

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION

Consolidated Financial Statements

**With Independent Auditor's Review Report
For the Six Months Ended June 30, 2024 and 2023**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditors' Report

To the Board of Directors of Lien Hwa Industrial Holdings Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Lien Hwa Industrial Holdings Corporation and its subsidiaries (LHIHC Group) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial 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 on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons 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 the 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 Conclusion

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$8,580,107 thousand and \$6,344,082 thousand, constituting 9.68% and 8.49% of consolidated total assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to \$2,285,323 thousand and \$2,024,676 thousand, constituting 10.90% and 10.69% of consolidated total liabilities as of June 30, 2024 and 2023 respectively, and total comprehensive income amounting to \$196,111 thousand, \$41,762 thousand, \$586,773 thousand and \$182,203 thousand, constituting 12.19%, 1.63%, 11.81% and 3.74% of consolidated total comprehensive income for the three months and six months ended June 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(7), certain investments of LHIHC Group which is accounted for using equity method is based on the financial statements prepared by these investee companies, not reviewed by independent auditors. The balance amount are \$15,131,692 thousand and \$13,599,056 thousand as of June 30, 2024 and 2023, respectively, and the shares profits of associates and joint ventures which is accounted for using equity method are \$413,361 thousand, \$348,138 thousand, \$657,583 thousand and \$783,993 thousand for the three months and six months ended June 30, 2024 and 2023.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity method investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 LHIHC Group as of June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

August 12, 2024

The accompanying consolidated financial statements are intended only to present the consolidated 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION (Original name : Lien Hwa Industrial Investment Holdings Corporation) AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024, December 31 and June 30, 2023

Unit: NT\$ Thousands

		2024.6.30		2023.12.31		2023.6.30				2024.6.30		2023.12.31		2023.6.30	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets :															
1100	Cash and cash equivalent (note 6(1))	\$ 4,890,075	5	4,686,205	6	4,040,840	5	2100	Short-term loan (note 6(13))	\$ 8,037,000	9	7,787,000	10	7,768,000	10
1110	Financial assets measured at fair values through profit or loss-	472,662	-	554,907	-	111,917	-	2110	Short-term notes payable (note 6(14))	1,049,209	1	1,298,464	2	808,116	1
	current(note 6(2))							2130	Contract liabilities-- current (note 6(23))	2,650,303	4	1,874,557	2	1,841,437	3
1120	Financial assets measured at fair values through other	850,286	1	836,658	1	591,742	1	2150	Notes payable (note 7)	13,988	-	64,730	-	12,261	-
	comprehensive profit or loss- current (note 6(3) and 8)							2170	Accounts payable (note 7)	1,718,615	2	2,455,020	3	1,249,485	2
1140	Contract assets -- current (note 6(23))	6,042,629	7	4,993,031	6	5,208,234	7	2200	Other payables (note 6(21) and 7)	3,182,745	4	739,418	1	3,025,166	4
1150	Notes receivable, net (note 6(4))	287,270	-	282,401	-	203,879	-	2230	Current income tax liabilities	102,219	-	118,453	-	91,119	-
1170	Accounts receivable, net (note 6(4) and 7)	1,917,302	2	3,054,969	4	1,300,581	2	2280	Lease liabilities -- current (note 6(17) and 7)	50,778	-	51,780	-	60,997	-
1200	Other receivables (note 6(5) and 7)	83,847	-	68,159	-	39,608	-	2320	Long-term liabilities, current portion (note 6(15))	100,000	-	309,166	-	606,603	1
1210	Other receivables due from related parties (note 6(5) and 7)	2,335,722	3	4,952	-	2,198,052	3	2300	Other current liabilities	43,854	-	125,252	-	75,691	-
1220	Current income tax assets	3,507	-	3,589	-	3,393	-								
130X	Net inventory (note 6(6))	1,398,879	2	1,565,551	2	1,798,727	2			16,948,711	20	14,823,840	18	15,538,875	21
1470	Other current assets (note 7 and 8)	505,830	1	561,676	1	489,851	1								
		18,788,009	21	16,612,098	20	15,986,824	21								
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss	141,084	-	52,877	-	26,002	-	2530	Bonds payable (note 6(16))	2,497,330	3	2,496,866	3	2,496,402	3
	(note 6(2) and 8)							2540	Long-term loan (note 6(15))	800,000	1	1,129,590	2	135,934	-
1517	Non-current financial assets at fair value through other	38,687,038	44	37,224,457	44	31,193,134	42	2570	Deferred income tax liabilities	156,165	-	158,936	-	160,184	-
	comprehensive income (note 6(3))							2580	Lease liabilities -- non-current (note 6(17) and 7)	396,709	-	415,980	-	426,641	1
1550	Investment under the equity method (note 6(7))	22,806,659	26	22,645,341	27	20,051,980	27	2640	Net defined benefit liabilities -- non-current	6,314	-	7,014	-	17,738	-
1600	Property, plant and equipment (note 6(10) and 8)	5,231,879	6	4,991,649	6	4,482,579	6	2645	Deposits received(note 7)	75,507	-	90,977	-	75,405	-
1755	Right-of-use assets (note 6(11) and 7)	494,653	1	515,427	1	534,737	1	2670	Other non-current liabilities -- other(note 7)	91,587	-	92,454	-	90,162	-
1760	Net investment property (note 6(12) and 8)	1,918,067	2	1,944,313	2	1,963,234	3			4,023,612	4	4,391,817	5	3,402,466	4
1780	Intangible assets	235,127	-	245,878	-	142,446	-			20,972,323	24	19,215,657	23	18,941,341	25
1840	Deferred income tax assets	85,009	-	83,039	-	104,595	-		Total liabilities						
1920	Guaranteed deposits paid (note 8)	164,239	-	149,062	-	119,061	-		Equity attributable to the owners of the parent company						
1975	Net defined benefit assets -- non-current	36,045	-	35,985	-	37,487	-		(note 6(21)):						
1995	Other non-current assets- others (note 8)	50,437	-	83,194	-	42,340	-	3110	Common stock share capital	15,837,396	18	15,837,396	19	14,801,305	20
		69,850,237	79	67,971,222	80	58,697,595	79	3150	Stock Dividends Payable	1,266,992	1	-	-	1,036,091	1
								3200	Additional paid-in capital	1,147,246	1	1,163,321	1	1,093,387	2
								3300	Retained earnings	14,435,686	16	15,308,863	18	13,455,546	18
								3400	Other equities	14,783,439	17	13,432,597	16	9,017,904	12
								3500	Treasury stock	(136,868)	-	(136,868)	-	(136,868)	-
									Total equity attributable to the owners of the parent company	47,333,891	53	45,605,309	54	39,267,365	53
									company						
								36XX	Non-controlling interests	20,332,032	23	19,762,354	23	16,475,713	22
									Total equity	67,665,923	76	65,367,663	77	55,743,078	75
Total assets		\$ 88,638,246	100	84,583,320	100	74,684,419	100		Total liabilities and equity	\$ 88,638,246	100	84,583,320	100	74,684,419	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2024 and 2023

Unit: NT\$ Thousands

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(23) and 7)	\$ 3,939,143	100	3,639,588	100	6,989,643	100	6,511,033	100
5000	Operating cost (note 6(6) and 7)	2,758,147	70	2,455,751	68	5,258,374	75	4,907,877	74
	Operating gross profit	1,180,996	30	1,183,837	32	1,731,269	25	1,603,156	26
	Operating expenses:								
6100	Marketing expense(note 7)	176,737	5	200,625	6	344,368	5	376,810	6
6200	Management expense	145,380	4	109,591	3	284,325	4	231,694	3
6300	R&D expenses	18,296	-	12,071	-	37,532	1	24,657	-
6450	Estimate credit reversal gain (note 6(4))	(100)	-	(656)	-	(674)	-	(1,908)	-
		340,313	9	321,631	9	665,551	10	631,253	9
	Net operating profit	840,683	21	862,206	23	1,065,718	15	971,903	17
	Non-operating income and expenses:								
7100	Interest revenues (note 6(25))	36,978	1	27,906	1	70,998	1	58,618	1
7010	Other revenues (note 6(25))	188,645	5	233,167	7	376,213	5	402,181	6
7020	Other profit and loss (note 6(25))	66,632	1	343	-	85,568	1	2,876	-
7050	Financial cost (note 6(25))	(54,572)	(1)	(50,366)	(1)	(106,844)	(1)	(97,730)	(2)
7060	Shareholding in the profit or loss of the affiliated companies and joint ventures under the equity method (note 6(7))	824,948	21	754,903	21	1,647,313	24	1,659,824	25
		1,062,631	27	965,953	28	2,073,248	30	2,025,769	30
	Net income before tax	1,903,314	48	1,828,159	51	3,138,966	45	2,997,672	47
7951	Less: Income tax expenses (note 6(20))	54,226	1	70,482	2	85,215	1	84,116	2
	Net income	1,849,088	47	1,757,677	49	3,053,751	44	2,913,556	45
8300	Other comprehensive income:								
8310	Titles not reclassified into income								
8316	Unrealized valuation gains and losses from the equity instrument investment measured at fair value through other comprehensive income	(3,412,186)	(87)	338,154	9	1,114,293	16	1,211,114	19
8320	Share of other comprehensive income of affiliates and joint ventures under equity method	(237,943)	(6)	838,767	23	93,718	1	1,067,695	16
8349	Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total items not reclassified into profit or loss	(3,650,129)	(93)	1,176,921	32	1,208,011	17	2,278,809	35
8360	Titles potentially reclassified into income subsequently								
8361	Exchange difference in the financial statements of foreign operations	100,489	3	(198,740)	(6)	294,277	4	(181,874)	(3)
8370	Share of other comprehensive income of affiliates and joint ventures under equity method	92,119	2	(173,881)	(5)	410,801	6	(142,472)	(2)
8399	Less: Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total items not reclassified into profit or loss	192,608	5	(372,621)	(11)	705,078	10	(324,346)	(5)
8300	Other comprehensive income in current period (net amount after tax)	(3,457,521)	(88)	804,300	21	1,913,089	27	1,954,463	30
	Total comprehensive income	<u>\$ (1,608,433)</u>	<u>(41)</u>	<u>2,561,977</u>	<u>70</u>	<u>4,966,840</u>	<u>71</u>	<u>4,868,019</u>	<u>75</u>
	Net profit attributable to:								
8610	Parent company shareholders	\$ 1,347,003	34	1,222,909	34	2,446,138	35	2,312,467	36
8620	Non-controlling interests	502,085	13	534,768	15	607,613	9	601,089	9
	Net income	<u>\$ 1,849,088</u>	<u>47</u>	<u>1,757,677</u>	<u>49</u>	<u>3,053,751</u>	<u>44</u>	<u>2,913,556</u>	<u>45</u>
	Total comprehensive income attributable to:								
8710	Parent company shareholders	\$ (713,851)	(18)	2,114,362	58	3,803,518	54	3,878,642	60
8720	Non-controlling interests	(894,582)	(23)	447,615	12	1,163,322	17	989,377	15
	Total comprehensive income	<u>\$ (1,608,433)</u>	<u>(41)</u>	<u>2,561,977</u>	<u>70</u>	<u>4,966,840</u>	<u>71</u>	<u>4,868,019</u>	<u>75</u>
	EPS (unit: \$NTD) (note 6(22))								
9750	Basic earnings per share	<u>\$ 0.79</u>		<u>0.72</u>		<u>1.44</u>		<u>1.36</u>	
9850	Diluted earnings per share	<u>\$ 0.79</u>		<u>0.72</u>		<u>1.44</u>		<u>1.36</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2024 and 2023

Unit: NT\$ Thousands

	Equity attributable to the owners of parent company											
	share capital						Other equities					
							Exchange difference in the financial statements of foreign operations	Unrealized loss and profit of financial assets at fair value calculated value calculated through other comprehensive income	Treasury stocks	Total equity attributed to parent company shareholders	Non-controlling interests	Total equities
	Common stock share capital	Stock Dividends Payable	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings						
Balance on January 1, 2023	\$ 14,801,305	-	1,101,041	4,219,316	141,843	9,732,138	26,492	7,435,280	(136,868)	37,320,547	16,111,576	53,432,123
Net income	-	-	-	-	-	2,312,467	-	-	-	2,312,467	601,089	2,913,556
Other comprehensive income	-	-	-	-	-	-	(314,941)	1,881,116	-	1,566,175	388,288	1,954,463
Total comprehensive income	-	-	-	-	-	2,312,467	(314,941)	1,881,116	-	3,878,642	989,377	4,868,019
Allocation and distribution of earnings:												
Legal reserve appropriated	-	-		397,220		(397,220)						
Cash dividends on ordinary shares	-	-	-	-	-	(1,924,170)	-	-	-	(1,924,170)	-	(1,924,170)
Stock dividends on ordinary shares	-	1,036,091	-	-	-	(1,036,091)	-	-	-	-	-	-
Changes of affiliates and joint ventures under equity method	-	-	(7,654)	-	-	1,849	-	(1,849)	-	(7,654)	-	(7,654)
Increase/decrease in non-controlling equity	-	-	-	-	-		-	-	-	-	(625,240)	(625,240)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	8,194	-	(8,194)	-	-	-	-
Balance on June 30, 2023	\$ 14,801,305	1,036,091	1,093,387	4,616,536	141,843	8,697,167	(288,449)	9,306,353	(136,868)	39,267,365	16,475,713	55,743,078
Balance on January 1, 2024	\$ 15,837,396	-	1,163,321	4,616,536	141,843	10,550,484	(187,471)	13,620,068	(136,868)	45,605,309	19,762,354	65,367,663
Net income	-	-	-	-	-	2,446,138	-	-	-	2,446,138	607,613	3,053,751
. 5Other comprehensive income	-	-	-	-	-	-	691,109	666,271	-	1,357,380	555,709	1,913,089
Total comprehensive income	-	-	-	-	-	2,446,138	691,109	666,271	-	3,803,518	1,163,322	4,966,840
Allocation and distribution of earnings:												
Legal reserve appropriated	-	-	-	417,583	-	(417,583)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(2,058,861)	-	-	-	(2,058,861)	-	(2,058,861)
Stock dividends on ordinary shares	-	1,266,992	-	-	-	(1,266,992)	-	-	-	-	-	-
Changes of affiliates and joint ventures under equity method	-	-	(13,863)	-	-	6,538	-	(6,538)	-	(13,863)	-	(13,863)
Increase/decrease in non-controlling equity	-	-	29	-	-	-	-	-	-	29	-	29
Changes in ownership interests in subsidiaries	-	-	(2,241)	-	-	-	-	-	-	(2,241)	-	(2,241)
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	-	(593,644)	(593,644)
Balance on June 30, 2024	\$ 15,837,396	1,266,992	1,147,246	5,034,119	141,843	9,259,724	503,638	14,279,801	(136,868)	47,333,891	20,332,032	67,665,923

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

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LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash flows

January 1 to June 30, 2024 and 2023

Unit: NT\$ Thousands

	For the six months ended June 30	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$ 3,138,966	2,997,672
Adjustments:		
Income/expenses		
Depreciation expense	186,226	187,282
Amortization expense	17,869	15,641
Estimate credit reversal gain	(674)	(1,908)
Net earnings of financial assets and liabilities measured at fair value through (profit) or loss	(86,398)	2,293
Interest expense	106,844	97,730
Interest income	(70,998)	(58,618)
Dividend income	(1,322,348)	(1,491,544)
Shareholding in the profit of the affiliated companies and joint ventures under the equity method	(1,654,589)	(1,666,376)
Loss from the disposal and scrap of property, plants and equipment	103	1,965
Gain on disposal of investment properties	-	(2,696)
Gain on lease modification	-	(20)
	<u>(2,823,965)</u>	<u>(2,916,251)</u>
Changes in operating activities related assets and liabilities:		
Net changes in assets relating to operating activities:		
Contract assets	(1,049,598)	(166,529)
Notes receivable	(4,869)	100,883
Accounts receivable	1,138,506	382,511
Other receivable	11,003	(5,883)
Other receivable - related parties	336	378,389
Inventory	162,478	(73,698)
Other current assets	95,602	(33,114)
Net defined benefit assets	(760)	(1,522)
Net changes in liabilities relating to operating activities:	<u>352,698</u>	<u>581,037</u>
Net changes in operating liabilities:		
Contract liabilities	775,746	54,442
Notes payable	(50,742)	4,923
Accounts payable	(735,868)	(291,869)
Other payable	(151,676)	(441,149)
Other current liabilities	(81,670)	35,204
Net changes in liabilities relating to operating activities	<u>(244,210)</u>	<u>(638,449)</u>
Changes in operating activities related assets and liabilities	<u>108,488</u>	<u>(57,412)</u>
Adjustments	<u>(2,715,477)</u>	<u>(2,973,663)</u>
Cash flows from operating activities	423,489	24,009
Interest received	51,832	57,038
Dividend received	997,498	1,073,178
Interest paid	(122,648)	(113,823)
Income tax paid	<u>(106,300)</u>	<u>(73,326)</u>
Net cash inflow from operating activities	<u>1,243,871</u>	<u>967,076</u>

See accompanying notes to consolidated financial statements.

