

**ASSOCIATED INDUSTRIES CHINA, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
for the Six Months Ended June 30, 2024 and 2023**

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Associated Industries China, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Associated Industries China, Inc. and its subsidiaries 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 notes to the consolidated financial statements, including a summary of significant accounting policies. 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

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of 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(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$23,648 thousand and \$102,347 thousand, constituting 2.67% and 13.83% of consolidated total assets; and the total liabilities amounting to \$19,691 thousand and \$110,550 thousand, constituting 4.91% and 34.87% of consolidated total liabilities as of June 30, 2024 and 2023, respectively, and the total comprehensive income (loss) amounting to \$(1,189) thousand, \$(14,986) thousand, \$(1,204) thousand and \$(26,712) thousand, constituting 13.57%, 164.68%, 4.71% and 164.05% of the absolute value of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries 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 the Group as of June 30, 2024 and 2023, and of its consolidated financial performance 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 IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As stated in Notes 4(c) and 4(e) to the consolidated financial statements, Associated Industries China, Inc. and its subsidiaries have changed the subsequent measurement of the investment property from the cost model to the fair value model since January 1, 2024, and retroactively restated the consolidated financial statements as of and for the six months ended June 30, 2023. We do not revise the review conclusion accordingly.

The engagement partners on the reviews resulting in this independent auditors’ review report are Au, Yiu-Kwan and Huang, Keng-Chia.

KPMG

Taipei, Taiwan (Republic of China)
August 7, 2024

Notes to Readers

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review 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’ review report and consolidated financial statements, the Chinese version shall prevail.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024, December 31, June 30, January 1, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2024		December 31, 2023 (Restated)		June 30, 2023 (Restated)		January 1, 2023 (Restated)		Liabilities		June 30, 2024		December 31, 2023 (Restated)		June 30, 2023 (Restated)		January 1, 2023 (Restated)	
		Amount	%	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	Amount	%
Current assets:																			
1100	Cash and cash equivalents (note 6(a))	\$ 115,467	13	112,673	14	112,471	14	101,579	12	2100	Short-term borrowings (note 6(j))	\$ 247,884	28	191,685	24	222,816	28	241,358	29
1110	Current financial assets at fair value through profit or loss (note 6(b))	364	-	-	-	-	-	-	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	-	-	2,759	-	2,842	-
1170	Notes and accounts receivable, net (note 6(c))	51,739	6	43,204	5	44,112	5	59,034	7	2130	Current contract liabilities (note 6(t))	4,309	1	4,391	1	3,947	-	3,281	-
1200	Other receivables	942	-	442	-	514	-	377	-	2170	Notes and accounts payable	69,840	8	63,656	8	20,801	3	14,856	3
1300	Inventories, net (note 6(d))	264,622	30	211,461	28	215,703	27	229,022	27	2200	Other payables (note 7)	38,232	4	34,481	4	36,370	5	33,941	4
1410	Prepayments	34,912	4	31,226	4	29,332	4	33,780	4	2250	Current provisions	3,693	-	3,787	-	4,152	-	3,380	-
1470	Other current assets	3,715	-	1,572	-	2,061	-	2,851	-	2280	Current lease liabilities (note 6(l))	8,016	1	4,025	1	7,561	1	9,549	1
		<u>471,761</u>	<u>53</u>	<u>400,578</u>	<u>51</u>	<u>404,193</u>	<u>50</u>	<u>426,643</u>	<u>50</u>	2300	Other current liabilities	4,954	1	6,348	1	4,503	1	5,933	1
Non-current assets:																			
1600	Property, plant and equipment (notes 6(f) and 8)	121,921	14	123,023	15	129,939	16	131,950	16	2530	Bonds payable, current portion (note 6(m))	-	-	-	-	9,237	1	17,099	2
1755	Right-of-use assets (note 6(g))	28,153	3	6,206	1	10,795	1	15,328	2			<u>376,928</u>	<u>43</u>	<u>308,373</u>	<u>39</u>	<u>312,146</u>	<u>39</u>	<u>332,239</u>	<u>40</u>
1760	Investment property, net (notes 6(h) and 8)	233,000	26	233,000	29	225,000	28	225,000	27	2570	Deferred tax liabilities	2,192	-	2,192	-	2,192	-	2,192	-
1780	Intangible assets (notes 6(i) and 8)	23,363	3	25,185	3	27,111	4	29,338	4	2580	Non-current lease liabilities (note 6(l))	20,866	2	2,645	-	3,937	1	6,642	1
1900	Other non-current assets (note 8)	6,795	1	6,613	1	8,505	1	7,593	1	2600	Other non-current liabilities	906	-	906	-	906	-	891	-
		<u>413,232</u>	<u>47</u>	<u>394,027</u>	<u>49</u>	<u>401,350</u>	<u>50</u>	<u>409,209</u>	<u>50</u>			<u>23,964</u>	<u>2</u>	<u>5,743</u>	<u>-</u>	<u>7,035</u>	<u>1</u>	<u>9,725</u>	<u>1</u>
												<u>400,892</u>	<u>45</u>	<u>314,116</u>	<u>39</u>	<u>319,181</u>	<u>40</u>	<u>341,964</u>	<u>41</u>
Total liabilities																			
Equity attributable to owners of parent: (notes 6(q) and 6(r))																			
										3110	Common stock	546,566	62	552,186	69	552,186	69	545,326	65
										3200	Capital surplus	33,551	4	30,302	4	30,296	4	29,328	4
											Retained earnings:								
										3310	Legal reserve	52,704	6	52,704	7	52,704	7	52,704	6
										3320	Special reserve	79,510	9	79,510	10	79,510	9	79,510	10
										3350	Accumulated deficits	(140,460)	(16)	(104,490)	(13)	(94,094)	(12)	(83,853)	(10)
												(8,246)	(1)	27,724	4	38,120	4	48,361	6
										3400	Other equity interest	(104,078)	(12)	(111,773)	(14)	(117,417)	(15)	(116,038)	(14)
										3500	Treasury shares	-	-	(24,831)	(3)	(24,831)	(3)	(24,831)	(3)
												<u>467,793</u>	<u>53</u>	<u>473,608</u>	<u>60</u>	<u>478,354</u>	<u>59</u>	<u>482,146</u>	<u>58</u>
										3600	Non-controlling interests (note 6(e))	16,308	2	6,881	1	8,008	1	11,742	1
												<u>484,101</u>	<u>55</u>	<u>480,489</u>	<u>61</u>	<u>486,362</u>	<u>60</u>	<u>493,888</u>	<u>59</u>
												<u>884,993</u>	<u>100</u>	<u>794,605</u>	<u>100</u>	<u>805,543</u>	<u>100</u>	<u>835,852</u>	<u>100</u>
												<u>884,993</u>	<u>100</u>	<u>794,605</u>	<u>100</u>	<u>805,543</u>	<u>100</u>	<u>835,852</u>	<u>100</u>
												<u>884,993</u>	<u>100</u>	<u>794,605</u>	<u>100</u>	<u>805,543</u>	<u>100</u>	<u>835,852</u>	<u>100</u>
												<u>884,993</u>	<u>100</u>	<u>794,605</u>	<u>100</u>	<u>805,543</u>	<u>100</u>	<u>835,852</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues, net (note 6(t)):								
4110	\$	127,230	99	123,252	99	246,916	99	247,161	99
4310		1,360	1	1,289	1	2,721	1	2,578	1
		128,590	100	124,541	100	249,637	100	249,739	100
5000	Operating costs (notes 6(d), 6(n), 6(o) and 12)								
5950		78,193	61	72,906	59	147,941	59	148,601	60
		50,397	39	51,635	41	101,696	41	101,138	40
	Gross profit from operations								
	Operating expenses (notes 6(o) and 12):								
6100		33,391	26	32,952	26	68,239	27	66,033	26
6200		17,611	14	19,905	16	43,693	18	34,400	14
6300		9,100	7	10,999	9	19,442	8	19,553	8
6450		191	-	103	-	126	-	63	-
		60,293	47	63,959	51	131,500	53	120,049	48
	Net operating loss								
		(9,896)	(8)	(12,324)	(10)	(29,804)	(12)	(18,911)	(8)
	Non-operating income and expenses:								
7100		348	-	300	-	373	-	308	-
7190		39	-	54	-	215	-	320	-
7230		842	1	1,551	1	718	-	1,736	1
7235		346	-	(514)	-	577	-	(1,069)	-
7510		(1,711)	(1)	(1,972)	(2)	(3,141)	(1)	(4,072)	(2)
7610		-	-	(13)	-	-	-	(13)	-
		(136)	-	(594)	(1)	(1,258)	(1)	(2,790)	(1)
7900	Loss before tax								
		(10,032)	(8)	(12,918)	(11)	(31,062)	(13)	(21,701)	(9)
7950	Less: Income tax expenses (note 6(p))								
		415	-	571	-	510	-	1,089	-
	Net loss								
		(10,447)	(8)	(13,489)	(11)	(31,572)	(13)	(22,790)	(9)
8300	Other comprehensive income:								
8360	Items that may be reclassified subsequently to profit or loss:								
8361		1,682	1	4,685	4	6,003	3	7,099	3
8300	Other comprehensive income, net								
		1,682	1	4,685	4	6,003	3	7,099	3
8500	Total comprehensive income (loss)								
	\$	(8,765)	(7)	(8,804)	(7)	(25,569)	(10)	(15,691)	(6)
	Total net income, attributable to:								
8610	\$	(7,953)	(6)	(7,357)	(6)	(24,985)	(10)	(10,241)	(4)
8620		(2,494)	(2)	(6,132)	(5)	(6,587)	(3)	(12,549)	(5)
	\$	(10,447)	(8)	(13,489)	(11)	(31,572)	(13)	(22,790)	(9)
	Comprehensive income (loss) attributable to:								
8710	\$	(6,271)	(5)	(2,672)	(2)	(18,982)	(7)	(3,142)	(1)
8720		(2,494)	(2)	(6,132)	(5)	(6,587)	(3)	(12,549)	(5)
	\$	(8,765)	(7)	(8,804)	(7)	(25,569)	(10)	(15,691)	(6)
	Earnings per share (note 6(s))								
9750	\$	(0.14)		(0.14)		(0.46)		(0.20)	
9850	\$	(0.14)		(0.14)		(0.46)		(0.20)	

