	<u>149</u>	<u>140</u>
	<u>\$ 29,586</u>	<u>\$ 29,580</u>	<u>\$ 29,622</u>

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

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

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

	March 31, 2025	December31, 2024	March 31, 2024
Notes receivable (including those due from related parties)			
Measured at amortized cost			
Arising from operating activities	\$ 454,996	\$ 503,669	\$ 621,135
Less: loss allowance	<u>5,690</u>	<u>5,549</u>	<u>6,196</u>
	<u>\$ 449,306</u>	<u>\$ 498,120</u>	<u>\$ 614,939</u>
Accounts receivable (including those due from related parties)			
Measured at amortized cost			
Total book value	\$ 2,104,132	\$ 2,057,882	\$ 1,860,597
Less: loss allowance	<u>55,115</u>	<u>59,059</u>	<u>54,348</u>
	<u>\$ 2,049,017</u>	<u>\$ 1,998,823</u>	<u>\$ 1,806,249</u>
Overdue receivables			
Total book value	\$ 5,043	\$ 7,814	\$ 10,160
Less: loss allowance	<u>5,043</u>	<u>7,814</u>	<u>10,160</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The credit period provided by the Group to customers averages



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

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

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

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

March 31, 2025

	Not past due	1~90 days past due	91~270 days past due	271~630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$2,275,340	\$ 232,071	\$ 31,389	\$ 13,191	\$ 11,976	\$ 204	\$2,564,171
Loss allowance	( 42,094 )	( 4,642 )	( 2,975 )	( 3,957 )	( 11,976 )	( 204 )	( 65,848 )
Amortized cost	<u>\$2,233,246</u>	<u>\$ 227,429</u>	<u>\$ 28,414</u>	<u>\$ 9,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,498,323</u>

## December 31, 2024

	Not past due	1~90 days past due	91~270 days past due	271~630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$ 2,395,130	\$ 95,943	\$ 34,492	\$ 28,818	\$ 14,780	\$ 202	\$ 2,569,365
Loss allowance	( 43,426 )	( 1,919 )	( 3,449 )	( 8,646 )	( 14,780 )	( 202 )	( 72,422 )
Amortized cost	<u>\$ 2,351,704</u>	<u>\$ 94,024</u>	<u>\$ 31,043</u>	<u>\$ 20,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,496,943</u>

## March 31, 2024

	Not past due	1~90 days past due	91~270 days past due	271~630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	\$ 2,229,118	\$ 196,467	\$ 30,138	\$ 15,379	\$ 17,729	\$ 3,061	\$ 2,491,892
Loss allowance	( 38,357 )	( 3,929 )	( 3,014 )	( 4,614 )	( 17,729 )	( 3,061 )	( 70,704 )
Amortized cost	<u>\$ 2,190,761</u>	<u>\$ 192,538</u>	<u>\$ 27,124</u>	<u>\$ 10,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,421,188</u>

Movements in the loss allowance for receivables are as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Balance - beginning of period	\$ 72,422	\$ 79,786
Reversed in the current period	( 6,842 )	( 10,067 )
Net exchange differences	268	985
Balance - end of period	<u>\$ 65,848</u>	<u>\$ 70,704</u>

### (II) Other receivables

The Group recognizes the loss allowance for other receivables based on the lifetime ECL. As at March 31, 2025, December 31, 2024, and March 31, 2024, there were no overdue other receivables; accordingly, there was no balance of loss allowance based on our assessment.

### X. Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Finished-goods	\$ 693,187	\$ 733,532	\$ 726,367
Products	20,962	22,753	19,586
Raw materials	1,636,859	1,668,873	1,442,562
Materials	22,363	18,238	19,813
Inventory in transit	<u>66,402</u>	<u>38,174</u>	<u>84,474</u>
	<u>\$ 2,439,773</u>	<u>\$ 2,481,570</u>	<u>\$ 2,292,802</u>

The cost of inventories recognized as cost of goods sold for the period from January 1 to March 31, 2025 and 2024 was NT\$1,714,482 thousand and NT\$1,609,606 thousand, respectively. The cost of goods sold included loss on inventories of NT\$3,810 thousand and NT\$6,472 thousand, respectively.

#### XI. Other financial assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits whose original maturity date is more than three months apart	\$ 646,639	\$ 637,541	\$ 3,515
Reserve deposit	19,950	19,950	-
Project deposit	<u>1,646</u>	<u>3,225</u>	<u>16,245</u>
	<u>\$ 668,235</u>	<u>\$ 660,716</u>	<u>\$ 19,760</u>
<u>Non-current</u>			
Time deposits pledged	\$ 400	\$ 400	\$ 400
Project deposit	<u>-</u>	<u>-</u>	<u>3,160</u>
	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 3,560</u>

For information on pledged financial assets, see Note 28.

#### XII. Subsidiary

Entities in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership interests and voting rights in percentage terms (%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Bmass Investment Co., Ltd (Bmass)	Professional investment company	100	100	100	
	Cmass Investment Co., Ltd (Cmass)	Professional investment company	100	100	100	
	Emass Investment International Co., Ltd (Emass)	Professional investment company	100	100	100	
Bmass	YUNG CHI PAINT & VARNISH MFG. (Kunshan) Co., Ltd. (YUNG CHI Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	100	
	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. (YUNG CHI Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	100	
Cmass	Dmass Investment International Co., Ltd (Dmass)	Professional investment company	100	100	100	
Emass	Yung Chi America Corp. (YUNG CHI USA)	Professional investment company	100	100	100	
Dmass	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. (YUNG CHI Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	100	

	VARNISH MFG. of paints and (Vietnam) undertaking of CO., LTD. (YUNG CHI coating and painting Vietnam) engineering projects.	100	100	100
	YUNG CHI PAINT & Manufacture and sale VARNISH MFG. of paints (Malaysia)			
	SDN BHD (YUNG CHI Malaysia)			
YUNG CHI USA	Continental Coatings, Sale and processing of Inc. paints	100	100	100

XIII. Investments accounted for using equity method

	March 31, 2025	December 31, 2024	March 31, 2024
Individually insignificant associate	<u>\$ 29,396</u>	<u>\$ 34,085</u>	<u>\$ 32,349</u>

Summary information on individually insignificant associates

	January 1 to March 31, 2025	January 1 to March 31, 2024
The Group's share		
Net loss for the period	(\$ 5,001)	(\$ 1,744)
Other comprehensive income	-	-
Total comprehensive income	<u>(\$ 5,001)</u>	<u>(\$ 1,744)</u>

The Group's investments accounted for using the equity method as at March 31, 2025 and 2024 were recognized and disclosed based on the investees' financial statements for the same period that were not audited by CPAs. However, the Group's management does not think that using the said investees' financial statements not audited by CPAs will affect any material effects.