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LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash flows (continued)

January 1 to June 30, 2024 and 2023

Unit: NT\$ Thousands

	For the six months ended June 30	
	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets measured at fair values through other comprehensive profit or loss	\$ (170,418)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	59,780
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,938	36,113
Acquisition of financial assets at fair value through profit or loss	(503,536)	(306,095)
Proceeds from disposal of financial assets at fair value through profit or loss	590,925	266,331
Acquisition of investments using the equity method	(391)	-
Acquisition of property, plant and equipment	(444,810)	(111,827)
Proceeds from disposal of property, plant and equipment	310	2,055
Increase in refundable deposits	(14,654)	606
Acquisition of intangible assets	(8,618)	(12,654)
Acquisition of investment properties	(3,305)	-
Proceeds from disposal of investment properties	-	6,934
Increase in other non-current assets	(36,562)	(1,428)
Net cash outflow from investing activities	(584,121)	(60,185)
Cash flows from financing activities:		
Increase in short-term loans	250,000	560,000
Decrease in short-term notes payable	(249,255)	(250,081)
Borrowing of long-term loan	-	300,000
Retirement of long-term loan	(538,756)	(381,417)
Decrease in guarantee deposits received	(16,321)	(2,228)
Payments of lease liabilities	(26,824)	(31,282)
Decrease in other non-current liabilities	(979)	(1,398)
Cash dividend distribution	(5,501)	-
Other financing activities	80	199
Net cash (outflow) inflow from financing activities	(587,556)	193,793
Effect of foreign exchange rate change	131,676	26,110
Current cash and cash equivalents increase	203,870	1,126,794
Opening balance of cash and cash equivalents	4,686,205	2,914,046
Closing balance of cash and cash equivalents	\$ 4,890,075	4,040,840

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company history

Lien Hwa Industrial Holdings Corporation (hereinafter referred to as “the Company”) was approved by the Ministry of Economic Affairs and founded in July, 1955. The Company merged with China Chemical Corporation on December 1, 2002. To become more competitive and improve the business performance, the Company performed organizational reconstructing and established a professional division system. It was resolved that September 1, 2019 was the base date of company spinoff. The flour business and the rental business were split in the form of surviving spin-off and transferred to the subsidiaries, Lien Hwa Milling Corporation and Lien Hwa Property Development Corporation, respectively. After the spinoff and transformation, the main business became general investment. And was registered at 10F, No. 209, Sec.1, Nangang Rd., Nangang Dist., Taipei City, Taiwan, R.O.C.

The main business of the Company and subsidiaries (hereinafter referred to as “consolidated company”) includes production and sale of flour, real estate rental, integrated system service, automatic system and other electronic business.

In order to integrate group resources, expand the scope of operations and business activities, and enhance overall company efficiency, on May 27, 2024, the company’s annual shareholders’ meeting resolved to change its name from “Lien Hwa Industrial Investment Holdings Corporation” to “Lien Hwa Industrial Holdings Corporation”. The share certificates is changed name and exchange on August 16, 2024, as the record date.

II. Financial report approval date and procedures

The consolidated financial statements were approved and published by the Board of Directors on August 12, 2024.

III. New standards and interpretations not yet adopted

(I) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Consolidated Company has initially adopted the following new amendments, which

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

do not have a significant impact on its consolidated financial statements, from January 1, 2024.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(II) The impact of not yet adopting the IFRSs recognized by the FSC

The Consolidated Company has assessed the applicability of the new and revised IFRSs, which will take effect from January 1, 2025, and concluded that they will not have a significant impact on the consolidated financial statements.

- Amendments to IAS21 "Lack of Exchangeability"

(III) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC :

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management Performance Measures (MPM): The new standard introduces a definition for management performance measures, and requires companies to explain in a single note to 	January 1, 2027

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

- Greater disaggregation of information: The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The Consolidated Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

The Consolidated Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- IFRS 19 "Subsidiaries not publicly accountable: Disclosure"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards. International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements. °

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(II) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements were as follows:

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.6.30	2023.12.31	2023.6.30	
The Company	Hua Cheng Investment Co., Ltd.	General investment	100.00%	100.00%	100.00%	(Note7)
"	Lien Rui Investment Corp.	"	100.00%	100.00%	100.00%	(Note7)
"	Fortune Dragon Holding Inc.	"	100.00%	100.00%	100.00%	
"	MiTAC Inc.	"	35.89%	35.89%	35.89%	
"	MiTAC Information Technology Corp.	Integrated system service, automatic system, applied software design and sale of industrial computer	38.77%	38.77%	43.93%	(Note 1)
"	Lien Hwa Property Development Corporation	Rental and leasing business	100.00%	100.00%	100.00%	
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	50.927%	50.927%	-	(Note 2and 7)
"	Lien Hwa Milling Corporation	Flour production and sale	74.999%	74.999%	74.999%	
"	Lien Hwa Industrial Corporation	General investment	100.00%	100.00%	100.00%	(Note 7)
Hua Cheng Investment Co., Ltd.	Jian Foods Incorporation	Wholesaling and retailing business	0.001%	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 97.091% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.6.30	2023.12.31	2023.6.30	
Hua Cheng Investment Co., Ltd.	Camel Ring International Company	Wholesaling and retailing business	0.16%	0.16%	0.16%	Hua Cheng Investment Co., Ltd. and Lien Rui Investment Corp. hold 100% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)
"	MiTAC Inc.	General investment	1.95%	1.95%	1.95%	
"	MiTAC Information Technology Corp	Integrated system service, automatic system, applied software design and sale of industrial computer	5.30%	5.30%	6.00%	(Note1)
"	Lien Hwa Milling Corporation	Flour production and sale	0.001%	0.001%	0.001%	Hua Cheng Investment Co., Ltd. and the company hold 75% of the shares of the company. It is therefore deemed as a subsidiary.
"	Asia Hydrogen Energy Corporation	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	0.007%	0.007%	-	Hua Cheng Investment Co., Ltd. and the company hold 50.934% of the shares of the company. It is therefore. (Note 7)

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.6.30	2023.12.31	2023.6.30	
Lien Rui Investment Corp.	Jian Foods Incorporation	Wholesaling and retailing business	97.09%	97.09%	95.86%	(Note 3 and 7)
"	Oggi Restaurant Group Co., Ltd.	Restaurant business	100.00%	100.00%	100.00%	(Note 7)
"	Camel Ring International Company	Wholesaling and retailing business	99.84%	99.84%	99.84%	(Note 7)
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	General investment	100.00%	100.00%	100.00%	
"	Hifood Co., Ltd.	"	65.81%	65.81%	65.81%	(Note 7)
"	Sun Lead International Limited	"	100.00%	100.00%	100.00%	(Note 7)
Pacific Gateway Holdings Inc.	Yantai Taihwa Food Industrial Co., Ltd.	Flour production and sale	100.00%	100.00%	100.00%	
Hifood Co., Ltd.	Hifood (Shanghai) Co., Ltd.	Rental and leasing business	100.00%	100.00%	100.00%	(Note 7)
MiTAC Inc.	Mix System Holdings Ltd. (MIX)	General investment	100.00%	100.00%	100.00%	(Note 7)
"	Ho Li Investment Co., Ltd.	"	100.00%	100.00%	100.00%	(Note 7)
"	MiTAC Hikari Corp.	System integration service	50.00%	50.00%	50.00%	(Note 7)
"	MiTAC Information Technology Corp	Integrated system service, automatic system, applied software design and sale of industrial computer	33.21%	33.18%	24.40%	(Note 4)
"	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	11.05%	11.05%	-	MiTAC Inc. and MiTAC Information Technology Corp. hold 70.5% of the shares of the company. It is therefore deemed as a subsidiary. (Note 5)

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.6.30	2023.12.31	2023.6.30	
MIX	Mitac Investment China Co., Ltd. (MICCL)	General investment	100.00%	100.00%	100.00%	(Note7)
MICCL	Mitac (Shanghai) Business Management Consulting Co., Ltd	Business management consulting, business information consulting and system integration services	100.00%	100.00%	100.00%	(Note7)
Mitac (Shanghai) Business	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency	6.33%	6.33%	10.31%	Mitac (Shanghai) Business and Aidixun hold 100% of the shares of the company. It is therefore deemed as a subsidiary.(Note 7)
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd.	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	100.00%	100.00%	100.00%	(Note7)
"	Samoa Mitac Information Holding Ltd. (MiTAC Information Holding Co., Ltd.)	General investment	100.00%	100.00%	100.00%	(Note7)
"	Mitac Information Technology (Singapore) Pte. Ltd	Semiconductor Facility Monitoring and Control System engineering, Network Communication System engineering	100.00%	100.00%	100.00%	(Note7)
"	General Resources Co.	Railway E&M system engineering 、 Environmental protection solutions engineering (exhaust gas system treatment)	100.00%	100.00%	100.00%	(Note7)

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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Name of investor	Name of the Subsidiary	Business Nature	Proportion of Ownership (%)			Description
			2024.6.30	2023.12.31	2023.6.30	
MiTAC Information Technology Corp.	MiTAC Advance Technology Corp.	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	59.45%	59.45%	-	(Note 5)
General Resources Co.	General Resources Company (HK) Limited	Railway E&M system engineering	100.00%	100.00%	100.00%	(Note 7)
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Railway E&M system engineering	100.00%	100.00%	100.00%	(Note 7)
MiTAC Information Holding Co., Ltd.	Aidixun Investment Co., Ltd(Aidixun)	General investment	100.00%	100.00%	100.00%	(Note 7)
Aidixun	Claridy Solutions (Wuxi), Inc.	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	93.67%	93.67%	89.69%	(Note 6 、 7)
"	Claridy Solutions (Nanjing), Inc.	Software research and development and software design	-	-	100.00%	(Note 6)

Note 1. MiTAC Information Technology Corp. carried out a cash capital increase of NT\$ 240,000 thousand on August 18, 2023. The company and Hua Cheng Investment Co., Ltd. relinquished their subscription shares on September 21, 2023.

Note 2. The consolidated company invested in Asia Hydrogen Energy Corporation on November 30, 2023, with a total investment amount of NT\$303,958 thousand and shareholding ratio of 50.934%.

Note 3. Jian Foods Incorporation conducted a cash capital increase of NT\$36,000 thousand on August 22, 2023, all of which were subscribed by Lien Rui Investment Corp.

Note 4. MiTAC Information Technology Corp. carried out a cash capital increase of NT\$240,000 thousand on August 18, 2023, with MiTAC Inc. subscribed for NT\$237,054 thousand.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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Note 5. MiTAC Information Technology Corp. invested in the establishment of MiTAC Advance Technology Corp. on July 27, 2023, with a total investment of NT\$1,000 thousand and shareholding ratio is 100%. Additionally, the board of directors decided to spin off its Innovation Technology business group to MiTAC Advance Technology Corp. on August 18, 2023, the board of directors approved the division of its innovative technology business group to MiTAC Advance Technology Corp. were exchanged for 50,000 thousand shares of common stock at NT\$10 per share, totaling 50,100 thousand shares. The record date of the division is November 1, 2023. MiTAC Advance Technology Corp. conducted cash capital increase of 4,900 thousand shares on November 24, 2023 and 35,000 thousand shares on December 6, 2023. MiTAC Information Technology Corp. subscribed for a total of 3,410 thousand shares. , MiTAC Inc. subscribed for a total of 9,943 thousand shares.

Note 6. The consolidated company conducted an investment structure adjustment in October 2023 and merged Claridy Solutions (Wuxi), Inc. and Claridy Solutions (Nanjing), Inc. After the merger, Claridy Solutions (Nanjing), Inc. became an eliminated company, and Claridy Solutions (Wuxi), Inc. as the surviving company. The adjusted shareholding ratio in Claridy Solutions (Wuxi), Inc. increased from 89.69% to 93.67% .

Note 7. Non-significant subsidiary, whose financial statements have not been reviewed by auditors.

2. The subsidiaries that are not included in the consolidated financial statements: None.

(III) Income Tax

The consolidated company measures and discloses the income tax expenses of the interim period in accordance with the provisions of paragraph B12 of the International Accounting Standard No. 34 "Interim Financial Reporting" recognized by the FSC. Income in period tax expenses are measured by multiplying the net profit before tax during the reporting period by the management's best estimate of the estimated effective tax rate for the whole year, and are fully recognized as current income tax expenses. Income tax expenses that are directly recognized in equity items or other comprehensive profit and loss items are measured at the applicable tax rate when the book value of the relevant assets and liabilities for financial reporting purposes and their tax bases are temporarily different.

(IV) Employee

Pension cost for an inter period is calculated on a year-to-basis by using the actuarially determined pension cost tare at the end of the prior fiscal year plus any adjustments for significant post-market fluctuation, curtailment, settlements, or other one-time evets.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

V. The Primary Sources of Uncertainties in Major Accounting Judgements, Estimates, and Assumptions

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Except for the following disclosures, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policies involve significant judgments and have no material impact on the recognized amounts in these consolidated financial statements (such as the assessment of whether the subsidiary is under substantive control). The information is as follows:

The consolidated company holds 32.36% of the voting shares of UPC Technology Corporation. Although the remaining 67.64% of the shares of UPC Technology Corporation are not concentrated in any specific shareholder, the consolidated company still cannot obtain a majority of the board seats of UPC Technology Corporation. After evaluation, it has been determined that the consolidated company does not have the rights associated with a majority of the voting shares, and therefore cannot direct the decisions related to the activities of its board of directors and shareholders' meetings. Consequently, the consolidated company is deemed not to have control over UPC Technology Corporation but rather to have significant influence.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

VI. Descriptions of Material Accounting Subjects

Except for the following, there are no significant differences in description of significant accounts from consolidated financial statements as December 31, 2023. For relevant information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(I) Cash and cash equivalent

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Cash	\$ 1,806	2,045	2,239
Demand deposits	1,335,156	1,899,227	1,338,672
Time deposits	3,553,113	2,784,933	2,699,929
	<u>\$ 4,890,075</u>	<u>4,686,205</u>	<u>4,040,840</u>

For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(26).

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Financial assets at fair value enforced through profit or loss			
Stock warrants	\$ 141,084	52,877	26,002
Fund benefit certificates	370,416	520,391	-
Structured deposits	102,246	34,516	111,917
	<u>\$ 613,746</u>	<u>607,784</u>	<u>137,919</u>

The financial assets stated above are not used as long-term loan or financing collateral.

(III) Financial assets at fair value through other comprehensive income

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Equity instruments at fair value through other comprehensive income :			
Stock listed in domestic markets	\$ 36,016,838	34,865,769	28,315,013
Stock listed in foreign markets	894,373	551,406	377,020
Stock unlisted in domestic markets	1,535,797	1,477,728	1,669,389
Stock unlisted in foreign markets	1,090,316	1,166,212	1,423,454
	<u>\$ 39,537,324</u>	<u>38,061,115</u>	<u>31,784,876</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

The equity instrument investment held by the consolidated company is for strategic investment instead of trading purposes, and therefore is designated to be measured at fair value through other comprehensive income.

The Group sold financial assets at fair value through other comprehensive income from January 1 to June 30, 2023. At the time of their disposal, the fair values were NT\$59,780 thousand, and the aggregated incomes from the disposals were NT\$8,194 thousand. Therefore, the aforesaid aggregated incomes from disposals were transferred to the retained earnings from other equity.

For the credit risk and market risk information, please refer to Note 6(26).

For information of the partial financial assets provided as collaterals stated above, please refer to Note 8.

(IV) Notes and accounts receivable

	2024.6.30	2023.12.31	2023.6.30
Notes receivable	\$ 287,270	282,401	203,879
Accounts receivable	1,925,051	3,063,182	1,309,882
Less: Loss allowance	(7,749)	(8,213)	(9,301)
	<u>\$ 2,204,572</u>	<u>3,337,370</u>	<u>1,504,460</u>

For the flour business, rental business and other departments of the consolidated company, the consolidated company applies simplified method to estimate the expected credit losses of all notes and accounts receivable, i.e. using the expected credit losses throughout the duration for measurement. For this measurement purpose, the notes and accounts receivable is classified according to the common credit risk features concerning the representative customers' capacity of paying all amount due on the contract and is included in the forward-looking information. For the expected credit losses of the notes and accounts receivable in relation to the flour business, rental business and other departments of the consolidated company, the analysis is as follows:

	2024.6.30	
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate
Current	\$ 922,000	0.00%~0.01%
Under 30 days past due	8,502	0.02%~2.58%
	<u>\$ 930,502</u>	<u>148</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

	2023.12.31		
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 956,238	0.00%~0.01%	2
Under 30 days past due	15,947	0.02%~1.35%	8
Overdue for 31~60 days	5,777	0%	-
Overdue for 61~90 days	5,240	0%	-
	<u>\$ 983,202</u>		<u>10</u>

	2023.6.30		
	Book value of notes and accounts receivable	Weighted- average expected credit loss rate	Expected credit loss
Current	\$ 856,455	0.00%~0.01%	1
Under 30 days past due	2,039	0%	-
Individual evaluation	307	100%	307
	<u>\$ 858,801</u>		<u>308</u>

The consolidated company's business entity of integrated system service recognizes the loss allowance of the receivables for all notes and accounts receivable based on the expected credit losses throughout the duration. The expected credit losses throughout the duration takes the past default record of the customer, the present financial status and the economic situation of the industry into consideration and applies different customer's credit ratings of the receivables to establish the rate of expected credit losses. 100% of loss allowance shall be recognized if there is evidence showing that the trading counterpart is facing serious financial difficulty and the recoverable amount cannot be reasonably expected.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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For the expected credit losses of the notes and accounts receivable in relation to the system integration business of the consolidated company, the analysis is as follow:

	2024.6.30	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 1,036,675	-
Individual-evaluation–overdue	245,144	7,601
	<u>\$ 1,281,819</u>	<u>7,601</u>

	2023.12.31	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 2,043,768	148
Individual-evaluation–overdue	318,613	8,055
	<u>\$ 2,362,381</u>	<u>8,203</u>

	2023.6.30	
	Book value of notes and accounts receivable	Expected credit loss
Individual-evaluation–undue	\$ 520,244	148
Individual-evaluation–overdue	134,716	8,845
	<u>\$ 654,960</u>	<u>8,993</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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The statement of changes in the loss allowance for the notes and accounts receivable of the consolidated company is as follows:

	2024 January to June	2023 January to June
Beginning balance	\$ 8,213	13,436
Recognized (reversed) impairment loss	(674)	(1,908)
Amounts irrecoverable and written off in the current period	-	(2,260)
Effect of changes in foreign exchange rates	210	33
Ending balance	<u>\$ 7,749</u>	<u>9,301</u>

The financial assets stated above are not used as long-term loan or financing collateral.