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the six months ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity interest			Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Accumulated deficits		Unrealized losses from financial assets measured at fair value through other comprehensive income	Unearned employee benefits	Total other equity interest				
Balance at January 1, 2023	\$ 545,326	29,328	52,704	79,510	(146,560)	(79,626)	(33,710)	(2,702)	(116,038)	(24,831)	419,439	11,742	431,181
Effects of retrospective restatements	-	-	-	-	62,707	-	-	-	-	-	62,707	-	62,707
Balance at January 1, 2023 after restatement	545,326	29,328	52,704	79,510	(83,853)	(79,626)	(33,710)	(2,702)	(116,038)	(24,831)	482,146	11,742	493,888
Loss for the six months ended June 30, 2023	-	-	-	-	(10,241)	-	-	-	-	-	(10,241)	(12,549)	(22,790)
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	7,099	-	-	7,099	-	7,099	-	7,099
Total comprehensive loss for the six months ended June 30, 2023	-	-	-	-	(10,241)	7,099	-	-	7,099	-	(3,142)	(12,549)	(15,691)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	365	-	-	-	-	-	-	-	-	365	-	365
Share-based payment transactions	6,860	603	-	-	-	-	-	(8,478)	(8,478)	-	(1,015)	-	(1,015)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	8,815	8,815
Balance at June 30, 2023 after restatement	\$ 552,186	30,296	52,704	79,510	(94,094)	(72,527)	(33,710)	(11,180)	(117,417)	(24,831)	478,354	8,008	486,362
Balance at January 1, 2024 after restatement	\$ 552,186	30,302	52,704	79,510	(104,490)	(71,900)	(33,710)	(6,163)	(111,773)	(24,831)	473,608	6,881	480,489
Loss for the six months ended June 30, 2024	-	-	-	-	(24,985)	-	-	-	-	-	(24,985)	(6,587)	(31,572)
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	6,003	-	-	6,003	-	6,003	-	6,003
Total comprehensive loss for the six months ended June 30, 2024	-	-	-	-	(24,985)	6,003	-	-	6,003	-	(18,982)	(6,587)	(25,569)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,563)	-	-	(10,985)	-	-	-	-	-	(15,548)	-	(15,548)
Share-based payment transactions	(5,620)	7,812	-	-	-	-	-	1,692	1,692	24,831	28,715	-	28,715
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	16,014	16,014
Balance at June 30, 2024	\$ 546,566	33,551	52,704	79,510	(140,460)	(65,897)	(33,710)	(4,471)	(104,078)	-	467,793	16,308	484,101