XIV. Property, plant and equipment

January 1 to March 31, 2025

Cost	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Balance as of January 1, 2025	\$ 1,056,469	\$ 2,023,202	\$ 1,717,949	\$ 107,977	\$ 347,811	\$ 55,450	\$ 5,308,858
Increase	-	691	13,462	1,773	2,904	3,190	22,020
Disposal	-	-	( 56,455 )	( 3,681 )	( 17,663 )	-	( 77,799 )
Net exchange differences	1,126	20,517	13,673	592	2,041	188	38,137
Balance as of March 31, 2025	<u>\$ 1,057,595</u>	<u>\$ 2,044,410</u>	<u>\$ 1,688,629</u>	<u>\$ 106,661</u>	<u>\$ 335,093</u>	<u>\$ 58,828</u>	<u>\$ 5,291,216</u>

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
<u>Accumulated depreciation</u>							
Balance as of January 1, 2025	\$ -	\$ 642,420	\$ 1,068,193	\$ 83,661	\$ 245,705	\$ -	\$ 2,039,979
Depreciation	-	14,646	27,428	1,805	7,844	-	51,723
Disposal	-	-	( 56,173 )	( 3,444 )	( 17,655 )	-	( 77,272 )
Net exchange differences	-	5,400	6,794	432	1,251	-	13,877
Balance as of March 31, 2025	<u>\$ -</u>	<u>\$ 662,466</u>	<u>\$ 1,046,242</u>	<u>\$ 82,454</u>	<u>\$ 237,145</u>	<u>\$ -</u>	<u>\$ 2,028,307</u>
Net amount on December 31, 2024	<u>\$ 1,056,469</u>	<u>\$ 1,380,782</u>	<u>\$ 649,756</u>	<u>\$ 24,316</u>	<u>\$ 102,106</u>	<u>\$ 55,450</u>	<u>\$ 3,268,879</u>
Net amount on March 31, 2025	<u>\$ 1,057,595</u>	<u>\$ 1,381,944</u>	<u>\$ 642,387</u>	<u>\$ 24,207</u>	<u>\$ 97,948</u>	<u>\$ 58,828</u>	<u>\$ 3,262,909</u>

### January 1 to March 31, 2024

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
<u>Cost</u>							
Balance as of January 1, 2024	\$ 1,050,891	\$ 1,910,346	\$ 1,619,887	\$ 97,507	\$ 309,096	\$ 76,379	\$ 5,064,106
Increase	-	-	7,748	7,327	1,070	4,912	21,057
Disposal	-	-	( 2,169 )	( 1,444 )	( 588 )	-	( 4,201 )
Net exchange differences	3,473	51,167	36,380	1,449	6,021	440	98,930
Balance as of March 31, 2024	<u>\$ 1,054,364</u>	<u>\$ 1,961,513</u>	<u>\$ 1,661,846</u>	<u>\$ 104,839</u>	<u>\$ 315,599</u>	<u>\$ 81,731</u>	<u>\$ 5,179,892</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2024	\$ -	\$ 566,906	\$ 941,551	\$ 79,425	\$ 218,762	\$ -	\$ 1,806,644
Depreciation	-	13,968	26,545	1,619	6,972	-	49,104
Disposal	-	-	( 2,151 )	( 1,444 )	( 588 )	-	( 4,183 )
Net exchange differences	-	11,721	16,029	1,082	3,271	-	32,103
Balance as of March 31, 2024	<u>\$ -</u>	<u>\$ 592,595</u>	<u>\$ 981,974</u>	<u>\$ 80,682</u>	<u>\$ 228,417</u>	<u>\$ -</u>	<u>\$ 1,883,668</u>
Net amount on March 31, 2024	<u>\$ 1,054,364</u>	<u>\$ 1,368,918</u>	<u>\$ 679,872</u>	<u>\$ 24,157</u>	<u>\$ 87,182</u>	<u>\$ 81,731</u>	<u>\$ 3,296,224</u>

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

Buildings and structures	5~55 years
Machinery and equipment	1~25 years
Transportation equipment	5~40 years
Other facilities	3~40 years

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

## XV. Lease agreement

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

	March 31, 2025	December 31, 2024	March 31, 2024
Book value of right-of-use assets			
Land	\$ 289,981	\$ 287,776	\$ 289,057
Buildings	26,805	31,229	44,437
Transportation equipment	<u>2,162</u>	<u>1,413</u>	<u>901</u>
	<u>\$ 318,948</u>	<u>\$ 320,418</u>	<u>\$ 334,395</u>
	January 1 to March 31, 2025	January 1 to March 31, 2024	
Increase in right-of-use assets	<u>\$ 1,019</u>	<u>\$ -</u>	
Depreciation expenses - Right-of-use assets			
Land	\$ 1,883	\$ 1,821	
Buildings	4,614	4,490	
Transportation equipment	<u>270</u>	<u>287</u>	
	<u>\$ 6,767</u>	<u>\$ 6,598</u>	

### (II) Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Book value of lease liabilities			
Current	<u>\$ 22,571</u>	<u>\$ 21,908</u>	<u>\$ 21,033</u>
Non-current	<u>\$ 8,093</u>	<u>\$ 15,376</u>	<u>\$ 27,968</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Buildings	1.775~2.625	1.775~2.625	1.775~2.625
Transportation equipment	1.775~2.625	1.775~2.625	2.625

### (III) Material lease activities and terms

The Group leased land and buildings from others and used them as plants, operating premises, and shipping hubs, with a lease term of

3~50 years. The Group did not have an option to buy the land and buildings underlying the lease at the termination of the lease period.