(V) Other receivable

	2024.6.30	2023.12.31	2023.6.30
Other receivables - related parties	\$ 2,335,722	4,952	2,198,052
Others	83,847	68,159	39,608
Less: Loss allowance	-	-	-
	<u>\$ 2,419,569</u>	<u>73,111</u>	<u>2,237,660</u>

According to the historical experience, other receivables stated above is estimated to have no expected credit losses generated since there are no defaults throughout the duration, therefore the rate of its expected credit losses is estimated to be zero.

(VI) Inventory

	2024.6.30	2023.12.31	2023.6.30
Raw material and consumables	\$ 912,730	1,055,686	1,232,079
Work in progress	75,278	77,395	82,522
Finished goods	211,971	195,075	232,209
System integration products	198,900	237,395	251,917
	<u>\$ 1,398,879</u>	<u>1,565,551</u>	<u>1,798,727</u>

From April 1 to June 30 and from January 1 to June 30, 2024, an inventory write-down to net realizable value resulted in an inventory valuation loss of NT\$6,659 thousand and NT\$7,748 thousand.

From April 1 to June 30 and from January 1 to June 30, 2023, due to the disappearance of factors that previously caused the net realizable value of inventory to fall below cost, the net realizable value of inventory increased, resulting in a reversal of inventory write-down of NT\$1,497 thousand and NT\$6,756 thousand.

As of June 30, 2024, December 31 and June 30, 2023, the consolidated company had not pledged its inventory as collateral.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(VII) Investment under the equity method

The consolidated company's investment under the equity method on the reporting date is as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Affiliates	<u>\$ 22,806,659</u>	<u>22,645,341</u>	<u>20,051,980</u>

1. Affiliated enterprises

The information about affiliates important to the consolidated company is stated as follows:

<u>Name of Affiliate</u>	<u>Nature of relationship with consolidated company</u>	<u>Principal business place/country where the company is registered</u>	<u>Proportion of ownership and voting right</u>		
			<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
UPC Technology Corporation and its subsidiaries	The affiliate of the consolidated company which primarily engaged in producing and selling organic acid, acid anhydride and its derivatives, plastic toughened.	Taiwan	32.36%	32.43%	32.60%
Linde LienHwa Industrial Gases Co., Ltd. and its subsidiaries	The affiliate of the consolidated company which primarily engaged in manufacturing liquid and industrial gases such as helium, hydrogen and ethane.	Taiwan	50.00%	50.00%	50.00%

For listed affiliates important to the consolidated company, its fair value is stated as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
UPC Technology Corporation and its subsidiaries	\$ 5,284,234	6,530,111	6,379,746

The summarized financial information of affiliates important to the consolidated company is shown below. The financial information has adjusted the amounts included in each affiliate's consolidated financial statements adopting the IFRSs to reflect the fair value adjustment made by the consolidated company upon the acquisition of the affiliate stock and adjustment made according to the accounting policy differences.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

(1) Summarized financial information of the UPC Technology Corporation and its subsidiaries

	2024.6.30	2023.12.31	2023.6.30
Current assets	\$ 23,034,099	20,812,329	19,818,032
Non-current assets	36,015,557	34,844,340	33,275,604
Current liabilities	(11,334,320)	(8,634,420)	(13,985,638)
Non-current liabilities	(17,766,343)	(16,972,718)	(11,148,112)
Net assets	<u>\$ 29,948,993</u>	<u>30,049,531</u>	<u>27,959,886</u>
Net assets attributable to investee	<u>\$ 29,948,993</u>	<u>30,049,531</u>	<u>27,959,886</u>

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Operating revenue	<u>\$ 20,381,510</u>	<u>17,580,390</u>	<u>38,207,000</u>	<u>33,486,835</u>
Net profit from continuing operations	\$ (589,526)	(643,472)	(1,370,186)	(611,060)
Other comprehensive income	(423,353)	1,967,131	1,514,671	2,710,969
Total comprehensive income	<u>\$ (1,012,879)</u>	<u>1,323,659</u>	<u>144,485</u>	<u>2,099,909</u>
Total comprehensive income attributable to investee	<u>\$ (1,012,879)</u>	<u>1,323,659</u>	<u>144,485</u>	<u>2,099,909</u>

Consolidated company's shares of the affiliate's net assets at the beginning	\$ 9,938,192	8,599,097	9,654,806	8,430,216
Total comprehensive income attributable to the consolidated company in current period	(336,758)	425,091	32,551	679,895
Dividend acquired from affiliates in current period	-	-	(85,923)	(85,923)
Book value concerning the consolidated company's equity in affiliates at the ending	<u>\$ 9,601,434</u>	<u>9,024,188</u>	<u>9,601,434</u>	<u>9,024,188</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(2) Summarized financial information of Linde LienHwa Industrial Gases Co., Ltd. and its subsidiaries

	2024.6.30	2023.12.31	2023.6.30
Current assets	\$ 16,782,245	14,100,755	13,889,377
Non-current assets	42,348,319	40,574,086	39,361,271
Current liabilities	(24,444,181)	(20,865,255)	(23,058,784)
Non-current liabilities	(5,873,966)	(5,515,673)	(5,778,377)
Net assets	<u><u>\$ 28,812,417</u></u>	<u><u>28,293,913</u></u>	<u><u>24,413,487</u></u>
sets attributable to non-controlling equity	<u><u>\$ 3,877,734</u></u>	<u><u>4,082,843</u></u>	<u><u>3,663,614</u></u>
Net assets attributable to investee	<u><u>\$ 24,934,683</u></u>	<u><u>24,211,070</u></u>	<u><u>20,749,873</u></u>
	2024 April to June	2023 April to June	2024 January to June
Operating revenue	<u><u>\$ 8,357,842</u></u>	<u><u>8,473,754</u></u>	<u><u>17,925,554</u></u>
Net profit from continuing operations	\$ 2,281,409	2,144,310	5,033,050
Other comprehensive income	108,630	(405,324)	(1,659,510)
Total comprehensive income	<u><u>\$ 2,390,039</u></u>	<u><u>1,738,986</u></u>	<u><u>3,373,540</u></u>
Total comprehensive income attributable to non-controlling equity	<u><u>\$ 261,959</u></u>	<u><u>228,553</u></u>	<u><u>549,926</u></u>
Total comprehensive income attributable to investee	<u><u>\$ 2,128,080</u></u>	<u><u>1,510,434</u></u>	<u><u>2,823,614</u></u>
Consolidated company's shares of the affiliate's net assets at the beginning	\$ 12,391,866	10,764,584	12,174,685
Total comprehensive income attributable to the consolidated company in current period	1,030,205	685,638	2,047,795
Dividend acquired from affiliates in current period	(1,061,542)	(1,050,000)	(1,861,951)
Book value concerning the consolidated company's equity in affiliates at the ending	<u><u>\$ 12,360,529</u></u>	<u><u>10,400,222</u></u>	<u><u>12,360,529</u></u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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The financial information about the individually unimportant affiliates of the consolidated company under the equity method is summarized as follows. The financial information refers to the amounts included into the consolidated financial statements of the consolidated company:

		<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Summarized book value of equity in individually unimportant affiliate at the ending		<u>\$ 844,696</u>	<u>815,850</u>	<u>627,570</u>
		<u>2024 April to June</u>	<u>2023 April to June</u>	<u>2024 January to June</u>
Shares attributable to the consolidated company:				<u>2023 January to June</u>
Net profit from continuing operations	\$ 15,870	13,548	26,425	21,604
Other comprehensive income/loss	(3,419)	38,691	24,921	57,456
Total comprehensive income	<u>\$ 12,451</u>	<u>52,239</u>	<u>51,346</u>	<u>79,060</u>

2. Collateral

As of June 30, 2024, December 31 and June 30, 2023 the investment under the equity method of the consolidated company had not been pledged as collaterals.

(VIII) Subsidiaries with significant non-controlling equity

Subsidiaries with non-controlling equity important to the consolidated company are listed as follows:

<u>Name of subsidiary</u>	<u>Principal business place/country where the company is registered</u>	<u>Ownership and voting right proportion of non-controlling equity</u>		
		<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
MiTAC Inc.	Taiwan	62.16%	62.16%	62.16%

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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The summarized financial information of the above subsidiaries is listed as follows. The financial information is prepared in accordance with the IFRSs approved by FSC and reflects the fair value adjustment made upon the acquisition date of the consolidated company and adjustment made according to the accounting policy differences. Also, the financial information refers to the amount of the inter-company transactions before canceling.

Summarized financial information of the MiTAC Inc. and its subsidiaries:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>	
Current assets	\$ 2,328,650	2,327,831	3,001,786	
Non-current assets	29,313,484	28,451,359	23,937,691	
Current liabilities	(1,155,233)	(1,166,712)	(1,345,165)	
Non-current liabilities	<u>(72,619)</u>	<u>(76,398)</u>	<u>(74,732)</u>	
Net assets	<u>\$ 30,414,282</u>	<u>29,536,080</u>	<u>25,519,580</u>	
Book value of non-controlling equity at the ending	<u>\$ 18,917,969</u>	<u>18,371,448</u>	<u>15,639,685</u>	
	<u>2024 April to June</u>	<u>2023 April to June</u>	<u>2024 January to June</u>	<u>2023 January to June</u>
Revenue	<u>\$ 814,711</u>	<u>935,058</u>	<u>995,824</u>	<u>1,088,808</u>
Net income	\$ 785,450	885,899	932,822	1,013,225
Other comprehensive income /loss	<u>(2,245,319)</u>	<u>(128,570)</u>	<u>890,774</u>	<u>631,742</u>
Total comprehensive income	<u>\$ (1,459,869)</u>	<u>757,329</u>	<u>1,823,596</u>	<u>1,644,967</u>
Net profit attributable to non-controlling equity	<u>\$ 488,576</u>	<u>550,711</u>	<u>580,474</u>	<u>629,801</u>
Total comprehensive income attributable to non-controlling equity	<u>\$ (907,114)</u>	<u>470,792</u>	<u>1,134,179</u>	<u>1,022,492</u>
Cash flows from operating activities	\$ (12,875)	160,603	(16,485)	155,335
Cash flows from investment activities	403,218	45,804	854,877	(30,671)
Cash flows from financing activity	(447,206)	(319,454)	(936,247)	(290,393)
Foreign exchange rate effect	<u>5,686</u>	<u>190</u>	<u>14,291</u>	<u>(1,113)</u>
Increase (decrease in) cash and cash equivalents	<u>\$ (51,177)</u>	<u>(112,857)</u>	<u>(83,564)</u>	<u>(166,842)</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

(IX) Acquisition of subsidiaries and non-controlling equity

The consolidated company acquired 50.934% equity of Asia Hydrogen Energy Corporation on November 30, 2023 (acquisition date) for NT\$ 505,022 thousand (including non-controlling interests) and gained control over the company.

There were no significant changes between January 1 and June 30, 2024. For related information, please refer to Note 6(9) of the consolidated financial statements for the year ended December 31, 2023.

(X) Property, plant and equipment

The details of changes in the property, plant, and equipment of the consolidated company are as follows:

	<u>Land</u>	<u>Building and structure</u>	<u>Machine & equipment</u>	<u>Transportat ion equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or identified cost:								
Balance as at Jan. 1, 2024	\$ 2,148,505	2,783,714	1,460,789	48,030	64,749	666,842	666,486	7,839,115
Additions	-	1,888	384	-	92	14,914	325,767	343,045
Transfer in	-	8,830	125,708	-	-	4,332	-	138,870
Transfer out	-	(1,487)	-	-	(62)	-	(121,806)	(123,355)
Disposal	-	-	(2,958)	-	(582)	(3,780)	-	(7,320)
Effect of foreign exchange rate change	-	16,325	14,500	317	759	1,412	(8,830)	24,483
Balance as at June 30, 2024	<u>\$ 2,148,505</u>	<u>2,809,270</u>	<u>1,598,423</u>	<u>48,347</u>	<u>64,956</u>	<u>683,720</u>	<u>861,617</u>	<u>8,214,838</u>
Balance as at Jan. 1, 2023	\$ 2,148,505	2,786,017	1,276,400	50,094	70,090	685,110	236,447	7,252,663
Additions	-	4,926	1,304	2,352	1,159	14,218	71,218	95,177
Transfer in	-	6,605	12,533	-	-	14,424	508	34,070
Transfer out	-	-	-	-	-	-	(41,323)	(41,323)
Disposal	-	(1,469)	(3,253)	(1,750)	(4,812)	(10,739)	-	(22,023)
Effect of foreign exchange rate change	-	(17,354)	(15,657)	(347)	(724)	(1,482)	(16)	(35,580)
Balance as at June 30, 2023	<u>\$ 2,148,505</u>	<u>2,778,725</u>	<u>1,271,327</u>	<u>50,349</u>	<u>65,713</u>	<u>701,531</u>	<u>266,834</u>	<u>7,282,984</u>

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement

		Land	Building and structure	Machine & equipment	Transportat ion equipment	Office equipment	Other equipment	Construction in progress	Total
Depreciation and impairment loss: :									
Balance as at Jan. 1, 2024	\$	-	1,315,209	1,002,398	29,580	42,752	457,527	-	2,847,466
Current depreciation		-	37,763	42,714	1,440	4,334	33,514	-	119,765
Transfer in		-	-	-	-	-	30	-	30
Transfer out		-	(948)	-	-	(30)	-	-	(978)
Disposal		-	-	(2,821)	-	(569)	(3,517)	-	(6,907)
Effect of foreign exchange rate change		-	7,738	14,084	259	567	935	-	23,583
Balance as at June 30, 2024	\$	-	<u>1,359,762</u>	<u>1,056,375</u>	<u>31,279</u>	<u>47,054</u>	<u>488,489</u>	-	<u>2,982,959</u>
Balance as at Jan. 1, 2023	\$	-	1,248,488	961,232	29,225	44,717	444,857	-	2,728,519
Current depreciation		-	38,427	32,323	1,903	4,194	38,168	-	115,015
Disposal		-	(1,469)	(3,253)	(1,630)	(3,545)	(8,106)	-	(18,003)
Effect of foreign exchange rate change		-	(7,985)	(15,352)	(287)	(536)	(966)	-	(25,126)
Balance as at June 30, 2023	\$	-	<u>1,277,461</u>	<u>974,950</u>	<u>29,211</u>	<u>44,830</u>	<u>473,953</u>	-	<u>2,800,405</u>
Book value :									
Balance as at Jan. 1, 2024	\$	<u>2,148,505</u>	<u>1,468,505</u>	<u>458,391</u>	<u>18,450</u>	<u>21,997</u>	<u>209,315</u>	<u>666,486</u>	<u>4,991,649</u>
Balance as at June 30, 2024	\$	<u>2,148,505</u>	<u>1,449,508</u>	<u>542,048</u>	<u>17,068</u>	<u>17,902</u>	<u>195,231</u>	<u>861,617</u>	<u>5,231,879</u>
Balance as at Jan. 1, 2023	\$	<u>2,148,505</u>	<u>1,537,529</u>	<u>315,168</u>	<u>20,869</u>	<u>25,373</u>	<u>240,253</u>	<u>236,447</u>	<u>4,524,144</u>
Balance as at June 30, 2023	\$	<u>2,148,505</u>	<u>1,501,264</u>	<u>296,377</u>	<u>21,138</u>	<u>20,883</u>	<u>227,578</u>	<u>266,834</u>	<u>4,482,579</u>

1. Collateral

As of June 30, 2024, December 31 and June 30, 2023 please refer to Note 8 for the details of financing collateral..

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(XI) Right-of-use assets

The details of changes in the cost and depreciation of the land, buildings and transportation equipment rented by the consolidated company are as follows:

	<u>Land</u>	<u>Building and structure</u>	<u>Machine & equipment</u>	<u>Transporta tion equipment</u>	<u>Total</u>
Book value:					
Balance as at Jan. 1, 2024	<u>\$ 65,318</u>	<u>208,377</u>	<u>231,560</u>	<u>10,172</u>	<u>515,427</u>
Balance as at Jun. 31, 2024	<u>\$ 69,556</u>	<u>193,322</u>	<u>223,884</u>	<u>7,891</u>	<u>494,653</u>
Balance as at Jan. 1, 2023	<u>\$ 66,035</u>	<u>236,322</u>	<u>246,912</u>	<u>3,934</u>	<u>553,203</u>
Balance as at Jun. 31, 2023	<u>\$ 63,003</u>	<u>223,764</u>	<u>239,236</u>	<u>8,734</u>	<u>534,737</u>

During the periods from January 1 to June 30, 2024, and 2023, there were no significant additions, impairments, or reversals recognized for right-of-use assets related to leased land, buildings, and transportation equipment by the consolidated company. Please refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2023.