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2024	2023 (Restated)
Cash flows from (used in) operating activities:		
Loss before tax	\$ (31,062)	(21,701)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	6,508	6,834
Amortization expense	3,266	3,425
Expected credit reversal gain	(126)	(63)
Losses (gains) on financial assets or liabilities at fair value through profit or loss	(577)	1,069
Interest expense	3,141	4,072
Interest income	(373)	(308)
Restricted employee share compensation costs	(3,766)	(1,015)
Compensation costs of share-based payments	7,650	-
Loss on disposal of property, plant and equipment	-	13
Others	378	365
Total adjustments to reconcile loss	16,101	14,392
Changes in operating assets and liabilities:		
Increase (Decrease) in current financial liabilities at fair value through profit or loss	301	(1,152)
Decrease (increase) in notes and accounts receivable	(8,409)	14,985
Increase in other receivables	(499)	(309)
Decrease (increase) in inventories	(53,161)	13,319
Decrease (increase) in prepayments	(3,320)	3,089
Decrease (increase) in other current assets	(2,143)	790
Decrease (increase) in other assets	1,260	(193)
Increase (decrease) in contract liabilities	(82)	666
Increase in notes and accounts payable	6,184	5,945
Increase in other payables	3,613	2,823
Increase (decrease) in provisions	(113)	767
Decrease in other current liabilities	(1,394)	(1,429)
Total changes in operating assets and liabilities	(57,763)	39,301
Total adjustments	(41,662)	53,693
Cash inflows (outflows) generated from operations	(72,724)	31,992
Interest received	373	308
Interest paid	(3,141)	(4,074)
Income taxes paid	(690)	41
Net cash flows from (used in) operating activities	(76,182)	28,267
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(668)	(140)
(Increase) decrease in refundable deposits	(906)	74
Acquisition of intangible assets	(1,444)	(1,198)
(Increase) decrease in prepayments for equipment	(362)	(793)
Net cash flows used in investing activities	(3,380)	(2,057)
Cash flows (used in) from financing activities:		
Increase (decrease) in short-term borrowings	56,199	(18,542)
Increase in bonds payable	-	953
Increase in guarantee deposits received	-	15
Payment of lease liabilities	(4,632)	(4,853)
Treasury shares purchased by employees	24,836	-
Net cash flows (used in) from financing activities	76,403	(22,427)
Effect of exchange rate changes on cash and cash equivalents	5,953	7,109
Net increase in cash and cash equivalents	2,794	10,892
Cash and cash equivalents at beginning of period	112,673	101,579
Cash and cash equivalents at end of period	\$ 115,467	112,471

See accompanying notes to consolidated financial statements.

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

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2024 and 2023

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

(1) Company history

Associated Industries China, Inc. (the “Company”) was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company and its subsidiaries (together referred to as the “Group”) are (1) research, development and sale of LCD monitors, and related components, (2) sale of medical equipment, (3) real estate rental business and (4) research and development, manufacture and sale of medical equipment and health care products.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on August 7, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which 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”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS 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 (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to 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. 	January 1, 2027

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group 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 without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies

(a) Statement of compliance

These 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 Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material 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 information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	AG Neovo International Ltd. (AG Neovo International)	Investment	100 %	100 %	100 %	(Note 1)
The Company	AG Neovo Technology B.V. (AG Neovo B.V)	Sale of LCD monitors	100 %	100 %	100 %	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100 %	100 %	100 %	(Note 1)

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Taiwan Biophotonic Co. (tBPC)	Research and development, manufacture and sale of medical equipment and health care products	72.73 % (Note 2)	56.98 % (Note 2)	67.19 % (Note 1, 2)	
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100 %	100 %	100 %	(Note 1)
AG Neovo International	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipment	100 %	100 %	100 %	(Note 1)

Note 1: A non-significant subsidiary, wherein its financial statements have not been reviewed.

Note 2: In April, June, July, October of 2023, and March of 2024, the Company exercised its right to convert the convertible bonds issued by tBPC, respectively, and obtained a total of 294,670 thousand shares. In May 2024, the Company increased its capital in cash in tBPC by \$29,620, and obtained 98,733 thousand shares, the Company's shareholding ratio increased to 72.73% as of June 30, 2024.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Investment property

The Board of Directors resolved a decision on March 11, 2024, to change the accounting policy for the subsequent measurement of the investment property from the cost model to the fair value model starting from January 1, 2024. Please refer to Note 4(f) for details on the changes in accounting policies.

The investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. The investment property is measured at cost on initial recognition, and subsequently at fair value, and any changes are recognized in profit or loss.

Any gain or loss on disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from the investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(f) Reasons and effects of accounting changes

The management of the Group evaluated that, in order to more reasonably reflect the value and performance of the investment property, so that the financial statements provide reliable and more relevant information on the impact of the relevant transactions on the Company's financial position, financial performance or cash flows, it is proposed that starting from January 1, 2024, the Group changed the subsequent measurement of the investment property from the cost model to the fair value model.

According to the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, this accounting policy should be applied retrospectively. The comparative information after the restatement and the impact of changes in this accounting policy on the consolidated financial statements of the Group are explained as follows:

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Consolidated Balance Sheet on January 1, 2023	Carrying amount before restatement	Impact of changes in accounting policies	Carrying amount after restatement
Investment property	\$ 160,101	64,899	225,000
Deferred income tax liabilities	-	2,192	2,192
Retained earnings	(146,560)	62,707	(83,853)
Consolidated Balance Sheet on June 30, 2023	Carrying amount before restatement	Impact of changes in accounting policies	Carrying amount after restatement
Investment property	\$ 159,510	65,490	225,000
Deferred income tax liabilities	-	2,192	2,192
Retained earnings	(157,392)	63,298	(94,094)
Consolidated Balance Sheet on December 31, 2023	Carrying amount before restatement	Impact of changes in accounting policies	Carrying amount after restatement
Investment property	\$ 158,918	74,082	233,000
Deferred income tax liabilities	-	2,192	2,192
Retained earnings	(176,380)	71,890	(104,490)
Consolidated Statements of Comprehensive Income for the six months ended June 30, 2023	Carrying amount before restatement	Impact of changes in accounting policies	Carrying amount after restatement
Operating costs	\$ 149,193	(592)	148,601

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs Accounting Standards (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, the preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated 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 uncertainties in the following assumptions and estimates with significant risks of causing the carrying amount of assets and liabilities to be adjusted significantly in the next fiscal year are as follows:

- Fair value of investment properties

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The subsequent measurement of the investment property of the Group is evaluated by the discounted cash flow analysis method under the income approach, and Level 3 inputs are used in the fair value valuation technique.

Please refer to note 6(h) for relevant information on the assumptions adopted to measure the fair value.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Petty cash, checking accounts and demand deposits	\$ 90,567	101,773	109,571
Time deposits	<u>24,900</u>	<u>10,900</u>	<u>2,900</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 115,467</u>	<u>112,673</u>	<u>112,471</u>

Please refer to note 6(v) for the exchange rate risk, the interest rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss-current

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Mandatorily measured at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>364</u>	<u>-</u>	<u>-</u>
Mandatorily measured at fair value through profit or loss financial liabilities			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>-</u>	<u>-</u>	<u>27</u>
Financial liabilities designated at fair value through profit or loss-current			
Component of convertible bonds	\$ <u>-</u>	<u>-</u>	<u>2,732</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily designated at fair value through profit or loss:

	June 30, 2024		
	Contract amount (in thousands)	Currency	Maturity date
Financial assets:			
Forward exchange sold	EUR <u>1,471</u>	EUR to USD	2024.07.05~2024.08.19
	June 30, 2023		
	Contract amount (in thousands)	Currency	Maturity date
Financial liabilities:			
Forward exchange sold	EUR <u>280</u>	EUR to USD	2023.07.17~2023.07.27

- (ii) tBPC, a subsidiary of the Group, issued convertible bonds including the main contract debt instrument and the conversion right derivatives. As of June 30, 2023, the fair value of the conversion right amounting to \$2,732 was recognized as financial liabilities at fair value through profit or loss.