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

(IV) Other lease information

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

	January 1 to March 31, 2025	January 1 to March 31, 2024
Short-term lease expense	\$ <u>1,225</u>	\$ <u>1,367</u>
Low-value asset lease expense	\$ <u>211</u>	\$ <u>168</u>
Total cash outflow from leases	\$ <u>9,539</u>	\$ <u>9,400</u>

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

XVI Investment property

	March 31, 2025	December 31, 2024	March 31, 2024
Land	\$162,079	\$162,079	\$162,079
Buildings and structures	<u>39,515</u>	<u>39,936</u>	<u>41,199</u>
	<u>\$201,594</u>	<u>\$202,015</u>	<u>\$203,278</u>

Except for the recognition of depreciation, there were no major additions, disposals or impairment to investment property from January 1 to March 31 in 2025 and 2024. Buildings and structures recognized as investment property are depreciated on a straight-line basis over their useful lives (15 to 50 years).

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Year 1	\$ 3,587	\$ 3,840	\$ 4,356
Year 2	57	186	1,662
Year 3	-	-	159
	<u>\$ 3,644</u>	<u>\$ 4,026</u>	<u>\$ 6,177</u>

Their fair value stood at NT\$637,281 thousand on both March 31, 2025, December 31, 2024, and March 31, 2024. The fair value of investment property is assessed by referencing independent property appraisers' appraisal arrived at by using Level 3 fair value inputs, and by referencing the value derived using direct capitalization method and the comparable method that looks into the transaction price of similar properties on the market. The significant unobservable input used, the capitalization rate of profits, was 1.50% in both years.

XVII. Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Secured loans			
Loan against L/C - settled before interest accrual	<u>\$ 12,929</u>	<u>\$ 8,259</u>	<u>\$ 15,190</u>

XVIII. Other accounts payable

	March 31, 2025	December 31, 2024	March 31, 2024
Salary and bonus payable	\$ 98,173	\$172,409	\$ 94,892
Advertising expenditure	60,890	53,711	43,294
Employee and director compensation payable	32,528	25,255	28,604
Business tax payable	8,567	24,516	8,602
Construction and equipment payable	5,326	7,596	10,611
Others	<u>127,065</u>	<u>139,866</u>	<u>126,383</u>
	<u>\$ 332,549</u>	<u>\$ 423,353</u>	<u>\$ 312,386</u>



XIX. Provisions

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-current</u>			
Construction warranty	<u>\$ 7,078</u>	<u>\$ 5,824</u>	<u>\$ 5,693</u>

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

XX. Post-employment benefit plan

Employee benefit expenses defined post-retirement benefit plan were calculated using the actuarially determined pension cost discount rate as of December 31, 2024 and 2023. For the period from January 1 to March 31, 2025 and 2024, the amounts of retirement benefit were NT\$68 thousand and NT\$264 thousand, respectively.

XXI. Equity

(I) Capital stock

	March 31, 2025	December 31, 2024	March 31, 2024
Authorized shares (in thousand shares)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
	March 31, 2025	December 31, 2024	March 31, 2024
Number of issued shares fully paid (in thousand shares)	<u>162,000</u>	<u>162,000</u>	<u>162,000</u>
Issued capital	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>

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

(II) Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
Available for makeup of loss, distribution of cash dividends, or transfer into capital (Note)			
Additional paid-in capital	\$106,385	\$106,385	\$106,385
Only available for makeup of loss			
Asset disposal gain	2,612	2,612	2,612
Others	<u>876</u>	<u>876</u>	<u>433</u>
	<u>\$109,873</u>	<u>\$109,873</u>	<u>\$109,430</u>

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

(III) Retained earnings and dividend policy

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

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

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

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

The appropriation of earnings for 2024 was proposed in the board of directors' meeting held in March 2025 and the appropriation of earnings for 2023 was approved by the shareholders in the shareholders' meetings in May 2024. The appropriations and dividends per share were as follows:

	Earnings Distribution Proposal		Dividend per share	
	2024	2023	2024	2023
Legal reserve	\$ 88,067	\$ 83,017		
Cash dividends	583,200	567,000	\$ 3.6	\$ 3.5

The Earnings Distribution Proposal for 2024 is pending a resolution from the General Shareholders Meeting to be held in May 2025.

(IV) Other equity

1. Exchange differences arising in the translation of foreign operations

	January 1 to March 31, 2025	January 1 to March 31, 2024
Opening balance	(\$126,385)	(\$340,618)
Exchange difference arising from translation of the net assets of foreign operations	<u>58,565</u>	<u>149,999</u>
Closing balance	<u>(\$ 67,820)</u>	<u>(\$190,619)</u>

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

	January 1 to March 31, 2025	January 1 to March 31, 2024
Opening balance	\$ 45,507	\$ 97,676
Recognized in the current period		
Equity instruments - unrealized gains or losses	836	39,460
Closing balance	<u>\$ 46,343</u>	<u>\$137,136</u>

XXII. Operating revenue

(I) Customer contract revenue breakdown

January 1 to March 31, 2025

	Paint Business Department	Coating Engineering Department	Total
<u>Type of product or service</u>			
Product sales revenue	\$ 2,358,556	\$ -	\$ 2,358,556
Construction revenue	-	185,719	185,719
	<u>\$ 2,358,556</u>	<u>\$ 185,719</u>	<u>\$ 2,544,275</u>
<u>Primary regional markets</u>			
Taiwan	\$ 1,706,801	\$ 185,719	\$ 1,892,520
China	269,499	-	269,499
Others	382,256	-	382,256
	<u>\$ 2,358,556</u>	<u>\$ 185,719</u>	<u>\$ 2,544,275</u>
<u>Revenue recognition time point</u>			
At a point in time	\$ 2,358,556	\$ -	\$ 2,358,556
Fulfilled as time elapses	-	185,719	185,719
	<u>\$ 2,358,556</u>	<u>\$ 185,719</u>	<u>\$ 2,544,275</u>

January 1 to March 31, 2024

	Paint Business Department	Coating Engineering Department	Total
<u>Type of product or service</u>			
Product sales revenue	\$ 2,196,562	\$ -	\$ 2,196,562
Construction revenue	-	88,751	88,751
	<u>\$ 2,196,562</u>	<u>\$ 88,751</u>	<u>\$ 2,285,313</u>

<u>Primary regional markets</u>			
Taiwan	\$ 1,628,814	\$ 88,751	\$ 1,717,565
China	286,828	-	286,828
Others	<u>280,920</u>	<u>-</u>	<u>280,920</u>
	<u>\$ 2,196,562</u>	<u>\$ 88,751</u>	<u>\$ 2,285,313</u>
 <u>Revenue recognition time point</u>			
At a point in time	\$ 2,196,562	\$ -	\$ 2,196,562
Fulfilled as time elapses	<u>-</u>	<u>88,751</u>	<u>88,751</u>
	<u>\$ 2,196,562</u>	<u>\$ 88,751</u>	<u>\$ 2,285,313</u>