(XII) Investment property

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged.

The details of investment property of the consolidated company are as follows:

	<u>Self-owned assets</u>		
	<u>Building</u>		
	<u>Land</u>	<u>and structure</u>	<u>Total</u>
Book value:			
Balance as at Jan. 1, 2024	<u>\$ 633,307</u>	<u>1,311,006</u>	<u>1,944,313</u>
Balance as at Jun. 30, 2024	<u>\$ 633,307</u>	<u>1,284,760</u>	<u>1,918,067</u>
Balance as at Jan. 1, 2023	<u>\$ 624,918</u>	<u>1,377,452</u>	<u>2,002,370</u>
Balance as at Jun. 30, 2023	<u>\$ 624,918</u>	<u>1,338,316</u>	<u>1,963,234</u>

The fair value of the consolidated company's investment property is not significantly different from the information disclosed in Note 6(12) of the 2023 consolidated financial report.

As of June 30, 2024, December 31 and June 30, 2023, please refer to Note 8 for the details of the long-term loan and financing collateral.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(XIII) Short-term loan

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Unguaranteed bank loans	\$ 5,839,000	6,069,000	6,050,000
Guaranteed bank loans	2,198,000	1,718,000	1,718,000
Total	<u>\$ 8,037,000</u>	<u>7,787,000</u>	<u>7,768,000</u>
Outstanding quota	<u>\$ 11,761,296</u>	<u>10,835,880</u>	<u>10,805,023</u>
Interest rate interval	<u>1.75%~2.38%</u>	<u>1.65%~2.30%</u>	<u>1.65%~2.38%</u>

For the consolidated company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Sort-term notes payable

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Commercial paper payable	\$ 1,050,000	1,300,000	810,000
Unamortized discount	(791)	(1,536)	(1,884)
	<u>\$ 1,049,209</u>	<u>1,298,464</u>	<u>808,116</u>
Outstanding quota	<u>\$ 2,210,000</u>	<u>1,860,000</u>	<u>3,030,000</u>
Interest rate interval	<u>1.47%~2.42%</u>	<u>1.35%~2.34%</u>	<u>1.36%~2.23%</u>

For the loan term less than one year, please refer to note 6(25) for relevant interest expense.

(XV) Long-term loan

The long-term loan details of the consolidated company are as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Unguaranteed bank loans	\$ 900,000	1,403,000	700,000
Guaranteed bank loans	-	35,756	42,537
Minus : current portion	(100,000)	(309,166)	(606,603)
	<u>\$ 800,000</u>	<u>1,129,590</u>	<u>135,934</u>
Outstanding quota	<u>\$ 3,800,000</u>	<u>3,300,000</u>	<u>4,400,000</u>
Interest rate interval	<u>1.85%~1.98%</u>	<u>1.70%~3.24%</u>	<u>1.75%~3.20%</u>
Expiry date	<u>2025.05.16~2026.06.08</u>	<u>2024.05.06~2029.05.23</u>	<u>2023.07.14~2029.05.23</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(XVI) Bonds payable

The bonds payable details of the consolidated are as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Domestic guaranteed non-convertible corporate bonds	<u>\$ 2,497,330</u>	<u>2,496,866</u>	<u>2,496,402</u>

The domestic guaranteed corporate bonds issuance conditions of the consolidated are as follows:

	<u>Domestic guaranteed corporate bonds of 2022</u>
Total issuance	2,500,000
Ending balance	2,500,000
Due within one year	-
Release date	May 17, 2022
Issue period	5 years
Coupon rate	1.30%
Bond Interest Base Date	May 17, 2022
Repayment situation	Bullet repayment.

(XVII) Lease liabilities

The book value of the consolidated company's lease liabilities is as follows:

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Current	<u>\$ 50,778</u>	<u>51,780</u>	<u>60,997</u>
Noncurrent	<u>\$ 396,709</u>	<u>415,980</u>	<u>426,641</u>

Please refer to Note 6 (26) Financial Instruments for maturity analysis.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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The amount of lease recognized in profit or loss is as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Interest expense of lease liabilities	<u>\$ 2,210</u>	<u>2,365</u>	<u>4,450</u>	<u>4,757</u>
Variable lease payments not included in the measurement of lease liabilities.	<u>\$ 10</u>	<u>5</u>	<u>10</u>	<u>5</u>
Income from the sublease of right- of-use assets	<u>\$ 240</u>	<u>468</u>	<u>480</u>	<u>937</u>
Expense of short- term loan	<u>\$ 3,303</u>	<u>2,914</u>	<u>7,333</u>	<u>5,277</u>
Expense of low- value lease assets (excluding low- value lease of short-term lease)	<u>\$ 70</u>	<u>54</u>	<u>141</u>	<u>141</u>

Amount recognized in the statement of Cash flows is as follows:

	2024 January to June	2023 January to June
Total cash outflow of lease	<u>\$ 38,758</u>	<u>41,462</u>

(XVIII) Operating lease

There were no significant new operating lease contracts from January 1 to June 30, 2024, and 2023. Please refer to Note 6(19) of the consolidated financial statements for the year ended December 31, 2023.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(XIX) Employee benefits

1. Defined benefit plan

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2023 and 2022.

The details of expenses recognized in profit or loss by the consolidated company :

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Operating cost	\$ 9	10	18	29
Marketing expense	(46)	55	(90)	106
Management expense	38	(59)	76	(117)
R&D expenses	17	16	34	29
	\$ 18	22	38	47

2. Defined contribution plan

The pension expenses under the defined contribution plan of the consolidated company are as follows and have been contributed to the Bureau of Labor Insurance:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Operating cost	\$ 9,040	8,551	19,418	17,003
Marketing expense	5,160	5,388	10,274	10,490
Management expense	2,322	1,769	4,320	3,571
R&D expenses	426	311	874	648
	\$ 16,948	16,019	34,886	31,712

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3. The details of pension expenses contributed by the foreign consolidated company pursuant to the local laws for the periods from January to June in 2024 and 2023 are as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Operating cost	\$ 2,153	2,223	4,361	4,460
Management	1,755	1,834	3,507	3,658
expense				
	\$ 3,908	4,057	7,868	8,118

(XX) Income tax

The details of income tax expenses of the consolidated company are as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Current tax expenses				
Accrued in current				
year	\$ 61,931	70,022	92,547	82,756
Adjustments for prior				
periods	(2,935)	(520)	(2,562)	(520)
	58,996	69,502	89,985	82,236
Deferred income tax				
expense				
Origination and				
reversal of				
temporary	(4,770)	980	(4,770)	1,880
Income tax expenses	\$ 54,226	70,482	85,215	84,116

From January 1 to June 30, 2024, and 2023, the Consolidated Company did not recognize any income tax in equity or other comprehensive income.

The income tax returns of the Company's profit-seeking business have been audited by the tax authorities up to 2022.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(XXI) Capital and other equity

Except as described below, there were no significant changes in the legal reserve and special reserve of the Consolidated Company from January 1 to June 30, 2024, and 2023. For related information, please refer to Note 6(22) of the 2023 consolidated financial statements.

1. Issuance of Common Shares

The Consolidated Company approved, at the shareholders' meetings held on May 27, 2024, and May 31, 2023, the distribution of stock dividends to shareholders in the amounts of NT\$1,266,992 thousand and NT\$1,036,091 thousand, respectively, from undistributed earnings. These capital increase proposals were approved by the Financial Supervisory Commission on July 4, 2024, and July 6, 2023, respectively. The effective dates of the capital increases were set for August 3, 2024, and August 1, 2023, and all relevant legal procedures have been completed.

2. Capital reserve

The details of the company's capital surplus are as follows:

	2024.6.30	2023.12.31	2023.6.30
Issuance of stock premium	\$ 289,318	289,318	289,318
Treasury stock transactions	91,791	91,791	84,035
Differences between actual acquisition or disposal of subsidiary equity and book value	899	899	899
Changes in equity of associates and joint ventures accounted for using the equity method	429,013	442,876	467,100
Recognized changes in ownership interests in subsidiaries	335,118	337,359	251,337
Others	1,107	1,078	698
	<u>\$ 1,147,246</u>	<u>1,163,321</u>	<u>1,093,387</u>

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According to the Company Act, the capital surplus should be used to cover losses first before being distributed as new shares or cash dividends to shareholders in proportion to their original shareholdings from realized capital surplus. Realized capital surplus includes the premiums on issuance of stock exceeding the face value and the income from donations received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus that can be used for capital increase each year should not exceed 10% of the paid-in capital.

3. Retained earnings

Pursuant to the Company's Articles of Incorporation, if the Company has annual earnings, it shall first pay taxes, make up any losses from past years and then appropriate 10% as legal reserves, unless the legal reserve reaches the amount of the Company's share capital; if necessary, make provision of special reserves according to the laws and the needs of company operation. The residual earnings shall be added to undistributed earnings at the beginning. The Board of Directors shall draft a motion for the distribution of the residual earnings and submit to the shareholders' meeting for distribution.

The Company is now at the stable growth stage and most of the earnings are from the investees recognized under the equity method. For the sustainable operation and long-term development of the company, the Company shall first use the earning to offset accumulated losses and pay tax, then appropriate 10% of the earnings as legal reserve and appropriate or reverse the special reserve according to laws. When distributing the remaining earnings with the accumulated earnings undistributed, the Board of Directors shall propose a motion for the distribution. When distributing in the form of new shares, a motion shall be submitted to the shareholders' meeting for approval before distribution. In accordance with Article 240 Paragraph 5 of the Company Act, if the aforementioned earnings are distributed in the form of cash, approval for such distribution should be passed by at least half of the Directors in attendance in a Board meeting attended by no less than two-thirds of all Board members. The results should then be reported in the shareholders' meeting.

The directors' meeting shall consider the financial structure of the Company, future funding demand and profit-seeking conditions to plan the ratio of the earning distribution and shareholder's cash dividends and the cash dividends shall not be less than 10% of the total dividends.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(1) Distribution of earnings

The Board of Directors resolved on March 8, 2024, to distribute cash dividends from the earnings of the fiscal year 2023. Subsequently, on May 27, 2024, the Annual General Meeting of Shareholders approved other earnings distribution items for the fiscal year 2023. Additionally, the Annual General Meeting of Shareholders on May 31, 2023, approved the earnings distribution plan for the fiscal year 2022, as detailed below:

	2023		2022	
	Share distribution rate (NT\$)	Amount	Share distribution rate (NT\$)	Amount
Dividend distributed to common stock shareholders:				
Cash	\$ 1.30	2,058,861	1.30	1,924,170
Stocks	0.80	<u>1,266,992</u>	0.70	<u>1,036,091</u>
Total		<u>\$ 3,325,853</u>		<u>2,960,261</u>

The consolidated company had not yet distributed cash dividends on June 30, 2024, amounting to NT\$2,058,861 thousand, which is recorded as other payables.

4. Treasury stock

The Company's stocks held by the subsidiaries of the consolidated company on June 30, 2024, December 31 and June 30, 2023 are stated as follows:

Ledger account	2024.6.30			2023.12.31			2023.6.30		
	Number of shares(in thousand)	Cost	market price	Number of shares(in thousand)	Cost	market price	Number of shares(in thousand)	Cost	market price
Financial assets measured at fair values through other comprehensive profit or loss- non-current	6,383	136,868	435,990	6,383	136,868	425,776	5,966	136,868	404,484

Pursuant to the Securities and Exchange Act, the treasury stocks held by the subsidiaries cannot be pledged. And before the transfer, the shareholder's right is not permitted.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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5. Other equity (net amount after tax)

	Exchange difference in the financial statements of foreign operations	Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	Non-controlling interests
Balance as at January 1, 2024	\$ (187,471)	13,620,068	19,762,354
Exchange difference gathered for the calculation of net assets of foreign operations	280,308	-	13,969
Share of the exchange difference of affiliated companies using the equity method	410,801	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	-	590,172	524,121
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss of affiliated companies using the equity method	-	76,099	17,619
Disposal of equity instrument at fair value through other comprehensive income by affiliates	-	(6,538)	-
Others	-	-	13,969
Balance as at June 30, 2024	<u><u>\$ 503,638</u></u>	<u><u>14,279,801</u></u>	<u><u>20,332,032</u></u>
Balance as at January 1, 2023	\$ 26,492	7,435,280	16,111,576
Exchange difference gathered for the calculation of net assets of foreign operations	(172,469)	-	(9,405)
Share of the exchange difference of affiliated companies using the equity method	(142,472)	-	-
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss	-	825,087	386,027
Disposal of equity instrument measured at fair value through other comprehensive income	-	(8,194)	(13,540)
Unrealized profit or loss of the financial assets measured at fair values through other comprehensive profit or loss of affiliated companies using the equity method	-	1,056,029	11,666
Disposal of equity instrument measured at fair value through other comprehensive income	-	(1,849)	-
Others	-	-	(10,611)
Balance as at June 30, 2023	<u><u>\$ (288,449)</u></u>	<u><u>9,306,353</u></u>	<u><u>16,475,713</u></u>

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(XXII) Earnings per share

The calculation of basic EPS and diluted EPS of the consolidated company are as follows.

	<u>2024 April to June</u>	<u>2023 April to June</u>	<u>2024 January to June</u>	<u>2023 January to June</u>
Basic EPS				
Net income attributable to the Company's common stock shareholders	<u>\$ 1,347,003</u>	<u>1,222,909</u>	<u>2,446,138</u>	<u>2,312,467</u>
Weighted average outstanding shares of common stocks (thousand shares)	<u>1,703,545</u>	<u>1,703,545</u>	<u>1,703,545</u>	<u>1,703,545</u>
Basic earnings per share (NTD)	<u>\$ 0.79</u>	<u>0.72</u>	<u>1.44</u>	<u>1.36</u>
Diluted EPS				
Net income attributable to the Company's common stock shareholders:	<u>\$ 1,347,003</u>	<u>1,222,909</u>	<u>2,446,138</u>	<u>2,312,467</u>
Weighted average outstanding shares of common stocks (thousand shares)	1,703,545	1,703,545	1,703,545	1,703,545
Effect of potentially dilutive ordinary share				
Effect of employee stock compensation	<u>17</u>	<u>22</u>	<u>63</u>	<u>67</u>
Weighted average outstanding shares of balance common stocks (diluted)	<u>1,703,562</u>	<u>1,703,567</u>	<u>1,703,608</u>	<u>1,703,612</u>
Diluted earnings per share (NTD)	<u>\$ 0.79</u>	<u>0.72</u>	<u>1.44</u>	<u>1.36</u>

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(XXIII) Revenue from customer contracts

1. Revenue details

		2024 April to June					
		Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market							
Taiwan	\$	85,908	1,297,535	-	1,226,413	853,996	3,463,852
China		9,157	-	79,551	21,949	613	111,270
Other countries		-	49,463	1,497	313,061	-	364,021
		\$ 95,065	1,346,998	81,048	1,561,423	854,609	3,939,143

Main product/service line							
Product sale	\$	-	1,346,998	81,048	344,032	61,670	1,833,748
Investment property and rental revenue		95,065	-	-	901	899	96,865
Construction revenue		-	-	-	1,054,557	-	1,054,557
Maintenance revenue		-	-	-	147,492	-	147,492
Investment revenue		-	-	-	-	791,475	791,475
Others		-	-	-	14,441	565	15,006
		<u>\$ 95,065</u>	<u>1,346,998</u>	<u>81,048</u>	<u>1,561,423</u>	<u>854,609</u>	<u>3,939,143</u>

		2023 April to June					
		Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market							
Taiwan	\$	77,481	1,279,375	-	976,077	1,015,670	3,348,603
China		9,397	-	121,780	23,282	601	155,060
Other countries		-	51,095	1,930	82,900	-	135,925
	\$	86,878	1,330,470	123,710	1,082,259	1,016,271	3,639,588

Main product/service line							
Product sale	\$	-	1,330,470	123,710	299,243	72,384	1,825,807
Investment property and rental revenue		86,878	-	-	1,705	898	89,481
Construction revenue		-	-	-	623,887	-	623,887
Maintenance revenue		-	-	-	145,759	-	145,759
Investment revenue		-	-	-	-	942,409	942,409
Others		-	-	-	11,665	580	12,245
		<u>\$ 86,878</u>	<u>1,330,470</u>	<u>123,710</u>	<u>1,082,259</u>	<u>1,016,271</u>	<u>3,639,588</u>

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2024 January to June						
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market						
Taiwan	\$ 170,138	2,589,210	-	2,342,063	1,074,599	6,176,010
China	15,952	-	186,925	40,875	1,821	245,573
Other countries	-	98,531	2,989	466,540	-	568,060
	\$ 186,090	2,687,741	189,914	2,849,478	1,076,420	6,989,643

Main product/service line						
Product sale	\$ -	2,687,741	189,914	624,134	119,776	3,621,565
Investment property and rental revenue	186,090	-	-	1,802	1,794	189,686
Construction revenue	-	-	-	1,896,089	-	1,896,089
Maintenance revenue	-	-	-	299,124	-	299,124
Investment revenue	-	-	-	-	953,725	953,725
Others	-	-	-	28,329	1,125	29,454
	\$ 186,090	2,687,741	189,914	2,849,478	1,076,420	6,989,643

2023 January to June						
	Rental business	Flour business	Flour business overseas	System integration business	All other departments	Total
Main area and market						
Taiwan	\$ 154,957	2,596,574	-	1,901,548	1,243,518	5,896,597
China	18,939	-	231,313	68,414	1,202	319,868
Other countries	-	97,582	3,372	193,614	-	294,568
	\$ 173,896	2,694,156	234,685	2,163,576	1,244,720	6,511,033

Main product/service line						
Product sale	\$ -	2,694,156	234,685	729,564	145,530	3,803,935
Investment property and rental revenue	173,896	-	-	1,705	1,797	177,398
Construction revenue	-	-	-	1,103,586	-	1,103,586
Maintenance revenue	-	-	-	306,566	-	306,566
Investment revenue	-	-	-	-	1,096,235	1,096,235
Others	-	-	-	22,155	1,158	23,313
	\$ 173,896	2,694,156	234,685	2,163,576	1,244,720	6,511,033

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2. Contract balance

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Contract assets - System engineering	\$ 5,012,093	3,996,704	4,193,450
Contract assets - Maintenance and trading	<u>1,030,536</u>	<u>996,327</u>	<u>1,014,784</u>
	<u>\$ 6,042,629</u>	<u>4,993,031</u>	<u>5,208,234</u>
Contract liabilities - System engineering	\$ 1,893,541	1,301,678	1,340,481
Contract liabilities - Maintenance and trading	<u>756,762</u>	<u>572,879</u>	<u>500,956</u>
	<u>\$ 2,650,303</u>	<u>1,874,557</u>	<u>1,841,437</u>

The disclosure of the notes and accounts receivable and the impairment are detailed in note 6(4).