- (c) Notes and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable from operating activities	\$ 648	1,021	4
Accounts receivable-measured at amortized cost	<u>51,128</u>	<u>42,346</u>	<u>44,126</u>
	51,776	43,367	44,130
Less: Loss allowance	<u>(37)</u>	<u>(163)</u>	<u>(18)</u>
	<u>\$ 51,739</u>	<u>43,204</u>	<u>44,112</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance was determined as follows:

	June 30, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 44,521	0%	-
Less than 30 days past due	3,829	0.16%	6
31 to 90 days past due	<u>3,426</u>	0.90%	<u>31</u>
	<u>\$ 51,776</u>		<u>37</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 30,179	0%	-
Less than 30 days past due	10,327	0.26%	27
31 to 90 days past due	2,543	1.61%	41
91 to 180 days past due	318	29.87%	95
	\$ 43,367		163
	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 39,849	0%	-
Less than 30 days past due	4,092	0.22%	9
31 to 90 days past due	175	5.14%	9
91 to 180 days past due	14	0.00%	-
	\$ 44,130		18

The movements in the allowance for notes and accounts receivable were as follows:

	For the six months ended June 30,	
	2024	2023
Balance at January 1	\$ 163	81
Impairment losses reversed	(126)	(63)
Balance at June 30	\$ 37	18

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(d) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ -	1,141	2,562
Work in progress	901	991	2,085
Raw materials	483	528	4,432
Merchandise inventories	263,238	208,801	206,624
	\$ 264,622	211,461	215,703

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The details of cost of sales for the three months and six months ended June 30, 2024 and 2023, were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Cost of goods sold and expenses	\$ 79,994	71,007	148,157	146,993
Inventory valuation loss and obsolescence (reversal gain)	(1,902)	1,796	(422)	1,400
	<u>\$ 78,092</u>	<u>72,803</u>	<u>147,735</u>	<u>148,393</u>

For the three months and six months ended June 30, 2024, the Group reversed allowance for inventory valuation loss and obsolescence due to sale of obsolete stock amounting to \$1,902 and \$422, respectively.

For the three months and six months ended June 30, 2023, the write-down of inventories to net realizable value amounted to \$1,796 and \$1,400, respectively.

As of June 30, 2024, December 31 and June 30, 2023, the Group did not provide any inventories as collaterals for its loans.

(e) **Material non-controlling interests of subsidiaries**

The Company exercised its rights to convert the 2nd of three, 1st of four, 2nd of four and 3rd of four batches of matured convertible bonds issued by tBPC in April, June, July and October of 2023, and converted the 1st of five and 2nd of five batches of matured convertible bonds in March of 2024 in advance, with the convertible prices of \$0.3 New Taiwan Dollars, \$0.2 New Taiwan Dollars, \$0.2 New Taiwan Dollars, \$0.1 New Taiwan Dollars, and \$0.3 New Taiwan Dollars per share, at the book values of \$8,640 (including interest receivable of \$640), \$12,528 (including interest receivable of \$928), \$6,480 (including interest receivable of \$480), \$6,480 (including interest receivable of \$480), \$18,222 (including interest receivable of \$1,222), and \$13,587 (including interest receivable of \$587), resulting in the acquisition of 28,800 thousand, 62,640 thousand, 32,400 thousand, 64,800 thousand and 106,030 thousand shares, respectively, totaling 294,670 thousand shares. In May 2024, the Company increased its investment in tBPC by \$29,620 in cash, and obtained 98,733 thousand shares. Due to the aforementioned transactions, it resulted in a decrease in capital surplus by \$6,408 based on the difference between carrying amount and investment. As of June 30, 2024, the Company's shareholding ratio was 72.73%.

For the conversion of tBPC convertible bonds into common stock during the six months ended June 30, 2024, it resulted in a decrease in the Company's capital surplus by \$9,140 based on the carrying amount difference. Due to the aforementioned transaction, it resulted in a decrease in capital surplus by \$3,541 and retained earnings by \$10,985, respectively.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Taiwan Biophotonic Co. (tBPC)	Taiwan	27.27 %	43.02 %	32.81 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(i) tBPC collective financial information

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current assets	\$ 35,044	22,300	32,299
Non-current assets	33,230	37,550	48,759
Current liabilities	(7,129)	(41,195)	(52,702)
Non-current liabilities	(1,342)	(2,660)	(3,953)
Net assets	<u>\$ 59,803</u>	<u>15,995</u>	<u>24,403</u>
Non-controlling interests	<u>\$ 16,308</u>	<u>6,881</u>	<u>8,008</u>

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Sales revenue	<u>\$ 1,600</u>	<u>1,300</u>	<u>2,205</u>	<u>1,551</u>
Net loss (as same as total comprehensive loss)	<u>\$ (8,529)</u>	<u>(14,100)</u>	<u>(19,023)</u>	<u>(23,931)</u>
Loss, attributable to non-controlling interests	<u>\$ (2,494)</u>	<u>(6,133)</u>	<u>(6,587)</u>	<u>(12,550)</u>
Total comprehensive loss, attributable to non-controlling interests	<u>\$ (2,494)</u>	<u>(6,133)</u>	<u>(6,587)</u>	<u>(12,550)</u>

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net cash flows used in operating activities	\$ (15,327)	(18,593)
Net cash flows used in investing activities	(1,775)	(1,866)
Net cash flows from financing activities	30,685	16,180
Net decrease (increase) in cash and cash equivalents	<u>\$ 13,583</u>	<u>(4,279)</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Group for the six months ended June 30, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery equipment</u>	<u>Other equipment</u>	<u>Transportation equipment</u>	<u>Equipment to be accepted</u>	<u>Total</u>
Cost:							
Balance on January 1, 2024	\$ 95,104	29,484	7,092	24,091	502	6,653	162,926
Additions	-	-	-	668	-	-	668
Disposals	-	-	-	(218)	-	-	(218)
Transferred in (out)	-	-	-	-	-	(174)	(174)
Effect of movements in exchange rates	-	-	126	529	29	-	684
Balance on June 30, 2024	<u>\$ 95,104</u>	<u>29,484</u>	<u>7,218</u>	<u>25,070</u>	<u>531</u>	<u>6,479</u>	<u>163,886</u>
Balance on January 1, 2023	\$ 95,104	29,484	6,810	23,910	502	6,653	162,463
Additions	-	-	-	140	-	-	140
Disposals	-	-	-	(560)	-	-	(560)
Effect of movements in exchange rates	-	-	31	160	7	-	198
Balance on June 30, 2023	<u>\$ 95,104</u>	<u>29,484</u>	<u>6,841</u>	<u>23,650</u>	<u>509</u>	<u>6,653</u>	<u>162,241</u>
Depreciation:							
Balance on January 1, 2024	\$ -	10,154	5,635	18,152	223	5,739	39,903
Depreciation	-	306	181	1,043	87	-	1,617
Disposals	-	-	-	(216)	-	-	(216)
Effect of movements in exchange rates	-	-	126	521	14	-	661
Balance on June 30, 2024	<u>\$ -</u>	<u>10,460</u>	<u>5,942</u>	<u>19,500</u>	<u>324</u>	<u>5,739</u>	<u>41,965</u>
Balance on January 1, 2023	\$ -	9,307	5,275	15,876	55	-	30,513
Depreciation	-	507	190	1,368	84	-	2,149
Disposals	-	-	-	(547)	-	-	(547)
Effect of movements in exchange rates	-	-	31	154	2	-	187
Balance on June 30, 2023	<u>\$ -</u>	<u>9,814</u>	<u>5,496</u>	<u>16,851</u>	<u>141</u>	<u>-</u>	<u>32,302</u>
Book value:							
Balance on January 1, 2024	<u>\$ 95,104</u>	<u>19,330</u>	<u>1,457</u>	<u>5,939</u>	<u>279</u>	<u>914</u>	<u>123,023</u>
Balance on June 30, 2024	<u>\$ 95,104</u>	<u>19,024</u>	<u>1,276</u>	<u>5,570</u>	<u>207</u>	<u>740</u>	<u>121,921</u>
Balance on January 1, 2023	<u>\$ 95,104</u>	<u>20,177</u>	<u>1,535</u>	<u>8,034</u>	<u>447</u>	<u>6,653</u>	<u>131,950</u>
Balance on June 30, 2023	<u>\$ 95,104</u>	<u>19,670</u>	<u>1,345</u>	<u>6,799</u>	<u>368</u>	<u>6,653</u>	<u>129,939</u>