(II) Contract balance

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>January 1, 2024</u>
Notes receivable and accounts receivable	<u>\$2,498,323</u>	<u>\$2,496,943</u>	<u>\$2,421,188</u>	<u>\$2,479,517</u>
Contract assets				
Coating Engineering	<u>\$ 162,992</u>	<u>\$ 131,179</u>	<u>\$ 96,083</u>	<u>\$ 100,094</u>
Contract liabilities				
Coating Engineering	\$ 42,906	\$ 48,505	\$ 56,616	\$ 57,675
Product sales	<u>1,141</u>	<u>5,466</u>	<u>2,583</u>	<u>710</u>
	<u>\$ 44,047</u>	<u>\$ 53,971</u>	<u>\$ 59,199</u>	<u>\$ 58,385</u>

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

(III) Customer contracts outstanding

As of March 31, 2025, December 31, 2024, and March 31, 2024, transaction price allocated to unfulfilled performance obligation was NT\$1,401,549 thousand, NT\$1,493,647 thousand and NT\$967,720 thousand, respectively. The Company will recognize it as construction revenue when construction items are completed; such revenue is expected to be recognized in 1 to 3 years.

XXIII. Net profits before tax

(I) Income from interest

	January 1 to March 31, 2025	January 1 to March 31, 2024
Bank deposit	\$ 5,468	\$ 4,148
Others	<u>-</u>	<u>2,012</u>
	<u>\$ 5,468</u>	<u>\$ 6,160</u>

(II) Other income

	January 1 to March 31, 2025	January 1 to March 31, 2024
Lease income	\$ 2,337	\$ 2,349
Subsidy income	1,579	4,061
Others	<u>4,822</u>	<u>4,438</u>
	<u>\$ 8,738</u>	<u>\$ 10,848</u>

(III) Other gains and losses

	January 1 to March 31, 2025	January 1 to March 31, 2024
Net foreign exchange gain	\$ 5,774	\$ 17,092
Gains on financial assets at fair value through profit or loss	1,671	1,287
Others	( <u>1,926</u> )	( <u>21</u> )
	<u>\$ 5,519</u>	<u>\$ 18,358</u>

(IV) Financial cost

	January 1 to March 31, 2025	January 1 to March 31, 2024
Financial cost		
Interest on lease liabilities	<u>\$ 223</u>	<u>\$ 373</u>

(V) Depreciation and amortization

	January 1 to March 31, 2025	January 1 to March 31, 2024
Property, plant and equipment	\$ 51,723	\$ 49,104
Right-of-use assets	6,767	6,598

Investment property	421	421
Intangible assets	260	259
Other current assets	<u>5</u>	<u>5</u>
	<u>\$ 59,176</u>	<u>\$ 56,387</u>
Summary of depreciation by function		
Operating cost	\$ 22,680	\$ 21,480
Operating expenses	35,810	34,222
Others	<u>421</u>	<u>421</u>
	<u>\$ 58,911</u>	<u>\$ 56,123</u>
Summary of amortization by function		
Operating expenses	<u>\$ 265</u>	<u>\$ 264</u>
(VI) Employee benefit expenses		
	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Short-term employee benefits		
Salary	\$235,856	\$223,828
Labor insurance and health insurance	15,049	14,149
Others	<u>16,677</u>	<u>14,187</u>
	<u>267,582</u>	<u>252,164</u>
Post-employment benefit		
Defined contribution plan	7,901	7,133
Defined benefit plan	<u>68</u>	<u>264</u>
	<u>7,969</u>	<u>7,397</u>
	<u>\$275,551</u>	<u>\$259,561</u>
Summary by function		
Operating cost	\$112,447	\$107,104
Operating expenses	<u>163,104</u>	<u>152,457</u>
	<u>\$275,551</u>	<u>\$259,561</u>

(VII) Employee and director compensation

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee and director compensation and allocate 1% ~ 5% of such profits as employee compensation and no greater than 0.5% as director compensation. According to the amendment to the Securities and Exchange Act in August 2024, the Company plans to adopt an amendment to its Articles of Incorporations at the 2025 General Shareholders Meeting, stipulating that no less than 70% of the employee compensation shall be allocated to junior employees. The compensation of employees and remuneration of directors and supervisors for the period from January 1 to March 31, 2025 and 2024, respectively, were as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Employee compensation	<u>\$ 6,270</u>	<u>\$ 5,146</u>
Director compensation	<u>\$ 1,003</u>	<u>\$ 821</u>

The Compensation of employees and remuneration of directors and supervisors in 2024 and 2023 which have been approved by the Corporation's board of directors in March 2025 and 2024, respectively, were as follows:

	2024	2023
Employee compensation	\$ 21,903	\$ 19,529
Director compensation	3,352	3,108

There is no difference between the actual payment of compensation of employees and remuneration of directors and the amounts recognized in the consolidated financial statements in 2024 and 2023.

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



XXIV. Income tax

(I) Income tax recognized in profit or loss

	January 1 to March 31, 2025	January 1 to March 31, 2024
Current income tax		
In respect of the current period	\$ 68,091	\$ 59,461
Adjustments for the previous year	1,762	( 3,524)
Deferred income tax		
In respect of the current period	<u>2,479</u>	<u>3,622</u>
	<u>\$ 72,332</u>	<u>\$ 59,559</u>

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

(II) Authorization of income tax

The Company's profit-seeking enterprise income tax returns have been approved by competent tax authorities through 2023, of which the 2021 and 2022 profit-seeking enterprise income tax returns are still awaiting approval by the tax authorities. Subsidiaries have paid their income tax through 2023 in full to competent local tax authorities.