The balances of contract liabilities on January 1, 2024 and 2023 that were recognized as revenue from January 1 to June 30, 2024 and 2023 were NT\$353,080 thousand and NT\$290,784 thousand, respectively.

(XXIV) Remuneration to employees and directors

According to the Articles of Incorporation, the annual profits concluded by the Company shall be subject to employee remuneration of no less than 0.1% from April 1 to June 30, and January 1 to June 30, 2024 and 2023, and director remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employees' remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

The employee remuneration of the Consolidated Company from April 1 to June 30, and January 1 to June 30, 2024 and 2023, were NT\$1,149 thousand, NT\$1,491 thousand, NT\$2,685 thousand and NT\$2,568 thousand, respectively, and the amounts of director remuneration were NT\$2,500 thousand, NT\$2,500 thousand, NT\$5,000 thousand and NT\$5,000 thousand, respectively. These estimates were made by applying the Company's before-tax profits with the deduction of the remunerations to employees and directors, and subject to the appropriate percentages for the remuneration to employees and directors set based on the Articles of Incorporation, then estimated based on the historical experience and stated as operating cost or operating expenses. If there is a difference between the actual distribution amount and the estimated amount, it shall be treated as a change in accounting

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estimate, and the difference shall be recognized as profit or loss for the next year.

For the years ended December 31, 2023 and 2022, the employee remuneration of the Consolidated Company were NT\$4,207 thousand and NT\$3,915 thousand, respectively, and the amounts of director remuneration were NT\$9,420 thousand and NT\$8,000 thousand, respectively, there were no differences between these accrued amounts and the actual distributions. For more information, please visit the Market Observation Post System.

(XXV) Non-operating revenue and expense

1. Interest income

The consolidated company's interest income is stated as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Interest on bank deposits	\$ 36,120	27,096	69,910	56,832
Other interest income	858	810	1,088	1,786
Total interest income	<u><u>\$ 36,978</u></u>	<u><u>27,906</u></u>	<u><u>70,998</u></u>	<u><u>58,618</u></u>

2. Other revenue

The consolidated company's other revenues is stated as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Dividend income	\$ 188,516	233,038	375,954	401,922
Labor service revenue	129	129	259	259
	<u><u>\$ 188,645</u></u>	<u><u>233,167</u></u>	<u><u>376,213</u></u>	<u><u>402,181</u></u>

3. Other profits and losses

The consolidated company's other profits and losses is stated as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Loss from the disposal and scrap of property, plants	\$ (164)	(1,965)	(103)	(1,965)
Gains on disposals of investment property	-	2,696	-	2,696
Foreign exchange gain	17,013	7,761	13,153	7,151
Other expense	(7,427)	(13,758)	(23,823)	(16,671)
Other revenue	57,210	5,609	96,341	11,665
	<u><u>\$ 66,632</u></u>	<u><u>343</u></u>	<u><u>85,568</u></u>	<u><u>2,876</u></u>

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4. Financial cost

The consolidated company's financial cost is stated as follows:

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Interest expense	\$ 54,572	50,366	106,844	97,730

(XXVI) Financial instruments

Except for the following, there has been no major change in the type, fair value, and exposure to credit risk, liquidity risk, and market risk of the consolidated company's financial instruments. For relevant information, please refer to the Note 6(27) of the consolidated financial statements for the year ended December 31, 2023.

1. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Book value	Contractual Cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 Year
June 30, 2024							
Non-derivative financial liabilities							
Short-term notes payable	\$ 1,049,209	1,050,000	1,050,000	-	-	-	-
Unguaranteed bank loans	6,739,000	6,796,655	5,048,440	939,112	809,103	-	-
Guaranteed bank loans	2,198,000	2,206,253	2,137,648	68,605	-	-	-
Payable notes and payable accounts	1,732,603	1,732,603	1,732,603	-	-	-	-
Other payable	3,182,745	3,182,745	3,182,745	-	-	-	-
Lease liabilities	447,487	507,142	30,343	28,776	49,871	110,652	287,500
Bonds payable	2,497,330	2,593,493	16,384	16,116	32,500	2,528,493	-
	<u>\$ 17,846,374</u>	<u>18,068,891</u>	<u>13,198,163</u>	<u>1,052,609</u>	<u>891,474</u>	<u>2,639,145</u>	<u>287,500</u>
December 31, 2023							
Non-derivative financial liabilities							
Short-term notes payable	\$ 1,298,464	1,303,050	1,202,309	100,741	-	-	-
Unguaranteed bank loans	7,472,000	7,548,422	3,438,703	2,995,658	1,114,061	-	-
Guaranteed bank loans	1,753,756	1,773,801	138,445	1,612,157	9,789	12,845	565
Payable notes and payable accounts	2,519,750	2,519,750	2,519,750	-	-	-	-
Other payable	739,418	739,418	739,418	-	-	-	-
Lease liabilities	467,760	515,471	30,934	29,432	53,552	99,053	302,500
Bonds payable	2,496,866	2,609,699	16,205	16,384	32,500	2,544,610	-
	<u>\$ 16,748,014</u>	<u>17,009,611</u>	<u>8,085,764</u>	<u>4,754,372</u>	<u>1,209,902</u>	<u>2,656,508</u>	<u>303,065</u>

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	<u>Book value</u>	<u>Contractual Cash flows</u>	<u>Within 6 months</u>	<u>6-12_ months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 Year</u>
June 30, 2023							
Non-derivative financial liabilities							
Short-term notes payable	\$ 808,116	811,491	811,491	-	-	-	-
Unguaranteed bank loans	6,750,000	6,796,741	4,873,954	1,922,787	-	-	-
Guaranteed bank loans	1,760,537	1,766,816	1,662,845	74,738	11,881	16,125	1,227
Payable notes and payable accounts	1,261,746	1,261,746	1,261,746	-	-	-	-
Other payable	3,025,166	3,025,166	3,025,166	-	-	-	-
Lease liabilities	487,638	540,153	34,297	20,477	56,552	110,890	317,937
Bonds payable	2,496,402	2,626,083	16,384	16,206	32,500	2,560,993	-
	<u>\$ 16,589,605</u>	<u>16,828,196</u>	<u>11,685,883</u>	<u>2,034,208</u>	<u>100,933</u>	<u>2,688,008</u>	<u>319,164</u>

The Consolidated Company does not expect that the occurrence timing of Cash flows analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

2. Market Risk

(1) Exchange rate risk exposure

The consolidated company's financial assets and liabilities exposed to significant foreign exchange rate risk is as follows:

June 30, 2024					
	Foreign currency (thousand)		Rate		TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	15,363	USD : TWD	32.4500	498,529
HKD		5,267	HKD : TWD	4.1550	21,884
EUR		33	EUR : TWD	34.7100	1,145
RMB		6,168	RMB : TWD	4.4450	27,417
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		2,656	USD : TWD	32.4500	86,187

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December 31, 2023					
	Foreign currency (thousand)		Rate		TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 21,237	USD : TWD	30.7050		652,082
HKD	3,603	HKD : TWD	3.9290		14,156
EUR	113	EUR : TWD	33.9800		3,840
RMB	6,570	RMB : TWD	4.3270		28,428
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD	10,288	USD : TWD	30.7050		315,893
June 30, 2023					
	Foreign currency (thousand)		Rate		TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$ 9,492	USD : TWD	31.1400		295,581
HKD	2,937	HKD : TWD	3.9740		11,672
EUR	180	EUR : TWD	33.8100		6,086
RMB	7,097	RMB : TWD	4.2820		30,389

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The exchange rate risk of the monetary account of the consolidated company is mainly from foreign currency denominated cash and cash equivalent as well as accounts receivable. Foreign exchange gain and loss arise from the translation. If the main accounting currency used for preparing the reports on June 30, 2024 and 2023 appreciated or depreciated by 1%, under the condition that all other factors stayed unchanged, The increase or decrease in net profit after tax from January 1 to June 30, 2024 and 2023 was NT\$4,392 thousand and NT\$2,750 thousand, respectively.

In consideration of multiple functional currencies types used by the consolidated company, the information about exchange gains or losses of monetary items is disclosed by summarization. The foreign currency exchange gain (including the realized and unrealized) was NT\$13,153 thousand and NT\$7,151 thousand for the periods from January 1 to June 30, 2024 and 2023.

3. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the consolidated company's financial assets and financial liabilities.

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. The rate of change used in the consolidated company's internal report to the management was the interest rate with an increase or decrease of 0.5% pips. In addition, the interest rate is assessed within the reasonable and possible range of change by the management

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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If interest rate increased or decreased by 0.5%, with all other variables remaining unchanged, the consolidated company's net profit would decrease by NT\$20,956 thousand and increase by NT\$13,802 thousand for the periods from January 1 to June 30, 2024 and 2023, respectively.

4. Other pricing risks

The effect of the changes in equity price on the reporting date (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) on the comprehensive profit and loss is as follows:

Stock price on the reporting date	2024 January to June		2023 January to June	
	Other comprehensive profit or loss after tax	Profit or loss after tax	Other comprehensive profit or loss after tax	Profit or loss after tax
Increased by 3%	\$ 1,107,336	-	860,761	-
Decreased by 3%	(1,107,336)	-	(860,761)	-

5. Information about fair value

(1) Type and fair value of the financial instrument

Financial assets measured at fair values through other comprehensive profit or loss by the consolidated company is based on repetition and measured at fair value. The book value and fair value of different financial assets and liabilities (including fair value level information but financial instruments not measured at fair value level but with a book value close to the reasonable amount of fair value and leasing liabilities are not required for the disclosure of fair value according to the regulations) are listed down below:

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		2024.6.30				
		Book value	Fair value			
			Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss						
Stock warrants	\$	141,084	141,084	-	-	141,084
Structured deposit		102,246	-	102,246	-	102,246
Fund Beneficiary Certificate		370,416	370,416	-	-	370,416
Subtotal		613,746	511,500	102,246	-	613,746
Financial assets at fair value through other comprehensive income						
Stocks listed in domestic and foreign markets		36,911,211	36,911,211	-	-	36,911,211
Stocks unlisted in domestic and foreign markets		2,626,113	-	872,202	1,753,911	2,626,113
Subtotal		39,537,324	36,911,211	872,202	1,753,911	39,537,324
Financial assets measured at amortized cost						
Cash and cash equivalent		4,890,075	-	-	-	-
Notes and accounts receivable		2,204,572	-	-	-	-
Other receivable		2,419,569	-	-	-	-
Guarantee deposits paid		164,239	-	-	-	-
Subtotal		9,678,455	-	-	-	-
Total		\$ 49,829,525	37,422,711	974,448	1,753,911	40,151,070
Financial liabilities measured at amortized cost						
Short-term loans	\$	8,037,000	-	-	-	-
Short-term notes payable		1,049,209	-	-	-	-
Notes payable		13,988	-	-	-	-
Accounts payable		1,718,615	-	-	-	-
Other payable		3,182,745	-	-	-	-
Long-term loan		900,000	-	-	-	-
Deposits received		75,507	-	-	-	-
Lease liabilities		447,487	-	-	-	-
Bonds payable		2,497,330	-	-	-	-
Total		\$ 17,921,881	-	-	-	-

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2023.12.31					
	Book value	Fair value			Total
		Class I	Class II	Class III	
Financial assets at fair value through profit or loss					
Stock warrants	\$ 52,877	52,877	-	-	52,877
Structured deposit	34,516	-	34,516	-	34,516
Fund Beneficiary Certificate	520,391	520,391	-	-	520,391
Subtotal	607,784	573,268	34,516	-	607,784
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic and foreign markets	35,417,175	35,417,175	-	-	35,417,175
Stocks unlisted in domestic and foreign markets	2,643,939	-	944,919	1,699,021	2,643,940
Subtotal	38,061,114	35,417,175	944,919	1,699,021	38,061,115
Financial assets measured at amortized cost					
Cash and cash equivalent	4,686,205	-	-	-	-
Notes and accounts receivable	3,337,370	-	-	-	-
Other receivable	73,111	-	-	-	-
Guarantee deposits paid	149,062	-	-	-	-
Subtotal	8,245,748	-	-	-	-
Total	\$ 46,914,646	35,990,443	979,435	1,699,021	38,668,899
Financial liabilities measured at amortized cost					
Short-term loans	\$ 7,787,000	-	-	-	-
Short-term notes payable	1,298,464	-	-	-	-
Notes payable	64,730	-	-	-	-
Accounts payable	2,455,020	-	-	-	-
Other payable	739,418	-	-	-	-
Long-term loan	1,438,756	-	-	-	-
Deposits received	90,977	-	-	-	-
Lease liabilities	467,760	-	-	-	-
Bonds payable	2,496,866	-	-	-	-
Total	\$ 16,838,991	-	-	-	-

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2023.6.30					
	Book value	Fair value			Total
		Class I	Class II	Class III	
Financial assets at fair value through profit or loss					
Stock warrants	\$ 26,002	26,002	-	-	26,002
Structured deposit	111,917	-	111,917	-	111,917
Subtotal	137,919	26,002	111,917	-	137,919
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic and foreign markets	28,692,033	28,692,033	-	-	28,692,033
Stocks unlisted in domestic and foreign markets	3,092,843	-	1,197,899	1,894,944	3,092,843
Subtotal	31,784,876	28,692,033	1,197,899	1,894,944	31,784,876
Financial assets measured at amortized cost					
Cash and cash equivalent	4,040,840	-	-	-	-
Notes and accounts receivable	1,504,460	-	-	-	-
Guarantee deposits paid	119,061	-	-	-	-
Subtotal	5,664,361	-	-	-	-
Total	\$ 37,587,156	28,718,035	1,309,816	1,894,944	31,922,795
Financial liabilities measured at amortized cost					
Short-term loans	\$ 7,768,000	-	-	-	-
Short-term notes payable	808,116	-	-	-	-
Notes payable	12,261	-	-	-	-
Accounts payable	1,249,485	-	-	-	-
Other payable	3,025,166	-	-	-	-
Long-term loan	742,537	-	-	-	-
Deposits received	75,405	-	-	-	-
Lease liabilities	487,638	-	-	-	-
Bonds payable	2,496,402	-	-	-	-
Total	\$ 16,665,010	-	-	-	-

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(2) Fair value evaluation technology for the financial instrument measured at fair value

(2.1) Non-derivative financial instrument

If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation is the basis for listed companies' equity instrument.

If the financial instrument possessed by the consolidated company is in the active market, its fair value is listed by category and attribute below:

The fair value of financial assets and liabilities and listed company stocks with standard terms/conditions and traded in the active market shall be decided subject to the market quotation.

Except for the financial instrument in the active market, the fair value of other financial instruments is based on the evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and the evaluation technology used on similar financial instruments, including the market information that can be acquired on the date of preparing the consolidated balance sheet. The information is then used on a calculation model.

If the financial instrument possessed by the consolidated company is an equity instrument that does not have an open quotation, its fair value is measured using the Cash flows discount model. The main assumption is to apply the expected Cash flows estimated by the investee to reflect the time value of money and the risk and rate of return on investment and measure with the discount. When adopting the market approach to measure the fair value, the main assumption uses the quotation of the listed company to calculate the P/S ratio (sales multiple) and applies it on the measurement. The discount effect resulting from the lack of market liquidity of the equity security is considered and the estimated number has been adjusted.

(2.2) Derivative financial instruments

The forward foreign exchange contracts are usually valued based on the current forward foreign exchange rate.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(3) Details of change in Class III

	<u>Measuring at fair values through other comprehensive profit or loss Equity instrument with no open quotation</u>
January 1, 2024	\$ 1,699,021
Total profit or loss	
Recognized in other comprehensive income	(527)
Reclassification	50,000
Refunds from decapitalization	(6,938)
Foreign exchange rate effect	<u>12,355</u>
June 30, 2024	<u>\$ 1,753,911</u>
January 1, 2023	\$ 1,871,442
Total profit or loss	
Recognized in other comprehensive income	95,117
Refunds from decapitalization	(36,113)
Disposal	(38,187)
Foreign exchange rate effect	<u>2,685</u>
June 30, 2023	<u>\$ 1,894,944</u>

The above total profits or losses are stated in “unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive profit or loss”. Items related to the assets possessed on June 30, 2024 and 2023 were as follows:

	<u>2024 April to June</u>	<u>2023 April to June</u>	<u>2024 January to June</u>	<u>2023 January to June</u>
Total profit or loss				
Recognized in other comprehensive profit and (loss)	<u>\$ (10,012)</u>	<u>(199,530)</u>	<u>(527)</u>	<u>95,117</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(4) Quantitative information on significant unobservable inputs (Class III) used in fair value measurement

The consolidated company's item that is measured at fair value and classified as Class III includes financial assets measured at fair value through other comprehensive profit or loss- equity security investment.