As of June 30, 2024, December 31 and June 30, 2023, the property, plant and equipment has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(g) Right-of-use assets

The Group leases many assets including buildings and transportation. The movements of cost and depreciation of those assets were as below:

	<u>Buildings</u>	<u>Transportation</u>	<u>Total</u>
Cost:			
Balance on January 1, 2024	\$ 35,375	15,925	51,300
Additions	22,283	4,324	26,607
Effect of movements in foreign exchange rates	1,126	387	1,513
Balance on June 30, 2024	<u>\$ 58,784</u>	<u>20,636</u>	<u>79,420</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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	<u>Buildings</u>	<u>Transportation</u>	<u>Total</u>
Balance on January 1, 2023	\$ 34,798	15,354	50,152
Effect of movements in foreign exchange rates	651	501	1,152
Balance on June 30, 2023	<u>\$ 35,449</u>	<u>15,855</u>	<u>51,304</u>
Depreciation:			
Balance on January 1, 2024	\$ 30,910	14,184	45,094
Depreciation	4,397	494	4,891
Effect of movements in foreign exchange rates	954	328	1,282
Balance on June 30, 2024	<u>\$ 36,261</u>	<u>15,006</u>	<u>51,267</u>
Balance on January 1, 2023	\$ 23,244	11,580	34,824
Depreciation	3,538	1,147	4,685
Effect of movements in foreign exchange rates	597	403	1,000
Balance on June 30, 2023	<u>\$ 27,379</u>	<u>13,130</u>	<u>40,509</u>
Carrying amounts:			
Balance on January 1, 2024	<u>\$ 4,465</u>	<u>1,741</u>	<u>6,206</u>
Balance on June 30, 2024	<u>\$ 22,523</u>	<u>5,630</u>	<u>28,153</u>
Balance on January 1, 2023	<u>\$ 11,554</u>	<u>3,774</u>	<u>15,328</u>
Balance on June 30, 2023	<u>\$ 8,070</u>	<u>2,725</u>	<u>10,795</u>

(h) Investment property

The investment property include the buildings and underground parking lots the Group rents to the lessee under operating leases. The initial period of the leased investment property is 2 years. At the end of a lease term, the Group will negotiate the subsequent lease terms with the lessee, and the lease term is from January 1, 2024 to December 31, 2026.

The change in the Group's the investment property is as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Book value			
Balance on January 1, 2024 after restatement	<u>\$ 173,305</u>	<u>59,695</u>	<u>233,000</u>
Balance on June 30, 2024	<u>\$ 173,305</u>	<u>59,695</u>	<u>233,000</u>
Balance on January 1, 2023 after restatement	<u>\$ 164,106</u>	<u>60,894</u>	<u>225,000</u>
Balance on June 30, 2023 after restatement	<u>\$ 164,106</u>	<u>60,894</u>	<u>225,000</u>

There were no significant additions, disposals, or significant changes in fair value of the investment property for the six months ended June 30, 2024 and 2023.

Level 3 inputs were used in the valuation technique for the subsequent measurement of the fair value of the investment property of the Group. There was no transfers in or out of the Level 3 fair value hierarchy in the period.

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The subsequent measurement of the investment property of the Group was evaluated by the discounted cash flow analysis method under the income approach, and the relevant important contract terms and valuation information were as follows:

(i) December 31, 2023

Property	5F-2 and underground parking lot, No. 3-1, Yuanqu St, Nangang District, Taipei City
Important contract terms	1.Rent : \$450/month (Including value-added business tax 5%) 2.Lease term : 2 years (From January 1, 2022 to December 31, 2023)
Current status	For rent
Discount rate	3.695%
External or in-house appraisal	External appraisal
Appraisal company	Home Ban Appraisers Joint Firm
Name of appraiser	Ching-Tang Li, Fang-Mei,Fu
Date of appraisal	December 31, 2023
Fair value of external appraisal	\$233,000

(ii) January 1, 2023

Property	5F-2 and underground parking lot, No. 3-1, Yuanqu St, Nangang District, Taipei City
Important contract terms	1.Rent : \$450/month (Including value-added business tax 5%) 2.Lease term : 2 years (From January 1, 2022 to December 31, 2023)
Current status	For rent
Discount rate	3.57%
External or in-house appraisal	External appraisal
Appraisal company	Home Ban Appraisers Joint Firm
Name of appraiser	Ching-Tang Li, Fang-Mei,Fu
Date of appraisal	January 1, 2023
Fair value of external appraisal	\$225,000

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The valuation of the fair value of the investment property and the changes in cash inflows and outflows in the future periods were determined based on the above-mentioned lease agreements, and the relevant information was as follows:

1) Actual rent and the annual rental growth rate

Regarding the rental growth rate, according to the lease contract assessment, the annual growth rate is 2.11%.

From January 1, 2024 to December 31, 2024, the monthly rent is \$475, including 5% value-added business tax. From January 1, 2025 to December 31, 2026, the monthly rent will be \$485, including 5% value-added business tax.

2) Estimation of discount rate

The discount rate is determined by the risk premium method, which uses certain interest rates as the basis for estimation, and taking into account the individual characteristics of the investment property, the above-mentioned certain interest rates, shall not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75 percentage points. It also takes into account of the differences in individual characteristics of the individual properties and is determined based on factors such as the liquidity, risk, value-added, and the ease of management. Therefore, the discount rates on December 31 and January 1 2023, were calculated to be 3.695% and 3.57%, respectively.

3) Estimation of ending disposal value

The ending disposal value is obtained by direct capitalization of the income method, which is calculated by dividing the net income (NOI) in the eleventh year by the ending income capitalization rate, taking into account the rental capitalization rate of commercial properties, and deducting the expense rate and the vacancy rate. The capitalization rate of the ending income from the individual properties was then determined to be 0.95%. The ending property disposal prices as of December 31 and January 1, 2023 were \$284,413 and \$270,638, respectively.