XXV. Earnings per share

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

Net profit in the current period

	January 1 to March 31, 2025	January 1 to March 31, 2024
Net profit attributable to owners of the Company	<u>\$259,284</u>	<u>\$239,765</u>

## Shares

	Unit: 1,000 shares	
	January 1 to March 31, 2025	January 1 to March 31, 2024
Weighted average number of common shares used for calculating basic earnings per share	162,000	162,000
Plus: Potential common shares that are dilutive - employee compensation	<u>307</u>	<u>265</u>
Weighted average number of shares used for calculating diluted earnings per share	<u>162,307</u>	<u>162,265</u>

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

## XXVI. Financial instruments

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

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

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

### 1. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
March 31, 2025				
Financial assets at fair value through				

profit or loss				
Fund benefit				
certificate	<u>\$516,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$516,894</u>
Financial assets at				
fair value through				
other				
comprehensive				
income				
TWSE-listed				
stocks	\$386,363	\$ -	\$ -	\$386,363
Domestic shares				
not traded on				
an exchange				
or OTC	-	-	29,435	29,435
Foreign shares				
not traded on				
an exchange				
or OTC	-	-	151	151
	<u>\$386,363</u>	<u>\$ -</u>	<u>\$ 29,586</u>	<u>\$415,949</u>
December 31, 2024				
Financial assets at				
fair value through				
profit or loss				
Fund benefit				
certificate	<u>\$415,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,223</u>
Financial assets at				
fair value through				
other				
comprehensive				
income				
TWSE-listed				
stocks	\$385,527	\$ -	\$ -	\$385,527
Domestic shares				
not traded on				
an exchange				
or OTC	-	-	29,431	29,431
Foreign shares				
not traded on				
an exchange				
or OTC	-	-	149	149
	<u>\$385,527</u>	<u>\$ -</u>	<u>\$ 29,580</u>	<u>\$415,107</u>

<u>March 31, 2024</u>				
Financial assets at fair value through profit or loss				
Fund benefit certificate	<u>\$507,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$507,281</u>
Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	\$479,242	\$ -	\$ -	\$479,242
Domestic shares not traded on an exchange or OTC	-	-	29,482	29,482
Foreign shares not traded on an exchange or OTC	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
	<u>\$479,242</u>	<u>\$ -</u>	<u>\$ 29,622</u>	<u>\$508,864</u>

There was no transfer between Level 1 and Level 2 fair value measurement for the period from January 1 to March 31, 2025 and 2024.

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

	<u>Financial assets at fair value through other comprehensive income</u>	
	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Balance - beginning of period	\$ 29,580	\$ 29,706
Recognized in other comprehensive income	3	( 101)
Net exchange differences	<u>3</u>	<u>17</u>
Balance - end of period	<u>\$ 29,586</u>	<u>\$ 29,622</u>

### 3. Level 3 fair value valuation techniques and inputs

The fair value of unlisted shares are estimated based on the company's net worth.

#### (III) Type of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	\$ 516,894	\$ 415,223	\$ 507,281
Financial assets at fair value through other comprehensive income - Equity instrument investment	415,949	415,107	508,864
Financial assets at amortized cost (Note 1)	4,519,576	4,329,091	4,449,145
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,188,718	1,255,198	1,319,147

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

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

#### (IV) Financial risk management purpose and policy

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

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

1. Market risk

(1) Exchange rate risk

The Group is exposed to the risk of exchange rate changes because it participates in purchase or sale transactions denominated in a currency other than its functional currency.

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

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

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

	Effect of USD currency (Note)	
	January 1 to March 31, 2025	January 1 to March 31, 2024
Scenario 1 - Pre-tax profit or loss	(\$ 2,486)	(\$ 3,120)
Scenario 2 - Pre-tax profit or loss	2,486	3,120

Note: Mainly comes from cash and cash equivalents, receivables, other receivables, short-term borrowings, and payables which were still outstanding on the balance sheet date and for which no cash flow hedge is purchased.

(2) Interest rate risk

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

(3) Other price risk

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

If equity price goes down/up 1%, the pre-tax profit for the period from January 1 to March 31, 2025 and 2024 will go down/up NT\$5,169 thousand and NT\$5,073 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit or loss, and other comprehensive income for the period from January 1 to March 31, 2025 and 2024 will go down/up NT\$4,159 thousand and NT\$5,089 thousand, respectively, due to

changes in the fair value of financial assets measured at fair value through other comprehensive income.

## 2. Credit risk

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

Operations manage customer credit risk based on the Group's customer credit risk management policy, procedures, and control. Such assessment accounts for the customer's financial condition, past transaction record, current economic environment, and the Group's internal credit rating. In addition, where appropriate, the Group uses some credit enhancement (e.g., trade advance, asset as collateral, etc.) to reduce the credit risk from certain customers.

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

Customer name	March 31, 2025	December 31, 2024	March 31, 2024
Yieh Phui Group	<u>\$421,368</u>	<u>\$323,953</u>	<u>\$471,976</u>

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

## 3. Liquidity risk

The Group's financial department monitors the forecast of the Group's liquidity needs to ensure that sufficient fund is available to meet operational needs, and maintains an amount of committed loan that is sufficient and left intact, at all times. As of March 31, 2025, December 31, 2024 and March 31, 2024, the amount of the Group's committed loans which have yet to be drawn on was



NT\$1,237,048 thousand, NT\$1,241,591 thousand and NT\$1,234,425 thousand, respectively.

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

	Within 1 year	1~5 years	More than 5 years	Total
<u>March 31, 2025</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,166,112	\$ 9,677	\$ -	\$1,175,789
Floating rate liability	12,929	-	-	12,929
Lease liabilities	22,967	8,142	-	31,109
	<u>\$1,202,008</u>	<u>\$ 17,819</u>	<u>\$ -</u>	<u>\$1,219,827</u>
<u>December 31, 2024</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,237,287	\$ 9,652	\$ -	\$1,246,939
Floating rate liability	8,259	-	-	8,259
Lease liabilities	22,456	15,465	-	37,921
	<u>\$1,268,002</u>	<u>\$ 25,117</u>	<u>\$ -</u>	<u>\$1,293,119</u>
<u>March 31, 2024</u>				
Non-derivative financial liabilities				
Non interest bearing debt	\$1,294,376	\$ 9,581	\$ -	\$1,303,957
Floating rate liability	15,190	-	-	15,190
Lease liabilities	21,882	28,357	-	50,239
	<u>\$1,331,448</u>	<u>\$ 37,938</u>	<u>\$ -</u>	<u>\$1,369,386</u>

## XXVII. Related Party Transactions

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.
Jieyou Industrial Co., Ltd.	Substantive related party
Sanxiangmin Co., Ltd.	Substantive related party

Jauh - Hsing Enterprise Co., Ltd.	Substantive related party
Yung Yu Paint Shop	Substantive related party
Yung Few Paint Co., Ltd.	Substantive related party
PPG Yung Chi Coating Co., Ltd.	Associate
TLT Engineering Sdn Bhd	Associate
Chang Te-Hsiung	Member of the Company's key management
Chang Te-Jen	Member of the Company's key management
Chang Te-Sheng	Member of the Company's key management