Most of the fair value of the consolidated company has only one unobservable major input. Only the equity instrument investment that is not in an active market has multiple unobservable major inputs, the unobservable major inputs of the equity instrument investment that is not in an active market are separated from one another. They are not relevant to each other.

For some of the consolidated company's equity investment instruments that do not have an active market quotation and with the purpose not for short-term trading, the management will refer to the recent financial report of the invested company, evaluate the industry development and examine the information that is available to the public. Based on the information, the Company assesses the operating status and future operating performance of the invested company to estimate the fair value of the invested company. The change in the industry and future of the market is in highly positive correlation with the change of the invested company's operation and future performance.

The quantitative data of the unobservable major input are as follow:

Item	Evaluation technology	Unobservable major input	Relationship between the unobservable major input and the fair value
Financial assets measured at fair values through other comprehensive profit or loss- equity instrument investment that is not in an active market	Net asset value method	• Non-controlling discount(22.06%, 21.63%, and 22.06% as of June 30, 2024 and 2023, December 31, 2023, respectively)	• The higher the non-controlling discount is, the lower the fair value is.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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- (5) For the fair value Class III measurement, the fair value is used for the sensitivity analysis of reasonably possible alternative.

The fair value measurement of the consolidated company's financial instrument is reasonable. If different valuation model or valuation parameter is used, it might result in different valuation results. When the valuation parameter of the financial instrument classified as Class III is changed, it will have effect on other comprehensive profit or loss. The effect is as follows:

		Increase or decrease	Change in fair value reflected on other comprehensive profit or loss	
Input			Advantageous change	Disadvantageous change
June 30, 2024				
Financial assets at fair value through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	\$ 226	(226)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	\$ 226	(226)
June 30, 2023				
Financial assets at fair value through other comprehensive income				
Equity instrument not in an active market	Discount rate	0.50%	\$ 409	(409)

The advantageous and disadvantageous change of the consolidated company is the change in fair value. The fair value is based on unobservable input parameters of different levels and calculated using the evaluation technology. The fair value of the financial instrument might be affected by more than 1 input value. The above table only reflects the effect resulting from a single input value change. The relevance between and variability in the input values are not taken into account.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(XXVII) Financial risk management

The consolidated company's financial risk management objectives and policies have not changed significantly from those disclosed in Note 6(28) of the consolidated financial statements for the year ended December 31, 2023.

(XXVIII) Capital management

The capital management objectives, policies, and procedures of the consolidated company are consistent with those disclosed in the 2023 consolidated financial report of the Republic of China; and the aggregated quantitative data of capital management items have not changed significantly from those disclosed in the 2023 consolidated financial report of the Republic of China. For relevant information, please refer to Note 6(29) of the consolidated financial statements for the year ended December 31, 2023.

(XXIX) Investing and financing activities not affecting current Cash flows

The adjustment of liabilities from financing activities of the consolidated company from January 1 to June 30, 2024 and 2023, were as follows :

			Non-cash changes		
	2024.1.1	Cash flows	Exchange rate change	Other changes	2024.6.30
Long-term loan (include expiry within one year)	\$ 1,438,756	(538,756)	-	-	900,000
Short-term loans	7,787,000	250,000	-	-	8,037,000
Lease liabilities	467,760	(26,824)	-	6,551	447,487
Short-term notes payable	1,298,464	(249,255)	-	-	1,049,209
Bonds payable	<u>2,496,866</u>	<u>-</u>	<u>-</u>	<u>464</u>	<u>2,497,330</u>
Total liabilities from financing activities	<u>\$13,488,846</u>	<u>(564,835)</u>	<u>-</u>	<u>7,015</u>	<u>12,931,026</u>

			Non-cash changes		
	2023.1.1	Cash flows	Exchange rate change	Other changes	2023.6.30
Long-term loan (include expiry within one year)	\$ 824,216	(81,417)	(262)	-	742,537
Short-term loans	7,208,000	560,000	-	-	7,768,000
Lease liabilities	502,589	(31,282)	-	16,331	487,638
Short-term notes payable	1,058,197	(250,081)	-	-	808,116
Bonds payable	<u>2,495,939</u>	<u>-</u>	<u>-</u>	<u>463</u>	<u>2,496,402</u>
Total liabilities from financing activities	<u>\$12,088,941</u>	<u>197,220</u>	<u>(262)</u>	<u>16,794</u>	<u>12,302,693</u>

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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VII. Related-party Transactions

(I) Names and relationship with related parties

The followings are related parties that have had transactions with the Consolidated Company during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Linde Lienhwa Industrial Gases Co., Ltd.	Affiliated companies of the consolidated company
UPC Technology Corp.	Affiliated companies of the consolidated company
Lienhwa United LPG Co., Ltd.	Affiliated companies of the consolidated company
Boc Lienhwa (B.V.I) Holding Co., Ltd.	Affiliated companies of the consolidated company
Tung Bao Corp.	Subsidiaries of affiliated companies of the consolidated company
United Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Hwa Cryo Equipment Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Asia Union Electronic Chemical Corp.	Subsidiaries of affiliated companies of the consolidated company
Far Eastern Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yuan Rong Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Fung Precision Technology Development Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Tong Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Lien Quan Industrial Gases Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Yih Yuan Investment Corp	Other related party of the consolidated company
MiTAC International Corporation	Other related party of the consolidated company
Harbinger Venture Management Co., Ltd.	Other related party of the consolidated company
Getac Technology Corp.	Other related party of the consolidated company

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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Name of related party	Relationship with the consolidated company
MiTAC Computing Technology Corporation	Other related party of the consolidated company
MiTAC Digital Technology Corp.	Other related party of the consolidated company
Synnex Technology International Corp.	Other related party of the consolidated company
MiTAC Holdings Corp.	Other related party of the consolidated company
EasyCard Corporation	Other related party of the consolidated company
Mei Feng Investment Co., Ltd.	Other related party of the consolidated company
Ares International Corp.	Other related party of the consolidated company
Chiao Thai Hsing Enterprise Co., Ltd.	Other related party of the consolidated company
Atemitech Corporation	Other related party of the consolidated company
Getac Holdings Corporation	Other related party of the consolidated company
Yu Shiu Educational Foundation	Other related party of the consolidated company
Pao Hwa Trading Co., Ltd.	Other related party of the consolidated company
Mei An Investment Co., Ltd.	Other related party of the consolidated company
Mei An Culture and Education Foundation	Other related party of the consolidated company
Far Eastern Electronic Toll Collection Co., Ltd.	Other related party of the consolidated company
Harbinger VII Venture Capital Corp.	Other related party of the consolidated company
Lien Yung Investment Corp.	Subsidiaries of affiliated companies of the consolidated company
Tung Da Investment Co., Ltd.	Subsidiaries of affiliated companies of the consolidated company
Confederate Technology Co., Ltd.	The subsidiary of the affiliated company of the consolidated company
Union Welfare Committee of Lien Hwa Industrial Holdings Co., Ltd.	Other related party of the consolidated company

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(II) Material transactions with related parties

1. Operating revenue

The amount of material transactions between the consolidated company and related parties is as follows.

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Affiliates	\$ 28,798	13,376	35,727	28,571
Other related parties	42,236	16,484	59,115	28,532
	<u>\$ 71,034</u>	<u>29,860</u>	<u>94,842</u>	<u>57,103</u>

The consolidated company's sales terms to related parties are not significantly different from its general selling prices. The payment terms are on a monthly basis, with a collection period of 60 to 90 days. No collateral is collected for the accounts receivable of related parties. After assessment, not bad debt shall be recognized.

2. Lease to related parties

The revenue of leased assets collected from related parties by the consolidated company is as follow.

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Affiliates:				
Linde Lienhwa Industrial Gases Co., Ltd.	\$ 15,534	12,097	30,961	24,193
Other affiliated enterprise	7,762	7,684	15,676	15,370
Other related parties:				
Getac Technology Corp.	13,743	10,554	27,497	21,119
Atemitech Corp.	5,087	4,645	10,163	9,272
Other related parties	2,568	2,764	5,006	5,525
	<u>\$ 44,694</u>	<u>37,744</u>	<u>89,303</u>	<u>75,479</u>

The lease commences from May 15, 2017 until December 31, 2024. The rent of said leased assets was decided through negotiation in reference to the assessed present value or predetermined value of land/buildings. Meanwhile, the consolidated company collected lease deposits, NT\$18,012 thousand and NT\$14,750 thousand, from said related parties on June 30, 2024 and 2023.

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3. Purchase

The consolidated company's purchase value to related parties are stated as follows.

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Other related parties:				
Affiliates	\$ 8	-	8	5
Other related parties:				
Chiao Thai Hsing	201,799	144,888	304,747	342,918
Enterprise Co., Ltd.				
Other related parties	17,633	19,793	26,500	28,424
	\$ 219,440	164,681	331,255	371,347

The purchased conditions for the related party required by the consolidated company are the same as general transaction conditions. The payment term is 1 to 2 months.

4. Receivables from related parties

The consolidated company's receivable accounts-related parties are stated as follows.

Item	Type	2024.6.30	2023.12.31	2023.6.30
Accounts receivable	Affiliates	\$ 33,396	32,454	12,322
	Other related party	38,209	29,294	10,923
Other receivable	Affiliated enterprise :			
	Linde Lienhwa Industrial Gases Co., Ltd.	1,051,102	1,097	1,051,030
	BOC Lienhwa (BVI) Holding Co., Ltd.	298,379	-	-
	Other affiliated enterprise	22,818	275	23,599
	Other related parties :			
	Synnex Technology International Corp.	961,521	-	1,121,798
	Other related party	1,902	3,580	1,625
		\$ 2,407,327	66,700	2,221,297

Said accounts receivable include the rent of the Nangang building, out-of-pocket expenses and cash dividends.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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5. Payables from related parties

The consolidated company's payable accounts-related parties are stated as follows.

Item	Type	2024.6.30	2023.12.31	2023.6.30
Notes payable	Other related parties :			
	MiTAC Computing Technology Corporation	\$ 2,920	-	42
	Other related party	338	448	1,348
Accounts payable	Other related parties :			
	Synnex Technology International Corp.	12,036	21,701	20,690
	Other related party	2,317	2,354	1,405
Other payable	Affiliates	63	86	71
	Other related party	1,189	2,219	1,150
		<u>\$ 18,863</u>	<u>26,808</u>	<u>24,706</u>

6. Prepayment (stated as other current assets)

The details of the Company's prepaid transactions with related parties are as follows.

	2024.6.30	2023.12.31	2023.6.30
Affiliates	\$ -	-	53
Other related party	70	195	25
	<u>\$ 70</u>	<u>195</u>	<u>78</u>

7. Exchange of property

Purchase of equipment

The total amounts spent on the purchase of equipment from other related party from January 1 to June 30, 2024 and 2023, were NT\$3,144 thousand and NT\$3,053 thousand, respectively.

8. Operating expenses

Type	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Other related party	<u>\$ 2,865</u>	<u>2,724</u>	<u>5,773</u>	<u>5,444</u>

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9. Lease

The consolidated company rented the plant, machinery, and equipment from Chiao Thai Hsing Enterprise Co., Ltd. in August 2021. The lease contract is for 210 months. The total contract amount was NT\$442,730 thousand, and the contract was recognized as a right-of-use asset by the consolidated company. The interest expenses recognized from April 1 to June 30, and January 1 to June 30, 2024 and 2023, were NT\$1,920 thousand, NT\$2,031 thousand, NT\$3,868 thousand, and NT\$4,090 thousand, respectively. As of June 30, 2024, December 31, 2023, and June 30, 2023, the lease liabilities were NT\$379,346 thousand, NT\$390,477 thousand, and NT\$401,498 thousand, respectively.

10. Others

The consolidated company sold factory land to Lienhwa Industrial Gases Co., Ltd. in 1985 and 1998. The sales revenue was NT\$71,934 thousand. Since Lienhwa Industrial has not yet sold the land, the consolidated company stated the sales revenue as the deferred loans-gains on inter-affiliate accounts (stated as other noncurrent liabilities-others).

The consolidated company purchased 25,000 thousand shares of subsidiary from other related party in 2023, the total amount was NT\$400,000 thousand.

(III) Key management personnel transactions

Remuneration to key management personnel includes the follows.

	2024 April to June	2023 April to June	2024 January to June	2023 January to June
Short-term employee benefits \$	9,211	8,306	19,212	15,602
Post-employment benefits	145	157	289	315
Other long-term employee benefits	15	16	30	32
	\$ 9,371	8,479	19,531	15,949

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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VIII. Pledged Assets

The book value of the consolidated company's pledged assets is as follows :

Pledged assets	Object	2024.6.30	2023.12.31	2023.6.30
Other current assets and other noncurrent assets-others	Bank loan	\$ 22,890	25,990	27,317
Financial assets at fair value through other comprehensive income	"	1,747,750	1,681,425	1,386,425
Property, plant and equipment	"	215,324	220,028	224,829
Investment property	"	1,352,162	1,366,538	1,084,515
Guarantee deposits paid		164,239	149,062	119,061
		<u>\$ 3,502,365</u>	<u>3,443,043</u>	<u>2,842,147</u>

IX. Significant contingent liabilities and unrecognized contractual commitments

Significant unrecognized contractual commitments

(I) The consolidated company's letter of credit that is issued but not used

	2024.6.30	2023.12.31	2023.6.30
Letter of credit issued but not used			
USD	\$ 5,004	5,994	6,205

(II) The consolidated company executed the co-construction contract and real estate lease contract with Ally Logistic Property (ALP) in October 2021. In order to undertake the "Lien Hwa and Fugang Logistic Center Asset Development and Co-construction Project," the consolidated company contracted the design, planning and construction to ALP. However, in order to carry out follow-up engineering and contract performance matters, the total contract amount was revised to NT\$2,200,000 thousand. As of June 30, 2024, the consolidated company has been paid NT\$801,891 thousand.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

X. Losses due to major disasters: None.

XI. Significant post events: None.

XII. Others

(I) Classification of employee benefits, depreciation, depletion and amortization expenses by function is summarized as follows:

By function	2024 April to June			2023 April to June		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits						
Expenses						
Salary expenses	213,105	178,871	391,976	191,685	161,607	353,292
Labor and health insurance expenses	18,127	17,332	35,459	20,176	17,598	37,774
Pension expenses	11,202	9,672	20,874	10,784	9,314	20,098
Other employee Benefits expenses	9,735	10,792	20,527	7,628	7,884	15,512
Depreciation expenses	73,042	20,313	93,355	68,316	25,657	93,973
Amortization expenses	1,697	6,728	8,425	1,116	6,221	7,337

By function	2024 January to June			2023 January to June		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By nature						
Employee benefits						
Expenses						
Salary expenses	431,813	348,694	780,507	385,487	329,974	715,461
Labor and health insurance expenses	39,679	32,867	72,546	40,137	32,304	72,441
Pension expenses	23,797	18,995	42,792	21,492	18,385	39,877
Other employee Benefits expenses	19,245	20,922	40,167	15,742	18,194	33,936
Depreciation expenses	146,349	39,877	186,226	134,865	52,417	187,282
Amortization expenses	3,425	14,444	17,869	2,232	13,409	15,641

(II) Seasonality of operation

Consolidated Company's operations are not affected by seasonal or cyclical factors.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

From January 1 to June 30, 2024, the Consolidated Company complied with the Financial Reporting Standards for Securities Issuers, and the relevant information on major transactions that should be disclosed is as follows :

1. Loans to other parties :

Unit: NT\$ Thousands

No.	Lender	Borrowing company	Account titles	Related party	Current maximum amount	Ending balance	Actual amount draw down	Interest rate interval	Nature of loaning of funds (Note 1)	Business transaction amount	Reasons of necessary short-term financing	Amount recognized in loss allowance	Collateral		Limit of loans to individual borrowers	Limit of total loans
													Item	Value		
1	Lien Hwa Industrial Holdings Corporation	Lien Hwa Property Development Corporation	Other receivable	Yes	600,000	600,000	-	1.67%	2	-	Operating Capital	-	-	-	4,733,389	9,466,778
2	Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co.,Ltd.	"	"	357,995	356,950	356,950	-	2	-	"	-	-	-	8,753,108	12,254,351
2	"	Hifood Co., Ltd	"	"	45,430	22,715	21,742	5.37%~5.56%	2	-	"	-	-	-	3,501,243	12,254,351
3	MiTAC Inc.	MiTAC Advance Technology Corp.	"	"	1,000,000	200,000	200,000	1.90%	2	-	"	-	-	-	2,906,107	5,812,214
4	MiTAC Information Technology Corp.	General Resources Co.,Ltd.	"	"	120,000	120,000	105,000	1.95%~2.03%	2	-	"	-	-	-	651,450	651,450
4	"	MiTAC Advance Technology Corp.	"	"	300,000	300,000	-	-	2	-	"	-	-	-	651,450	651,450
5	MiTAC Communication Co., Ltd.	General Resources (Hong Kong) Co.,Ltd.	"	"	32,545	32,450	-	2.50%	2	-	"	-	-	-	45,332	45,332
6	Lien Rui Investment Corp.	Jian Foods Incorporation	"	"	7,700	-	-	-	2	-	"	-	-	-	47,916	47,916

Note 1: 1. A business associate.