4) The abovementioned fair value valuation techniques and significant unobservable inputs are explained in the following table:

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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<u>Fair value valuation technique</u>	<u>Significant unobservable input</u>	<u>Interrelationships between significant unobservable inputs and fair value measurements</u>
The discounted cash flow analysis (DCF) using the income approach is adopted to evaluate the contractual rent provided by the Group.	Risk-adjusted discount rate on December 31, 2023 : 3.695%	The estimated fair value would increase (or decrease) if:
Discounted cash flow analysis using the income approach:	January 1, 2023 : 3.57%	The risk-adjusted discount rate decreases (increases).
It refers to the method of estimating the price of the appraised property by summing up the net income of each period and the ending value of the future discounted cash flows after discounting at an appropriate discount rate. The method is applicable to the valuation of properties for investment purposes.		

(iii) There was no significant difference between the fair value of the investment property of the Group on June 30, 2024, on June 30, 2023 and December 31, 2023, and January 1, 2023.

(iv) Please refer to Note 8 for the pledged on the Group's investment properties as collateral.

(i) Intangible assets

The cost and amortization of intangible assets of the Group were as follows:

	<u>Patent</u>	<u>Computer software and others</u>	<u>Total</u>
Cost:			
Balance on January 1, 2024	\$ 34,838	15,716	50,554
Addition	<u>1,369</u>	<u>75</u>	<u>1,444</u>
Balance on June 30, 2024	<u>\$ 36,207</u>	<u>15,791</u>	<u>51,998</u>
Balance on January 1, 2023	\$ 31,467	15,092	46,559
Addition	<u>898</u>	<u>300</u>	<u>1,198</u>
Balance on June 30, 2023	<u>\$ 32,365</u>	<u>15,392</u>	<u>47,757</u>
Amortization and impairment loss:			
Balance on January 1, 2024	\$ 10,302	15,067	25,369
Amortization	<u>3,120</u>	<u>146</u>	<u>3,266</u>
Balance on June 30, 2024	<u>\$ 13,422</u>	<u>15,213</u>	<u>28,635</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Patent</u>	<u>Computer software and others</u>	<u>Total</u>
Balance on January 1, 2023	\$ 4,343	12,878	17,221
Amortization	<u>2,772</u>	<u>653</u>	<u>3,425</u>
Balance on June 30, 2023	<u>\$ 7,115</u>	<u>13,531</u>	<u>20,646</u>
Book value:			
Balance on January 1, 2024	<u>\$ 24,536</u>	<u>649</u>	<u>25,185</u>
Balance on June 30, 2024	<u>\$ 22,785</u>	<u>578</u>	<u>23,363</u>
Balance on January 1, 2023	<u>\$ 27,124</u>	<u>2,214</u>	<u>29,338</u>
Balance on June 30, 2023	<u>\$ 25,250</u>	<u>1,861</u>	<u>27,111</u>

As of December 31 and June 30, 2023, the intangible assets have been pledged as collateral for convertible bonds. Please refer to note 8.

(j) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured bank loans	\$ 68,384	61,685	74,816
Secured bank loans	<u>179,500</u>	<u>130,000</u>	<u>148,000</u>
Total	<u>\$ 247,884</u>	<u>191,685</u>	<u>222,816</u>
Unused credit lines for short-term borrowings	<u>\$ 231,116</u>	<u>269,462</u>	<u>256,184</u>
Range of interest rates	<u>2.185%~6.84%</u>	<u>2.06%~6.91%</u>	<u>2.28%~6.99%</u>

Please refer to note 6(v) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The Group provided property, plant and equipment and the investment property as collaterals for its bank loans. Please refer to note 8.

(k) Provisions — warranties

There were no significant changes in provisions for the six months ended June 30, 2024 and 2023. Please refer to note 6(m) of the 2023 annual consolidated financial statements for the related information.

Provisions related to sale of products are assessed based on historical information.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Lease liabilities

The details of lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	<u>\$ 8,016</u>	<u>4,025</u>	<u>7,561</u>
Non-current	<u>\$ 20,866</u>	<u>2,645</u>	<u>3,937</u>

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 295</u>	<u>78</u>	<u>514</u>	<u>167</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,347</u>	<u>1,511</u>	<u>2,691</u>	<u>2,828</u>
Expenses relating to short-term leases	<u>\$ 997</u>	<u>355</u>	<u>1,055</u>	<u>653</u>

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

	For the six months ended June 30,	
	2024	2023
Total cash outflow from leases	<u>\$ 8,892</u>	<u>8,501</u>

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

(ii) Other leases

The Group leases vehicle, with lease terms of two to five years.

The Group also leases office equipment with contract terms of less than one year. These leases are short-term leases or low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Bonds payable

The Group's bonds payable was determined as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Domestic secured convertible bonds payable	\$ -	30,000	41,300
Components of the conversion option	-	-	(3,063)
Elimination through consolidation	-	(30,000)	(29,000)
Balance on June 30	<u>\$ -</u>	<u>-</u>	<u>9,237</u>

Please refer to note 6 (b) for the components of the conversion option issued in 2023.

The consolidated subsidiary, tBPC, fully converted its secured convertible bonds into ordinary shares upon maturity in April, June, July, and October 2023, respectively. Moreover, the Company subscribed the 170 units and 130 units of tBPC's secured convertible bonds in May and September 2023, at a par value of \$100 per unit, which were fully converted into ordinary shares in March, 2024.

The holder of each unit of bonds has the right to convert each unit of bonds into shares of common stock of tBPC at a price equal to the net worth per share of tBPC's most recently unaudited and unreviewed financial statements as of the date of issuance, adjusted to the net worth per share of tBPC's most recently unaudited and unreviewed financial statements as of the date of conversion or the net worth in the tBPC's unaudited and unreviewed financial statements, one month before the shareholders' meeting for the issuance of convertible bonds using the following formula: $\text{Adjusted Conversion Price} = \text{Conversion price before adjustment} \times \left(\frac{\text{the net worth per share reflected in the tBPC's unaudited and unreviewed financial statements one month before the date of conversion, or the net worth in the tBPC's unaudited and unreviewed financial statements one month before the shareholders' meeting for the issuance of convertible bonds, divided by the net worth per share in the tBPC's unaudited and unreviewed financial statements one month before date of issuance, or the net worth in the tBPC's unaudited and unreviewed financial statements one month before the shareholders' meeting for the issuance of convertible bonds}}{\text{the net worth per share in the tBPC's unaudited and unreviewed financial statements one month before the date of conversion, or the net worth in the tBPC's unaudited and unreviewed financial statements one month before the shareholders' meeting for the issuance of convertible bonds}} \right)$. The conversion period is from the day following the expiration date, three months after the issue date to expiry date. If the bonds are not converted at that time, they will be repaid in cash at 8% of the par value of the bonds, plus accrued interest on the expiry date.

(n) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) sets out information about the operating leases of the investment property.