Transactions between the Group and related parties are as follows:

(I) Operating revenue

General ledger account	Type of related party	January 1 to March 31, 2025	January 1 to March 31, 2024
Goods sales revenue	The Company assumes the key management role in other company	\$ 131,914	\$ 116,252
	Substantive related party	<u>35,777</u>	<u>25,297</u>
		<u>\$ 167,691</u>	<u>\$ 141,549</u>

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

(II) Receivables due from related parties

General ledger account	Type of related party	March 31, 2025	December 31, 2024	March 31, 2024
Notes and Accounts receivables	The Company assumes the key management role in other company	\$135,732	\$120,253	\$121,831
	Substantive related party	<u>77,371</u>	<u>71,815</u>	<u>65,148</u>
		<u>\$213,103</u>	<u>\$192,068</u>	<u>\$186,979</u>
Other receivables	Substantive related party	<u>\$ 198</u>	<u>\$ 200</u>	<u>\$ 125</u>

(III) Payables due to related parties

General ledger account	Type of related party	March 31, 2025	December 31, 2024	March 31, 2024
Other payables	Substantive related party	<u>\$ 2,073</u>	<u>\$ 2,297</u>	<u>\$ 1,467</u>

(IV) Joint suretyship:

Joint surety for short-term borrowings as of March 31, 2025, December 31, 2024 and March 31, 2024 was provided by the key management.

(V) Other related party transactions

1. Lease agreements

The Company leased operational premises and shipping hubs from substantive related parties and members of the Company's key management. The lease term was 3 years and the rental, which was negotiated upon by referencing the rental charged in nearby areas, did not differ significantly from general lease terms and conditions. Lease liabilities recognized by the Company for said leases amounted to NT\$10,395 thousand, NT\$14,546 thousand and NT\$17,550 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

2. Lease agreements

Subsidiaries leased warehouses and plants to associates under an operating lease; the lease term was three years and three months, and the rental was agreed upon by referencing the rentals charged in nearby areas. There were no similar transactions with other related parties for comparison. Lease income recognized for the period from January 1 to March 31, 2025 and 2024 was NT\$1,035 thousand and NT\$1,025 thousand, respectively.

3. Commissioned processing fee

The Group's fire resistance coating materials are processed by a substantive related party on a commission basis. The said

expenses for the period from January 1 to March 31, 2025 and 2024 amounted to NT\$5,897 thousand and NT\$3,299 thousand, respectively. There was no transaction between the Company and other related parties which is similar enough for comparison.

(VI) Remuneration to key management

	January 1 to March 31, 2025	January 1 to March 31, 2024
Short-term employee benefits	\$ 7,996	\$ 8,032
Post-employment benefit	<u>288</u>	<u>283</u>
	<u>\$ 8,284</u>	<u>\$ 8,315</u>

XXVIII. Pledged and Mortgaged Assets

The following assets were provided as collateral for short-term borrowings and Gas Card Deposit:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment - net	\$ 360,600	\$ 360,836	\$ 361,685
Reserve deposit	19,950	19,950	-
Other financial assets - time deposit	<u>400</u>	<u>400</u>	<u>400</u>
	<u>\$ 380,950</u>	<u>\$ 381,186</u>	<u>\$ 362,085</u>

XXIX. Material contingent liabilities and unrecognized contractual commitments

As of March 31, 2025, the Group had the following material commitments yet to be fulfilled:

- (I) The L/Cs issued for purchase of materials but not used amounted to about NT\$26,852 thousand.
- (II) The guarantee letter issued by financial institutions for performance of contractual obligations amounted to about NT\$123,891 thousand.
- (III) The unfulfilled obligations under construction contracts undertaken amounted to about NT\$1,401,549 thousand.

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

The information below is an aggregate amount by foreign currency that is not a functional currency of entities of the Group. The exchange rate disclosed

is the exchange rate used to convert the foreign currency into a functional currency. Information on foreign currency assets and liabilities with significant effects is as follows:

Unit: In thousand foreign currency; exchange rate: dollars

	Foreign currency	Exchange rate		Book value
<u>March 31, 2025</u>				
Foreign currency assets				
Monetary items				
USD	\$ 9,682	33.155	(USD:TWD)	\$ 321,007
USD	667	7.1782	(USD:CNY)	22,102
CNY	14,042	4.548	(CNY:TWD)	63,861
Foreign currency liabilities				
Monetary items				
USD	1,506	33.255	(USD:TWD)	50,083
USD	832	25,350	(USD:VND)	27,569
USD	643	4.3361	(USD:MYR)	21,322
<u>December 31, 2024</u>				
Foreign currency assets				
Monetary items				
USD	\$ 9,181	32.735	(USD:TWD)	\$ 300,546
CNY	17,152	4.453	(CNY:TWD)	76,380
Foreign currency liabilities				
Monetary items				
USD	\$ 678	32.835	(USD:TWD)	\$ 22,255
MYR	904	4.3709	(USD:MYR)	29,578
<u>March 31, 2024</u>				
Foreign currency assets				
Monetary items				
USD	\$ 13,242	31.95	(USD:TWD)	\$ 423,082
CNY	17,949	4.383	(CNY:TWD)	78,671
Foreign currency liabilities				
Monetary items				
USD	2,493	32.05	(USD:TWD)	79,890
USD	520	24,560	(USD:VND)	16,613
USD	775	4.657	(USD:MYR)	24,763

For the period from January 1 to March 31, 2025 and 2024., net foreign exchange gains were NT\$5,774 thousand and NT\$17,092 thousand, respectively. As the Group's entities use numerous types of functional currencies, the Group is unable to disclose foreign exchange gain/loss based on their material impact.