2. Needs for short-term financing.

Note 2: The limit amount of loans to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 3: The limit amount of loans to each borrower and the total limit of loans of Lien Hwa Property Development Corporation shall not exceed 40% of the net value of the recent financial statements audited or reviewed by the CPA.

Note 4: If both the borrower and lender are the foreign company that the parent company owns directly or indirectly with 100% of voting rights, the limit amount for the Fortune Dragon Holding Inc. to loan to each borrower and the limit amount of total loans shall not exceed 100% of the net value of the recent financial statements audited or reviewed by the CPA. If the borrower and lender do not meet said criteria, the amount shall not exceed 40%. Said amount loaned shall not exceed 140% in total.

Note 5: The limit amount of loans of MiTAC Inc. to each borrower shall not exceed 10% of the net value of the recent financial statements audited or reviewed by the CPA, and the total limit of loans shall not exceed 20% of that.

Note 6: MiTAC Information Technology Corp.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 7: MiTAC Communication Co., Ltd. limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial statements audited or reviewed by the CPA

Note 8: Lian-Rui Investment Co., Ltd.'s limit for loans to each borrower and all borrowers in aggregate shall not exceed 40% of the latest financial

Note 9: The transactions had been eliminated in the consolidated financial statements.

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the Consolidated Financial Statement

2. Guarantees and endorsements for other parties :

Unit: NT\$ Thousands

No.	Endorsing/ guaranteeing company	Endorsed/ guaranteed company		Limit amount of endorsement / guarantee to a single enterprise	Current maximum endorsement/ guarantee balance	Current endorsement/ guarantee - ending	Actual amount drawn down	Endorsement / guarantee amount secured with property as collateral	Ratio of the cumulative endorsement/ guarantee amount to the net worth in the most recent financial statements	Maximum endorsements/ guarantees	Endorsement / guarantee made by the parent company for its subsidiaries	Endorsement / guarantee made by the subsidiaries for its parent company	Endorsement / guarantee made for the operations in Mainland China
		Company name	Relationship (Note 1)										
0	Lien Hwa Industrial Holdings Corporation	Pacific Gateway Holdings Inc.	2	47,333,891	195,270	194,700	-	-	0.41%	47,333,891	Y	N	N
0	"	Fortune Dragon Holding Inc.	2	47,333,891	374,268	373,175	-	-	0.79%	47,333,891	Y	N	N
0	"	Lien Hwa Milling Corporation	2	47,333,891	3,674,500	3,674,500	817,994	-	7.76%	47,333,891	Y	N	N
0	"	Lien Hwa Property Development Corporation	2	47,333,891	100,000	100,000	-	-	0.21%	47,333,891	Y	N	N
1	Lien Hwa Property Development Corporation	Lien Hwa Industrial Holdings Corporation	3	8,127,669	4,024,390	4,024,390	2,424,390	4,024,390	148.54%	8,127,669	N	Y	N
2	MiTAC Inc.	MiTAC Information Technology Corp.	1	29,061,069	2,168,925	2,059,165	939,288	140,190	7.09%	29,061,069	N	N	N
3	MiTAC Information Technology Corp.	General Resources Co., Ltd.	2	1,628,624	450,000	330,000	330,000	-	20.26%	1,628,624	N	N	N
3	"	MiTAC Advance Technology Corp.	2	1,628,624	93,394	93,394	93,394	-	5.73%	1,628,624	N	N	N
3	"	General Resources (Hong Kong) Co., Ltd.	2	1,628,624	52,620	52,620	52,620	-	3.23%	1,628,624	N	N	N

Note 1: The relationship between the endorsing/guarantying subject and the endorsed/guaranteed subject is classified into 3 categories as follows:

1. A business associate.
2. A company that directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares.

Note 2: The total endorsement and guarantee amount made by the Company for others shall not exceed 100% of the net value in the most recent financial statements. The endorsement and guarantee amount made by the Company to a single subsidiary shall not exceed 100% of the net value in the most recent financial statements.

Note 3: The limit of the endorsement and guarantee amount made by Lien Hwa Property Development Corporation to a single company and the total limit of endorsement and guarantee shall not exceed 300% of the net value in the most recent financial statements of Lien Hwa Property Development Corporation audited or reviewed by the CPA.

Note 4: The limit of the endorsement and guarantee amount made by MiTAC Inc. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Inc. audited or reviewed by the CPA.

Note 5: The limit of the endorsement and guarantee amount made by MiTAC Information Technology Corp. to a single company and the total limit of endorsement and guarantee shall not exceed 100% of the net value in the most recent financial statements of MiTAC Information Technology Corp. audited or reviewed by the CPA.

Note 6: The transactions had been eliminated in the consolidated financial statements.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
Consolidated Financial Statement**

3. Securities held at the end of period (excluding investment in subsidiaries, affiliates and joint ventures):

Unit: NT\$ Thousands/ Thousand shares

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
Lien Hwa Industrial Holdings Corporation	Great Wall Enterprise Co., Ltd.	The Company is the juridical person director of the company	Financial assets measured at fair values through other comprehensive profit or loss- non-current	19,013	1,087,532	2.12%	1,087,532	
"	MiTAC Holdings Corp	The chairman of the company is the one of the Company	"	105,941	4,693,184	8.78%	4,693,184	
"	Synnex Technology International Corp.	"	"	59,526	4,351,360	3.57%	4,351,360	
"	Pao Long International Co., Ltd.	-	"	2,365	37,729	1.57%	37,729	
"	Getac Holdings Corporation	The chairman of the Company is the representative of the juridical person director of the company	"	7,210	821,940	1.18%	821,940	
"	Formosa Golf and Country Club Corp.	-	"	2	340	0.01%	340	
"	Hsin Yu Energy Development Co., Ltd.	-	"	6,076	-	2.44%	-	
"	Harbinger Venture Capital Corp.	The Company is the juridical person chairman of the company	"	7	43	3.35%	43	
"	Global Investment Holdings Co., Ltd.	The Company is the juridical person director of the company	"	1,404	21,869	3.33%	21,869	
"	Shihlien Fine Chemicals Co., Ltd.	"	"	24,384	35,291	9.38%	35,291	
Hua Cheng Investment Co., Ltd.	Lien Hwa Industrial Holdings Corporation	Parent company	"	174	11,900	0.01%	11,900	Note 2
"	Waffer Technology Corp.	-	"	2	149	-%	149	
"	Great Wall Enterprise Co., Ltd.	-	"	3,100	177,320	0.35%	177,320	
"	Shihlien Fine Chemicals Co., Ltd.	-	"	11,001	15,922	4.23%	15,922	
"	Harbinger Venture Management Co., Ltd.	-	"	863	20,085	19.99%	20,085	
"	B Current Impact Investment	-	"	-	4,492	3.13%	4,492	
"	Taian Insurance Co., Ltd.	-	"	921	26,729	0.31%	26,729	
"	China Trade and Development Corp.	-	"	50	1,243	0.08%	1,243	
"	Harbinger VI Venture Capital Corp.	-	"	2,410	31,020	9.96%	31,020	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	88,938	9.39%	88,938	
"	B Current Impact Investment Inc.	-	"	500	4,273	6.25%	4,273	
"	Harbinger VIII Venture Capital Corp.	-	"	15,000	162,776	11.57%	162,776	
"	Harbinger IX Venture Capital Corp.	-	"	2,500	23,957	9.70%	23,957	
Fortune Dragon Holding Inc.	Budworth Investment Limited	-	"	30	-	3.33%	-	
"	Asia Global Venture Capital Co., Ltd	-	"	446	15,728	10.00%	15,728	
"	Harbinger Ruyi Venture Limited	-	"	500	12,427	14.29%	12,427	
"	Asia Global Venture Capital II Co., Ltd	-	"	159	5,396	3.00%	5,396	
"	Ever Victory Global Limited.	-	"	72,810	872,202	11.76%	872,202	
"	eT Capital, L.P.	-	"	-	98,495	10.43%	98,495	
"	Acorn Accelerator Fund I, L.P.	-	"	-	39,661	7.41%	39,661	
Sun Lead International Limite	Kelington Group Berhad	-	"	39,635	894,373	5.86%	894,373	
"	Kelington Group Berhad- Warrants B	-	"	10,182	141,084	-%	141,084	

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION (Original name : Lien Hwa Industrial Investment Holdings Corporation) AND SUBSIDIARIES Notes to the Consolidated Financial Statement

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
MiTAC Inc.	Lien Hwa Industrial Holdings Corporation	Parent company	Financial assets measured at fair values through other comprehensive profit or loss- non-current	6,209	424,090	0.39%	424,090	Note2
"	Ares International Corp.	The Company is the juridical person director of the company	"	1,000	57,423	2.12%	57,423	
"	Synnex Technology International Corp.	The chairman of the company is the one of the Company	"	260,521	19,044,089	15.62%	19,044,089	Note4
"	MiTAC Holdings Corp.	"	"	101,431	4,493,397	8.41%	4,493,397	Note5
"	EasyCard Investment Holding Co., Ltd.	The Company is the supervisor of the company.	"	4,184	200,913	6.28%	200,913	
"	Far Eastern Electronic Toll Collection Co, Ltd.	The Company is the juridical person director of the company	"	27,723	316,463	9.24%	316,463	
"	Digital economy limited partnership	-	"	-	28,053	6.29%	28,053	
"	Harbinger VII Venture Capital Corp.	-	"	5,333	84,424	9.39%	84,424	
"	Harbinger III Venture Capital Corp.	The Company is the juridical person director of the company	"	6	166	6.00%	166	
"	Harbinger Venture Capital Corp.	The chairman of the company is the one of the Company	"	19	125	9.50%	125	
"	Lian Jie Er Investment Co. Ltd.	The Company is the supervisor of the company	"	1,625	21,664	16.25%	21,664	
"	Harbinger VIII Venture Capital Corp.	The Company is the supervisor of the company	"	10,000	107,714	7.71%	107,714	
"	ProMOS Technologies Inc.	-	"	44	-	0.10%	-	
"	General Motors corporate bond	-	"	500	-	-%	-	
"	Renaissance Capital I Limited Partnership	-	"	-	115,758	12.82%	115,758	
"	CTCI Corporation	-	"	7,593	402,429	0.94%	402,429	
"	EasyCard	The Company is the juridical person director of the company	"	1,759	115,998	2.51%	115,998	
"	Harbinger IX Venture Capital Corp.	-	"	2,500	24,114	9.70%	24,114	
Mix System Holdings	Budworth Investment Limited	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	91	-	10.00%	-	
"	DynaComware Corp.	-	"	21	1,255	0.97%	1,255	
"	Harbinger Ruyi II Venture Limited	-	"	5	41,454	16.13%	41,454	
"	Temple of Light Limited	-	"	153	130	1.19%	130	
Ho Li Investment Co., Ltd.	MiTAC Inc.	Parent company	"	2,561	198,159	0.63%	198,159	Note2
"	MiTAC Information Technology Corp.	Fellow subsidiary of the parent company	"	-	2	-%	2	
"	Harbinger VI Venture Capital Corp.	The Company is the juridical person director of the company	"	1,607	20,424	6.64%	20,424	
"	Far Eastern Electronic Toll Collection Co, Ltd.	The parent company is the juridical person director of the company	"	5,256	59,969	1.75%	59,969	
"	UPC Technology Corp.	The chairman of the parent company is its chairman	Financial assets measured at fair values through other comprehensive profit or loss- current	8,467	104,147	0.62%	104,147	
"	Synnex Technology International Corp.	"	"	460	33,626	0.03%	33,626	
"	Getac Holdings Corporation	Invested company of MiTAC Holdings Corporation under the equity method	"	5,358	610,812	0.88%	610,812	
"	Waffer Technology Corp.	-	"	1	100	-%	100	
"	CTCI Corporation	-	"	1,917	101,601	0.24%	101,601	
"	PGIM Money Market Fund	-	Financial assets at fair value through profit or loss-current	276	4,524	-%	4,524	

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the Consolidated Financial Statement

Company in possession	Type and name of marketable securities	Relationship with the security issuer	Ledger account	Ending Balance				Note
				No. of shares/Unit	Book value	%	Fair value (Notes 1 and 3)	
Shen Tong International Management Consulting Co., Ltd.	Mitac (Shanghai) Computer Co., Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	-	3,569	10.00%	3,569	
"	SPDB Wealth Management Products	-	Financial assets at fair value through profit or loss-current	-	85,963	-%	85,963	
MiTAC Communication Co., Ltd.	Fubon Chi-Hsiang Money Market Fund	-	"	3,850	62,408	-%	62,408	
Claridy Solutions (Wuxi), Inc.	Suyin Wealth OpenSource Cash 1	"	"	-	16,283	-%	16,283	
MiTAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	"	"	14,404	233,478	-%	233,478	
MiTAC Information Technology Corp.	Fubon Chi-Hsiang Money Market Fund	"	"	4,319	70,006	-%	70,006	

Note 1: For the TWSE/TPEX-listed Company with a public market price, the closing price on the last transaction date in the accounting period shall apply.

Note 2: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 3: The market price listed by the non-TWSE/TPEX-listed company refers to the equity net value. Some of it is listed in the financial statements of the same period that is prepared by the invested company or audited by the CPA.

Note 4: Among the other things, 23,000 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.

Note 5: Among the other things, 1,500 thousand shares were pledged to the bank as the collateral to secure the application of MiTAC Information Technology Corp. for the facility under the bank's project.

Note 6: The transactions had been eliminated in the consolidated financial statements.

4. The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% or more of the paid-in capital:

Unit: NT\$ Thousands/ Thousand shares

Buying/selling company	Type and name of marketable securities	Ledger account	Trading counterpart	Relationship	Beginning of the period		Buy		Sell				Ending Balance	
					Number of shares	Amount	Number of shares	Amount (Note1)	Number of shares	Selling price	Book cost	Disposal gain or loss	Number of shares	Amount
MiTAC Advance Technology Corp.	Fubon Chi-Hsiang Money Market Fund	Financial assets measured at fair values through profit or loss-current			29,826	480,300	5,572	91,126	20,994	339,000	337,948	1,052	14,404	233,478

Note1: Including the adjustments for change in the recognized amount.

Note2: Please refer to Basis for consolidation Note 6.

Note3: The transactions had been eliminated in the consolidated financial statements.

5. The purchase amount of real property exceeds NT\$300 million or 20% of stock capital collected: None.
6. The amount of real property disposed exceeds NT\$300 million or 20% of stock capital collected: None.
7. Purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital :

Unit: NT\$ thousands

Name of Company	Name of the trading counterpart	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts/notes receivable (payable)		Note
			Purchase (sale)	Amount	Percentage of total purchases /sales	Credit period	Unit price	Credit period	Balance	Percentage of accounts/ notes receivable (payable)	
Lien Hwa Milling Corporation	Chiao Thai Hsing Enterprise Co., Ltd.	Other related party	Purchase	304,692	9%	on demand	-	No significant differences	-	- %	

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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8. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital :

Unit: NT\$ thousands

Name of related parties	Counter-party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue amount		Amounts received in Subsequent period	Allowance for bad debt
					Amount	Action taken		
Lien Hwa Industrial Holdings Corporation	MiTAC Holdings Corp.	Other related party	178,578	-	-		-	-
"	Linde LienHwa Industrial Gases Co., Ltd.	affiliates	1,050,000	-	-		-	-
Fortune Dragon Holding Inc.	Yantai Taihwa Food Industrial Co., Ltd.	Parent-subsiary	356,950	-	-		-	-
"	Boc Lienhwa (B.V.I) Holding Co., Ltd.	affiliates	298,379	-	-		-	-
MiTAC Inc.	MiTAC Advance Technology Corp.	Other related party	200,356	-	-		-	-
"	Synnex Technology International Corp.	Other related party	782,943	-	-		-	-
MiTAC Information Technology Corp.	General Resources Co., Ltd.	Parent-subsiary	105,000	-	-		-	-

Note: The transactions had been eliminated in the consolidated financial statements.

9. Engaging in derivatives trading: None.

10. Parent-subsiary company business relation and important transactions: None.

From January 1 to June 30, 2024, there were no material transaction between the parent company and subsidiaries other than the loan funding. Details about the loan funding are provided in Note 13(1).