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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Less than one year	\$ 5,486	5,428	2,571
One to two years	5,543	5,543	-
Two to three years	<u>2,771</u>	<u>5,543</u>	<u>-</u>
Total undiscounted lease payments	<u>\$ 13,800</u>	<u>16,514</u>	<u>2,571</u>

For the three months and six months ended June 30, 2024 and 2023, the rental income recognized in operating revenue amounted to \$1,360, \$1,289, \$2,721 and \$2,578, respectively; the direct costs incurred in rental, which were recognized as operating costs, amounted to \$101, \$103, \$206 and \$208, respectively.

(o) Employee benefits

The Company and tBPC allocated no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and tBPC allocated a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating cost	\$ 9	8	18	16
Selling expenses	574	503	1,151	1,068
Administrative expenses	611	519	1,201	1,024
Research and development expenses	<u>305</u>	<u>294</u>	<u>624</u>	<u>578</u>
Total	<u>\$ 1,499</u>	<u>1,324</u>	<u>2,994</u>	<u>2,686</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(p) Income taxes

(i) Income tax expenses

The details of income tax expenses were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Current tax expenses for the periods	\$ <u>415</u>	<u>571</u>	<u>510</u>	<u>1,089</u>

(ii) The Company's income tax returns for the years through 2021 have been examined by the tax authorities.

(q) Capital and other equities

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 2024 and 2023. For the related information, please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2023.

(i) Ordinary shares

As of June 30, 2024, December 31 and June 30, 2023, the Company's authorized common stocks were consisting of 200,000 thousand shares with a par value of \$10 New Taiwan dollars per share amounted \$2,000,000 of which 54,657 thousand shares, 55,219 thousand shares and 55,219 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for June 30, 2024 and 2023 were as follows:

	Unit: in thousand shares	
	For the six months ended	
	June 30,	
	2024	2023
Balance on January 1	55,219	54,533
Issuance of new restricted employee shares	-	1,300
Cancellation of new restricted employee shares	(562)	(614)
Balance on June 30	<u>54,657</u>	<u>55,219</u>

The Company awarded 1,300 thousand shares of employee restricted shares in April 2023. Please refer to note 6(t) to the consolidated financial statements for the year ended December 31, 2023.

562 thousand and 614 thousand shares of employee restricted shares were repurchased by the Company in June 30, 2024 and 2023, respectively, as certain employees of the Company did not meet the vesting requirements, and the cancellation procedure had been completed.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Additional paid-in capital	\$ 20,106	20,106	20,106
Share-based payments transactions cost	6,628	-	-
Restricted employee shares	(141)	(303)	(302)
Employee stock options-expired	5,343	5,343	5,343
Donation from shareholders	1,615	1,615	1,615
Changes in equity in subsidiaries	-	3,541	3,534
	<u>\$ 33,551</u>	<u>30,302</u>	<u>30,296</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

Based on the resolutions made during the annual stockholder's meeting held on June 20, 2024 and June 20, 2023, respectively, there are no earnings could be distributed in 2023 and 2022, respectively, no dividends are planned to be distributed, the related information can be accessed through the Market observation Post System website.

(iv) Treasury shares

The Company repurchased 2,760 thousand treasury shares in accordance with the relevant provisions of the Securities and Exchange Act to transfer the shares to employees.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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Movements of treasury shares were as follows:

	2024		2023	
	Share (thousands)	Amount	Share (thousands)	Amount
Balance at the beginning of the period	2,760	\$ 24,831	2,760	24,831
Transfer of treasury shares to employees	(2,760)	(24,831)	-	-
Balance at the end of the period	<u>-</u>	<u>\$ -</u>	<u>2,760</u>	<u>24,831</u>

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged. These shares do not carry any shareholder rights until they are transferred.

(r) Share-based payment

(i) Treasury stock transferred to employees

The Company granted the treasury stock to eligible employees, including those of the Company and its subsidiaries in accordance with the relevant plan. The key terms and conditions related to the grants were disclosed as follows:

Grant date	Total shares granted	Vesting conditions	Share price(New Taiwan Dollars)	Exercise price(New Taiwan Dollars)	Fair value per unit(New Taiwan Dollars)
Mar. 18, 2024	1,500 thousand shares	Vest immediately	\$ 11.4	9.09	2.31
Mar. 18, 2024	1,260 thousand shares	Vest immediately	11.4	8.89	2.51

The fair value of the share-based payments granted on the grant date was estimated by the Group, and the Group recognized employee stock option compensation cost of \$6,628 for the six months ended June 30, 2024. The aforementioned treasury stock transfer was completed in April 2024.

(ii) Restricted employee shares

Except for the following disclosure, there were no significant changes in share-based payment during the periods from January 1 to June 30, 2024 and 2023. For the related information, please refer to note 6(t) to the consolidated financial statements for the year ended December 31, 2023.

On March 15, 2023, the Board of Directors decided to issue 1,300 thousand shares, and the base date of the capital increase was April 20, 2023. The employee restricted shares to full-time employees of the Company and its domestic and overseas subsidiaries who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC.

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The information of the Company's restricted stock was as follows:

	Unit: in thousand shares	
	For the six months ended	
	June 30,	
	<u>2024</u>	<u>2023</u>
Outstanding units on January 1	1,804	1,118
Granted during the year	-	1,300
Forfeited during the periods	<u>(562)</u>	<u>(614)</u>
Outstanding units on June 30	<u><u>1,242</u></u>	<u><u>1,804</u></u>

As of June 30, 2024 and 2023, the unearned employee compensation balances were \$4,471 and \$11,180, respectively. A total of 562 and 614 thousand employee restricted shares were retrieved and canceled due to failure or loss of qualifications to meet the vesting requirements for the six months ended June 30, 2024 and 2023. The effective date of capital reduction was June 21, 2024 and March 15, 2023.

The expenses reversed by the Group for employee restricted shares were \$(3,766) and \$(1,015) for the six months ended June 30, 2024 and 2023, respectively.

(s) Earnings (losses) per share

The Group's basic earnings (losses) per share was computed as follows:

	<u>For the three months</u>		<u>For the six months</u>	
	<u>ended June 30,</u>		<u>ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Basic earnings per share				
Belong to parent company net loss	\$ <u>(7,953)</u>	<u>(7,357)</u>	<u>(24,985)</u>	<u>(10,241)</u>
Weighted-average number of outstanding shares (in thousands)	<u>56,175</u>	<u>50,655</u>	<u>54,810</u>	<u>50,655</u>
Basic earnings (losses) per share (dollars)	\$ <u>(0.14)</u>	<u>(0.14)</u>	<u>(0.46)</u>	<u>(0.20)</u>
Diluted earnings per share				
Belong to parent company net loss	\$ <u>(7,953)</u>	<u>(7,357)</u>	<u>(24,985)</u>	<u>(10,241)</u>
Weighted-average number of outstanding common shares (in thousands)	56,175	50,655	54,810	50,655
Employee restricted shares	-	-	-	-
Weighted-average number of outstanding common shares (After adjusting for dilutive potential common share impact)	<u>56,175</u>	<u>50,655</u>	<u>54,810</u>	<u>50,655</u>
Diluted earnings (losses) per share (dollars)	\$ <u>(0.14)</u>	<u>(0.14)</u>	<u>(0.46)</u>	<u>(0.20)</u>