XXXI. Supplementary Disclosures

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

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

(III) Information on Investments in Mainland China

1. Name of investees in China; major business activities; paid-in capital; investment method; inward and outward remittance; shareholding percentage; investment gains or losses; book value of investments at the end of period; investment gain (loss) remitted back; and limit on the amount of investment in China: Appendix Table 8.
2. Major transactions made with China investees through a third region, either directly or indirectly, and the price, payment terms, and unrealized gains or losses thereof:

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

The purchase amount made by the Company from the subsidiary YUNG CHI Kunshan for the period from January 1 to March 31, 2025 was as follows:

	<u>Purchase amount</u>	<u>Payables at the end of period</u>
YUNG CHI Kunshan	<u>\$ 54,092</u>	<u>\$ 54,329</u>

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

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

The amount of sales made by the Company to the subsidiary YUNG CHI Kunshan for the period from January 1 to March 31, 2025 was as follows:

	<u>Sales amount</u>	<u>Accounts receivable at the end of period</u>
YUNG CHI Kunshan	<u>\$ 17,533</u>	<u>\$ 17,775</u>

The price of goods sold by the Company to YUNG CHI Kunshan is set by using the cost-plus pricing approach; the average credit period is about 90 days to 100 days. The unrealized sales gain of NT\$724 thousand arising from the Company's sale of goods to YUNG CHI Kunshan as of

March 31, 2025 was already written off when compiling the consolidated financial statements.

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

The Company's purchase of materials on behalf of YUNG CHI Kunshan for the period from January 1 to March 31, 2025 is as follows; such amount was written off during the preparation of the consolidated financial statements:

	Transaction content	Transaction price	Other receivables at the end of period
YUNG CHI Kunshan	Purchase of material on behalf of another party	<u>\$ 23,756</u>	<u>\$ 12,040</u>

#### XXXII. Segment Information

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

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



### Segment revenue and operating outcome

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

	Paint Business Department	Coating Engineering	Reconciliati on and write-off	Consolidation
January 1 to March 31, 2025				
Revenue from external customers	\$ 2,358,556	\$ 185,719	\$ -	\$ 2,544,275
Inter-segment revenue	<u>198,354</u>	<u>-</u>	<u>( 198,354)</u>	<u>-</u>
Segment revenue	<u>\$ 2,556,910</u>	<u>\$ 185,719</u>	<u>( \$ 198,354)</u>	<u>\$ 2,544,275</u>
Segment gross profit	<u>\$ 644,074</u>	<u>\$ 27,077</u>		\$ 671,151
Operating expenses				( 354,036)
Income from interests				5,468
Other income				8,738
Other gains and losses				5,519
Financial cost				( 223)
Share of profit or loss of associates accounted for using equity method				( 5,001)
Net profits before tax				<u>\$ 331,616</u>
January 1 to March 31, 2024				
Revenue from external customers	\$2,196,562	\$ 88,751	\$ -	\$2,285,313
Inter-segment revenue	<u>167,667</u>	<u>-</u>	<u>( 167,667)</u>	<u>-</u>
Segment revenue	<u>\$2,364,229</u>	<u>\$ 88,751</u>	<u>( \$167,667)</u>	<u>\$2,285,313</u>
Segment gross profit	<u>\$ 586,956</u>	<u>\$ 12,185</u>		\$ 599,141
Operating expenses				( 333,066)
Income from interests				6,160
Other income				10,848
Other gains and losses				18,358
Financial cost				( 373)
Share of profit or loss of associates accounted for using equity method				( 1,744)
Net profits before tax				<u>\$ 299,324</u>

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

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

Loans to others

January 1 through March 31, 2025

Appendix Table 1

Unit: NT\$1,000

No.	Lending company	Borrowing company	Financial account	Whether a related party or not	Maximum balance during the period	Balance, end of period	Drawdown (Note 2)	Interest rate range (%)	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated provisions	Collateral		Limit of loans to a single borrower (Note 1)	Limit of total loaning of funds (Note 1)	Remarks
													Name	Value			
1	YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Other receivables	Yes	\$ 362,423	\$ 362,423	\$ 239,951	3	Short-term financing fund	\$ -	Working capital	\$ -	None	\$ -	\$ 558,275	\$ 558,275	Note3

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

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

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

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

Making endorsements/guarantees for others

January 1 through March 31, 2025.

Appendix Table 2

Unit: NT\$1,000

No.	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsement/guarantees provided for a single party (Note 2)	Maximum balance for the period	Ending balance	Drawdown	Amount of endorsement/guarantees collateralized with properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement (%)	Highest limit (Note 2)	Guarantee provided by parent company to subsidiary	Guarantee provided by subsidiary to a parent company	Guarantee provided to entities in Mainland China	Remarks
		Company name	Relationship (Note 1)											
0	The Company	Twinahead International Material Co., Ltd.	1	324,000	\$ 33,290	\$ 33,290	-	-	0.31	648,000	N	N	N	
0	The Company	Superkuma International Co., Ltd.	1	324,000	98,001	98,001	-	-	0.93	648,000	N	N	N	
0	The Company	Jusheng Co., Ltd.	1	324,000	31,835	31,835	-	-	0.30	648,000	N	N	N	
0	The Company	Chief-Go Co., Ltd.	1	324,000	99,786	99,786	-	-	0.94	648,000	N	N	N	
0	The Company	Quan Shao Industrial Co., Ltd.	1	324,000	24,302	24,302	-	-	0.23	648,000	N	N	N	
0	The Company	Quan Cheng Industrial Co., Ltd.	1	324,000	7,560	7,560	-	-	0.07	648,000	N	N	N	
0	The Company	Quan Young Engineering Co., Ltd.	1	324,000	6,326	6,326	-	-	0.06	648,000	N	N	N	

Note 1: Companies with which the Company transacts.

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

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

Significant Securities Held at the End of Period

March 31, 2025

Appendix Table 3

Unit: NT\$ thousand, unless otherwise stated

Investor	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	End of Period				Remarks
				Shares/ units	Book value	Shareholdi ng Percentage (%)	Fair value	
The Company	Fund benefit certificate Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss- current	22,232,970	\$315,742	-	\$315,742	
	Fubon Chi-Hsiang Money Market Fund		Financial assets at fair value through profit or loss- current	6,164,810	101,067	-	101,067	
	James Bond Money Market Fund		Financial assets at fair value through profit or loss- current	5,732,203	100,086	-	100,086	
	Common shares China Steel Structure Co., Ltd.		Financial assets at fair value through other comprehensive income - current	5,000,000	243,500	2.50	243,500	
	Sheng Yu Steel Co., Ltd.		Financial assets at fair value through other comprehensive income - current	3,668,477	93,913	1.14	93,913	
		The Company assumes the key management role in other company.						