(II) Information on Invested Companies :

From January 1 to June 30, 2024, the reinvestment business information of the Consolidated Company is as follows (excluding information on investees in Mainland China) :

Unit: NT\$ thousands/ Thousand shares

Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Lien Hwa Industrial Holdings Corporation	UPC Technology Corp.	Taipei	Organic acid, acid anhydride and its derivatives, plastic toughened, etc.	3,142,213	3,142,213	424,881	32.00%	9,493,618	(1,370,186)	(439,008)	
"	Linde Lienhwa Industrial Gases Co., Ltd.	"	Production of liquid nitrogen, nitrogen, hydrogen, acetylene and other industrial gases.	400,000	400,000	1,886	50.00%	9,205,086	2,868,945	1,434,473	
"	MiTAC Inc.	"	General investment	731,636	731,636	143,480	35.89%	10,479,496	938,248	334,191	Subsidiary Note 1 and 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	1,289,599	1,289,599	65,900	38.77%	663,314	2,346	1,831	Subsidiary Note 3
"	Hua Cheng Investment Co., Ltd.	"	General investment	1,122,116	827,116	136,420	100.00%	1,815,870	28,413	28,413	Subsidiary Note 1

LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the

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Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
Lien Hwa Industrial Holdings Corporation	Lienhwa United LPG Co., Ltd.	Taipei	Installation, purchase/sale and technical maintenance of the equipment for propane, butane and the mixture.	62,253	62,253	7,694	24.04%	95,759	26,847	6,455	
"	Lien Rui Investment Corp.	"	General investment	623,500	623,500	21,000	100.00%	115,797	(4,000)	(4,006)	Subsidiary Note 3
"	Fortune Dragon Holding Inc.	B.V.I.	"	3,737,817	3,737,817	120,155	100.00%	8,753,108	723,836	723,836	Subsidiary
"	Lien Hwa Milling Corporation	Taipei	Manufacturing and sale of flour	913,563	913,563	74,999	74.999%	1,312,977	99,900	75,122	Subsidiary Note 3
"	Lien Hwa Property Development Corporation	"	Rental and leasing business	2,201,000	2,201,000	200,100	100.00%	2,709,223	77,018	77,018	Subsidiary
"	Lien Hwa Industrial Co., Ltd.	"	General investment	1,000	1,000	100	100.00%	1,004	3	3	Subsidiary
"	Asia Hydrogen Energy Corporation	Hsinchu	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	303,918	303,918	7,465	50.927%	292,640	(7,086)	(7,086)	Subsidiary
Hua Cheng Investment Co., Ltd.	UPC Technology Corp.	Taipei	Organic acid, acid anhydride and its derivatives, plastic toughened, etc.	54,933	54,933	4,732	0.36%	107,816	(1,370,186)	(4,933)	
"	MiTAC Inc.	"	General investment	84,354	84,354	7,807	1.95%	592,726	938,248	18,157	Subsidiary Note 2
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	140,128	140,128	9,004	5.30%	90,520	2,346	124	Subsidiary
"	Jian Foods Incorporation	"	Wholesaling and retailing business	10	10	-	-%	-	(3,065)	-	"
"	Camel Ring International Company	"	"	10	10	1	0.16%	11	92	-	"
"	Lien Yung Investment Corp.	"	General investment	87,969	87,969	9,217	19.99%	199,874	38,513	7,699	
"	Tung Da Investment Co., Ltd.	"	"	72,699	72,699	4,848	19.99%	150,148	24,986	4,995	
"	Lien Hwa Milling Corporation	"	Manufacturing and sale of flour	14	14	1	-%	17	99,900	1	Subsidiary
"	Asia Hydrogen Energy Corporation	Hsinchu	Manufacture of machinery and equipment for power generation, transmission and distribution, and energy technology service.	40	40	1	0.007%	39	(7,163)	(1)	Subsidiary
Lien Rui Investment Corp.	Jian Foods Incorporation	"	Wholesaling and retailing business	417,000	417,000	11,789	97.09%	20,280	(3,065)	(2,976)	"
"	Oggi Restaurant Group Co., Ltd.	"	Restaurant business	35,000	35,000	3,500	100.00%	21,763	(1,468)	(1,468)	"
"	Farmdirect Corp.	Taoyuan	Wholesaling and retailing business	13,500	13,500	-	-%	-	-	-	Subsidiary
"	Camel Ring International Company	Taipei	"	6,465	6,465	642	99.84%	7,137	92	92	Subsidiary
Fortune Dragon Holding Inc.	Pacific Gateway Holdings Inc.	B.V.I.	General investment	1,186,793	1,186,793	39,461	100.00%	298,440	(68,859)	(68,859)	Subsidiary
"	Boc Lienhwa (B.V.I) Holding Co., Ltd	"	"	1,744	1,744	50	50.00%	3,155,443	1,613,924	637,632	
"	Hifood Co., Ltd	Cayman	"	470,630	470,630	14,150	65.81%	173,746	5,189	3,415	Subsidiary
"	Sun Lead International Limited	B.V.I.	"	73,525	73,525	3	100.00%	1,066,866	95,808	95,808	"
MiTAC Inc.	Mix System Holdings Ltd.	"	"	268,342	268,342	8,610	100.00%	467,317	6,783	6,783	"
"	Ho Li Investment Co., Ltd.	Taipei	"	564,035	564,035	82,234	100.00%	1,432,441	36,075	36,075	Subsidiary Note1

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Name of investor	Name of invested company	Location	Main business	Original investment amount		Held at the end of the period			Profit or loss of invested company in the current period	Investment profit or loss recognized in the current period	Note
				End of the period	End of last year	Shares	Ratio	Book value			
MiTAC Inc	MiTAC Hikari Corp.	Taipei	System integration service	30,000	30,000	3,000	50.00%	3,588	3,338	1,669	Subsidiary
"	MiTAC Information Technology Corp.	"	Integrated system service, automatic system, applied software design and sale of industrial computer	604,817	604,086	56,450	33.21%	540,865	2,346	778	"
"	MiTAC Advance Technology Corp.	"	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	159,084	159,084	9,943	11.05%	161,743	22,962	2,537	"
Mix System Holdings Ltd.	Mitac Investment China Co. Ltd.	B.V.I.	General investment	166,065	166,065	5,450	100.00%	257,105	3,635	3,635	"
Ho Li Investment Co., Ltd.	Lien Yung Investment Corp.	Taipei	"	87,969	87,969	9,217	19.99%	226,725	38,513	4,049	"
"	Tung Da Investment Co., Ltd.	"	"	72,691	72,691	4,848	19.99%	172,190	24,986	3,227	"
MiTAC Information Technology Corp.	MiTAC Communication Co., Ltd.	"	Sale, rental and maintenance of telephone switching systems and data communication products, communication system project contracting	201,312	201,312	10,731	100.00%	121,357	8,027	8,027	Subsidiary
MiTAC Information Technology Corp	Samoa Mitac Information Holding Ltd.	Samoa	General investment	166,915	166,915	5,395	100.00%	123,689	(9,450)	(9,450)	Subsidiary
"	Mitac Information Technology (Singapore) Pte. Ltd.	Singapore	Engineering of factory affair monitoring for semiconductor factories and network communication system engineering	15,794	15,794	500	100.00%	88,666	34,215	34,215	Subsidiary
"	MiTAC Advance Technology Corp.	Taipei	Information Software Services, Computer and Peripheral Equipment Manufacturing, Other Electrical Engineering and Electronic Machinery Equipment Manufacturing	535,100	535,100	53,510	59.45%	678,631	22,962	13,651	Subsidiary
"	General Resources Co., Ltd.	Taipei	Engineering of network signal communication system for railways and rapid transit, engineering of environmental protection (engineering of systematic treatment for waste gas)	337,548	337,548	18,000	100.00%	160,901	(13,315)	(18,207)	Subsidiary Note2
General Resources Co., Ltd.	General Resources (Hong Kong) Co., Ltd.	Hong Kong	Engineering of network signal communication system for railways and rapid transit	263,894	263,894	65,663	100.00%	17,439	(397)	(397)	Subsidiary
"	GENERAL RESOURCES VIETNAM COMPANY LIMITED	Vietnam	Engineering of network signal communication system for railways and rapid transi	12,185	12,185	-	100.00%	9,270	(108)	(108)	"
Samoa Mitac Information Holding Ltd.	Aidixun Investment Co., Ltd.	Samoa	General investment	163,512	163,512	8,165	100.00%	123,299	(9,381)	(9,381)	"

Note 1: The parent company's stocks possessed by subsidiaries have been deducted from the book value and these stocks were deemed as treasury stocks.

Note 2: The variance refers to the amortization of the difference in equity net value.

Note 3: The variance between the book value and the investment income recognized in the current period and invested company refers to the side stream transaction.

Note 4: The transactions had been eliminated in the consolidated financial statements.

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(III) Information on investment in Mainland China :

1. Information on investment in Mainland China :

Unit: NT\$ thousands

Name of the invested company in China (Note 2)	Main business	Paid-in capital amount	Investm ent method (Note 1)	Accumulated amount investment remitted from Taiwan at the beginning of the current period.	Investment amount remitted or recovered in the current period		Accumulate d investment amount remitted from Taiwan at the end of current period	Investee income recogni zed in the current period	Direct and indirect sharehold ing of the Company	Investment income recognized in the current period	Investment book value at year end	Investment revenue received in the current period
					Remit tance	Repat riation						
Yantai Taihwa Food Industrial Co., Ltd. (II).1	Manufacturing and sale of flour and flour processed food	1,232,224	(二)	1,232,224	-	-	1,232,224	(69,017)	100.00%	(69,017)	292,026	-
Hifood(Shanghai) Co., Ltd. (II).2	Rental and leasing business	656,700	(二)	408,880	-	-	408,880	5,764	65.81%	3,793	187,616	-
Fujian Fuhua Gases Co., Ltd. (II).2 and 3	Research and development of industrial gases, development and technical service of electronics industrial gases	824,911	(二)	-	-	-	-	157,218	25.00%	40,987	309,898	-
BOCLH Industrial Gases (Shanghai) Co., Ltd (II). 2 and 3	Mainly in the business of gas production	580,438	(二)	1,744	-	-	1,744	215,066	50.00%	107,533	552,065	-
Lien Xiong Investment (Shanghai) Co., Ltd. (II). 2 and 3	General investment	5,725,631	(二)	-	-	-	-	759,307	50.00%	379,653	3,500,509	-
Shengpin Precision Gas (Shanghai) Co., Ltd. (II). 2 and 3	Mainly in the business of gas production	729,024	(二)	-	-	-	-	295,785	50.00%	147,892	785,144	-
Lien Hwa Precision Gas (Chengdu) Co., Ltd. (II). 2 and 3	"	501,638	(二)	-	-	-	-	41,976	50.00%	20,988	352,437	-
Lien Hwa Precision Gas (Dalian) Co., Ltd. (II). 2 and 3	"	478,312	(二)	-	-	-	-	87,006	50.00%	43,503	464,015	-
Linde Lienhwa Gases (Wuhan) Co., Ltd. (II).2 and 3	"	629,663	(二)	-	-	-	-	386,540	50.00%	193,270	1,081,466	-
Linde Lienhwa Gases (Chengdu) Co., Ltd. (II).2 and 3	"	718,696	(二)	-	-	-	-	58,742	50.00%	29,371	466,911	-
BOCLH Industrial Gases (Beijing) Co., Ltd. (II).2 and 3	Mainly in the business of production and manufacturing of chemical raw materials	437,394	(二)	-	-	-	-	(19,957)	50.00%	(9,979)	191,657	-
BOCLH Industrial Gases (Lianxiang Gases) Co., Ltd. (II).2 and 3	Mainly in the business of in the fields of electronic technology, industrial gases and sales of chemical products	245,969	(二)	-	-	-	-	32,367	50.00%	16,183	147,626	-
Mitac (Shanghai) Business Management Consulting Co., Ltd. (II).2	Business management consulting, business information consulting and system integration services	82,898	(二)	31,708	-	-	31,708	(803)	100.00%	(803)	145,387	-
Claridy Solutions (Wuxi), Inc. (II).2	Research and development of Radio Frequency Identification (RFID) technology; production and sale of the products	86,695	(二)	32,439	-	-	32,439	(10,025)	100.00%	(10,025)	130,152	-

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2. Limits on reinvestments in Mainland China :

Company name	Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC (Note 3)
The Company	3,720,683	3,879,439	28,400,335
MiTAC Inc.	49,114	189,212	17,436,641
MiTAC Information Technology Corp.	161,191	161,191	977,174

Note 1: Investment is divided into the following three categories:

- (I) Engaged in direct investment in Mainland China;
- (II) Investment in Mainland China through a third country company.
- (III) Others.

Note 2: In the column of the investment income recognized in the current period:

- (I) It should be specified if the investment is in preparation without any investment gain or loss resulted.
- (II) The base for the recognition of investment income can be classified into three categories and it shall be specified.
 - (1) The financial statements audited and attested by the CPA Firms of the parent company in Taiwan;
 - (2) Other- Self-prepared financial statement
 - (3) The investment income is recognized based on the shareholding of that company as held by Fortune Dragon Holding Inc. indirectly.

Note 3: According to the regulation in the "Principle of Review on Investment and Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, 60% of the net value is used for the calculation.

Note 4: The numbers in said table are stated in New Taiwan Dollars.

Note 5: The Company invested in Quan Ye Trading Co., Ltd indirectly. The original investment cost was US\$1,000 thousand. The equity was disposed of and US\$486 thousand of the investment amount was collected and settled in May 2017. It was reported to the Investment Commission of the Ministry of Economic Affairs for future reference and cancellation as of June 30, 2024 and 2023. After the capital is remitted back to Taiwan, the amount will be deducted from the used amount of the approved limit in Mainland China.

Note6: The transactions had been eliminated in the consolidated financial statements.

3. Material transactions: None.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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(IV) Information on major shareholders :

Name of major shareholder	Shares	No. of shares held	Shareholding percentage
UPC Technology Corp.		153,289,977	9.68%
Yih Yuan Investment Corp.		144,804,821	9.14%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference shares that have completed delivery of non-physical registration (including treasury shares) on the last business day of June 30, 2024 calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the company without physical registration may differ due to calculation basis.

XIV. Department information

(I) General information

The consolidated company has 5 reportable segments: Rental business, Flour business, Flour business overseas, administrative resource center and system integration service business. The rental business provides real property rental and development services. The Flour business manufactures and sells all kinds of Flour and processed foods. The Flour business overseas is the subsidiary, Yantai Taihwa Food Industrial Co., Ltd. Its performance is evaluated independently. The company is located in China and is a flour manufacturing and sale company. The system integration service business provides the system integration service, automatic system, applied software design and sale of industrial computer. The administrative resource center is responsible for the management of domestic/foreign investment business.

**LIEN HWA INDUSTRIAL HOLDINGS CORPORATION AND SUBSIDIARIES Notes to the
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The reportable segments of the consolidated company are strategic business departments that provide different products and laboring services. Since different technologies and marketing strategies are required for individual strategic business departments, they need to be managed separately. Most of the business departments were acquired respectively. Their initial management teams were retained.

The business decision maker of the consolidated company was not provided with the measured asset amount of the consolidated company. Therefore, the measured asset amount that should be disclosed was zero.

(II) Information about the income, assets and liabilities, and measurement basis and reconciliation of the reportable segment

The consolidated company mainly uses the department income before tax (excluding extraordinary gain or loss and exchange gain or loss) in the internal management report that is reviewed by the business decision maker to be the basis for resource distribution and performance evaluation for the management. Since the income tax, extraordinary gain or loss and exchange gain or loss were managed based on the Group, the consolidated company did not distribute the income tax expense (profit), extraordinary gain or loss and exchange gain or loss to the reportable segment. In addition, material non-cash item other than depreciation and amortization is not included in the income of every reportable segment. The reported amount shall be consistent with the amount in the report used by the business decision maker.

Except for that the pension expense of every business department is recognized and measured based on the pension scheme paid in cash, the accounting strategy of the business department is the same as what's stated in Note 4 "Summary of Significant Accounting Policies".

The consolidated company deems the sale and transfer between departments as third-party transactions. And the transaction is measured at current market price.

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The consolidated company's operating segments and adjustment are as follows.

<u>2024 April to June</u>	<u>Rental business</u>	<u>Flour business</u>	<u>Flour business overseas</u>	<u>Administrat ive resource center</u>	<u>System integration business</u>	<u>All other department s</u>	<u>Adjustment and elimination</u>	<u>Total</u>
Revenue:								
Revenue from external customers	\$ 95,065	1,346,998	81,048	797,412	1,561,423	57,197	-	3,939,143
Inter-segment income	11,145	25	-	864,417	2,210	36	(877,833)	-
Total revenue	\$ 106,210	1,347,023	81,048	1,661,829	1,563,633	57,233	(877,833)	3,939,143
Reportable segment profit or loss	\$ 53,690	58,486	(28,896)	2,165,673	6,396	512,630	(864,665)	1,903,314
<u>2023 April to June</u>								
Revenue:								
Revenue from external customers	\$ 86,878	1,330,470	123,710	944,932	1,082,259	71,339	-	3,639,588
Inter-segment income	10,863	490	-	718,167	432	13	(729,965)	-
Total revenue	\$ 97,741	1,330,960	123,710	1,663,099	1,082,691	71,352	(729,965)	3,639,588
Reportable segment profit or loss	\$ 52,978	25,509	(52,638)	2,167,815	(87,435)	439,660	(717,730)	1,828,159
<u>2024 January to June</u>								
Revenue:								
Revenue from external customers	\$ 186,090	2,687,741	189,914	965,320	2,849,478	111,100	-	6,989,643
Inter-segment income	22,259	81	-	1,259,826	2,267	203	(1,284,636)	-
Total revenue	\$ 208,349	2,687,822	189,914	2,225,146	2,851,745	111,303	(1,284,636)	6,989,643
Reportable segment profit or loss	\$ 104,214	124,875	(70,151)	3,418,598	9,533	801,068	(1,249,171)	3,138,966
<u>2023 January to June</u>								
Revenue:								
Revenue from external customers	\$ 173,896	2,694,156	234,685	1,101,104	2,163,576	143,616	-	6,511,033
Inter-segment income	21,704	645	-	1,148,023	493	287	(1,171,152)	-
Total revenue	\$ 195,600	2,694,801	234,685	2,249,127	2,164,069	143,903	(1,171,152)	6,511,033
Reportable segment profit or loss	\$ 105,996	29,982	(75,442)	3,386,956	(145,777)	830,093	(1,134,136)	2,997,672