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
January 1 through March 31, 2025

Appendix Table 4

Unit: NT\$ thousand, unless otherwise stated

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arms-length transaction and reasons therefor		Notes/Accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales) (%)	Credit period			Balance	Ratio to total notes and accounts receivable (payable)	
							Unit price	Credit period			
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Sales	\$131,914	5.18	The credit periods average 90 days to 100 days.	\$ -	-	\$135,732	5.43	-

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
Receivables due from related parties reaching NT\$100 million or 20% of paid-in capital or more  
March 31, 2025

Appendix Table 5

Unit: NT\$ thousand, unless otherwise stated

Company from which receivables are due	Transaction counterparty	Relationship	Item	Balance of receivables due from related parties	Turnover rate	Overdue receivables due from related parties		Receivables due from related party that were recovered after the reporting period	Appropriated allowance for bad debt
						Amount	Handling method		
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Accounts receivable	\$ 135,732	1.03	\$ -	-	\$ 48,726	\$ 2,770
Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	Fellow subsidiary	Other receivables	239,951	- (Note)	-	-	-	-

Note: Other receivables.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries  
The business relationship and major transactions between the parent company and its subsidiaries  
January 1 through March 31, 2025

Appendix Table 6

Unit: NT\$ thousand, unless otherwise stated

No.	Company name	Counterparty	Relationship with the company	Transaction details			
				General ledger account	Amount	Transaction terms	Ratio to consolidated total operating revenues or total assets (%)
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Sales	\$ 17,533	The credit periods average 90 days to 100 days.	0.69
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Accounts receivable	17,775	The credit periods average 90 days to 100 days.	0.15
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Other receivables	12,040	The credit periods average 90 days to 100 days.	0.10
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Purchase	54,092	The credit periods average 60 days to 90 days.	2.13
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Accounts payable	54,329	The credit periods average 60 days to 90 days.	0.45
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Parent company to subsidiary	Sales	19,992	The credit periods average 90 days to 100 days.	0.79
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Parent company to subsidiary	Accounts receivable	12,217	The credit periods average 90 days to 100 days.	0.10
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Parent company to subsidiary	Other receivables	14,372	The credit periods average 90 days to 100 days.	0.12
0	The Company	YUNG CHI PAINT & VARNISH MFG. SDN BHD. (Malaysia)	Parent company to subsidiary	Accounts receivable	11,443	The credit periods average 90 days to 100 days.	0.09
0	The Company	Continental Coatings, Inc.	Parent company to subsidiary	Sales	52,911	The credit periods average 90 days to 100 days.	2.08
0	The Company	Continental Coatings, Inc.	Parent company to subsidiary	Accounts receivable	75,426	The credit periods average 90 days to 100 days.	0.62

1	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Subsidiary to subsidiary	Sales	39,682	The credit periods average payment at sight to 30 days.	1.56
2	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Subsidiary to subsidiary	Other receivables	239,951	According to the contract	1.98



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

Information on investees

January 1 through March 31, 2025

Appendix Table 7

Unit: NT\$ thousand, unless otherwise stated

Name of investor	Investee	Region	Main business line	Original investment amount		Held at the period-end			Net Profit (Loss) of Investee Company in the period	Investment Gains (Losses) Recognized in the Period	Remarks
				End of This Period	End of This Period End of Previous Year	Shares	Percentage (%)	Book value			
The Company	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	\$ 652,182	\$ 652,182	16,714,658	94	\$ 2,807,598	(\$ 371 )	( \$ 349 )	Subsidiary (Note)
The Company	Cmass Investment Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	919,446	17,323	17,323	Subsidiary (Note)
The Company	Emass Investment International Co., Ltd	Samoa	Professional investment company	858,390	858,390	22,020,000	100	668,325	13,191	13,191	Subsidiary (Note)
The Company	PPG Yung Chi Coatings Co., Ltd	Vietnam	Paint and pigments manufacture	30,797	30,797	-	35	22,569	( 14,103 )	( 5,001 )	Associate
Cmass Investment Co., Ltd	Dmass Investment International Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	920,656	17,323	17,323	Subsidiary (Note)
Emass Investment International Co., Ltd	Yung Chi America Corp	USA	Professional investment company	858,390	858,390	2,202,000	100	682,818	13,191	13,191	Subsidiary (Note)
Yung Chi America Corp	Continental Coatings, Inc.	USA	Sale and processing of paints	507,554	507,554	10,736,000	100	357,371	14,416	14,416	Subsidiary (Note)
Dmass Investment International Co., Ltd	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	138,420	138,420	1,053,408	6	177,090	( 371 )	( 22 )	Subsidiary (Note)
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Vietnam	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	488,081	488,081	-	100	531,798	15,854	15,854	Subsidiary (Note)
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. SDN BHD (Malaysia)	Malaysia	Manufacture and sale of paints	383,127	383,127	44,552,170	100	193,088	1,300	1,300	Subsidiary (Note)
YUNG CHI PAINT & VARNISH MFG. SDN BHD (Malaysia)	TLT Engineering Sdn Bhd	Malaysia	Thermal insulation and painting projects	16,011	16,011	1,960,000	49	6,827	-	-	Associate

Note: Written off during compiling the consolidated financial statements.

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

Information on Investments in Mainland China

January 1 through March 31, 2025

Appendix Table 8

Unit: NT\$ thousand, unless otherwise stated

Investee in Mainland China	Main business line	Paid-in Capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in this period		Accumulated amount of investments from Taiwan at the end of period	Profit (loss) of investee in the current period (Note 1)	The Company's shareholding of direct or indirect investment	Investment gains of losses recognized in current period (losses)	Investment book value at the end of the period	Profit received from investments as of the end of current period	Remarks
					Outflow	Inflow							
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	\$ 493,722	Investment in China through a company in a third region	\$ 483,140	\$ -	\$ -	\$ 483,140	\$ 24,896	100.00	\$ 24,896	\$ 1,740,149	\$ 1,366,447	Note5
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	1,517,013	Investment in China through a company in a third region	158,460	-	-	158,460	( 25,311 )	100.00	( 25,311 )	1,242,049	-	Note5

Name of investor	Accumulated amount of investments from Taiwan to Mainland China at the end of period (Note 2)	Investment amount approved by the Investment Review Committee, MOEA (Note 3)	Limit on the Company's investment in China (Note 4)
The Company	\$ 652,182	\$ 1,226,735	\$ 6,349,727

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

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

Note 3: This is the amount converted using the exchange rates at the end of March 2025.

Note 4: Calculated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" promulgated by the Investment Review Committee on August 29, 2008: Net worth \$10,582,879×60% = \$6,349,727

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