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For the six months ended June 30, 2024 and 2023, the employee restricted shares had an anti-dilutive effect; hence, no diluted losses per share were required to be computed.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Primary geographical markets:				
Netherlands	\$ 9,947	20,875	19,968	38,209
Germany	46,177	40,711	93,173	71,856
Switzerland	9,658	7,217	15,483	12,116
United States	10,388	18,621	21,814	44,486
Others	<u>52,420</u>	<u>37,117</u>	<u>99,199</u>	<u>83,072</u>
	<u>\$ 128,590</u>	<u>124,541</u>	<u>249,637</u>	<u>249,739</u>
Major products / services lines:				
LED monitors	\$ 122,154	119,990	239,059	241,003
Medical equipment	200	248	385	809
Other accessories	4,876	3,014	7,472	5,349
Rental income	<u>1,360</u>	<u>1,289</u>	<u>2,721</u>	<u>2,578</u>
	<u>\$ 128,590</u>	<u>124,541</u>	<u>249,637</u>	<u>249,739</u>

(ii) Contract balances

- 1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).
- 2) Contract liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Contract liabilities (Receipt in advance)	<u>\$ 4,309</u>	<u>4,391</u>	<u>3,947</u>

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amount of revenue recognized for the six months ended June 30, 2024 and 2023, that included in the contract liability balance at the beginning of the periods were \$176 and \$1,194, respectively.

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(u) Employees' compensation and directors' remuneration

According to the Company's Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employees' remuneration and a maximum of 2% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

Due to loss before tax for the six months ended June 30, 2024 and 2023, no employees' compensation and directors' remuneration was recognized.

(v) Financial instruments

Except for the contention mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(x) to the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk of receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
June 30, 2024				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 247,884	(249,120)	(249,120)	-
Notes and accounts payable	69,840	(69,840)	(69,840)	-
Lease liabilities (including current and non-current)	28,882	(31,967)	(9,270)	(22,697)
Other payables	38,232	(38,232)	(38,232)	-
Guaranteed deposits	<u>906</u>	<u>(906)</u>	<u>-</u>	<u>(906)</u>
	<u>\$ 385,744</u>	<u>(390,065)</u>	<u>(366,462)</u>	<u>(23,603)</u>

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
December 31, 2023				
Non-derivative financial liabilities:				
Short-term borrowings	\$ 191,685	(192,360)	(192,360)	-
Notes and accounts payable	63,656	(63,656)	(63,656)	-
Lease liabilities (including current and non-current)	6,670	(6,832)	(4,149)	(2,683)
Other payables	34,481	(34,481)	(34,481)	-
Guarantee deposits	<u>906</u>	<u>(906)</u>	<u>-</u>	<u>(906)</u>
	<u>\$ 297,398</u>	<u>(298,235)</u>	<u>(294,646)</u>	<u>(3,589)</u>
June 30, 2023				
Non-derivative financial liabilities:				
Bonds payable, current portion	\$ 9,237	(9,727)	(9,727)	-
Short-term borrowings	222,816	(224,607)	(224,607)	-
Notes and accounts payable	20,801	(20,801)	(20,801)	-
Lease liabilities (including current and non-current)	11,498	(11,778)	(7,753)	(4,025)
Other payables	36,370	(36,370)	(36,370)	-
Guaranteed deposits	906	(906)	-	(906)
Derivative financial liabilities:				
Forward exchange contracts	27			-
Outflow		(9,483)	(9,483)	-
Inflow		9,456	9,456	-
Convertible bonds-conversion right (recognized as financial liabilities at fair value through profit or loss)	<u>2,732</u>	<u>(2,732)</u>	<u>(2,732)</u>	<u>-</u>
	<u>\$ 304,387</u>	<u>(306,948)</u>	<u>(302,017)</u>	<u>(4,931)</u>

The Group does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	\$	972 USD/NTD =32.45	31,541	809 USD/NTD =30.705	24,840	1,174 USD/NTD =31.14			36,558
USD		111 USD/EUR =1.0696	119	355 USD/EUR =1.1067	393	53 USD/EUR =1.0857			58
USD		105 USD/CNY =7.3003	767	6 USD/CNY =7.0961	43	5 USD/CNY =7.2723			36
Financial liabilities									
Monetary items									
USD		1,816 USD/NTD =32.45	58,929	1,860 USD/NTD =30.705	57,111	765 USD/NTD =31.14			23,822
USD		421 USD/EUR =1.0696	450	133 USD/EUR =1.1067	147	111 USD/EUR =1.0857			121
USD	-	USD/CNY =7.3003	-	- USD/CNY =7.0961	-	- USD/CNY =7.2723			-

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, loss before tax for the six months ended June 30, 2024 and 2023 would have been affected as follows:

	June 30, 2024	June 30, 2023
USD (against NTD)		
Appreciate 5%	\$ (1,369)	637
Depreciate 5%	1,369	(637)
USD (against EUR)		
Appreciate 5%	(17)	(3)
Depreciate 5%	17	3
USD (against CNY)		
Appreciate 5%	38	2
Depreciate 5%	(38)	(2)

The analysis is performed on the same basis for both periods.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the three months and six months ended June 30, 2024 and 2023, the foreign exchange gains, including realized and unrealized ones, amounted to \$842, \$1,551, \$718 and \$1,736, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

	Carrying amount		
	June 30, 2024	December 31, 2023	June 30, 2023
Variable rate instruments:			
Financial assets	\$ 79,845	99,637	95,211
Financial liabilities	(247,884)	(191,685)	(222,816)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by \$210 and \$160 for the six months ended June 30, 2024 and 2023, respectively, which would mainly result from the bank savings, time deposits and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required:

	June 30, 2024					
	<u>Book value</u>	Fair value			<u>Total</u>	
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets at fair value through profit or loss:						
Derivative financial assets	\$ <u>364</u>	-	364	-	364	
Financial assets measured at amortized cost:						
Cash and cash equivalents	115,467	-	-	-	-	
Notes and accounts receivable	51,739	-	-	-	-	
Other receivables	942	-	-	-	-	
Refundable deposits (recognized as other non-current assets)	<u>6,190</u>	-	-	-	-	
	<u>174,338</u>					
	<u>\$ 174,702</u>					
Financial liabilities measured at amortized cost:						
Short-term borrowing	247,884	-	-	-	-	
Notes and accounts payable	69,840	-	-	-	-	
Lease liabilities (current and non-current)	28,882	-	-	-	-	
Other payables	38,232	-	-	-	-	
Guaranteed deposits	<u>906</u>	-	-	-	-	
	<u>\$ 385,744</u>					
		December 31, 2023				
	<u>Book value</u>	Fair Value			<u>Total</u>	
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$ 112,673	-	-	-	-	
Notes and accounts receivable	43,204	-	-	-	-	
Other receivables	442	-	-	-	-	
Refundable deposits (recognized as other non-current assets)	<u>5,284</u>	-	-	-	-	
	<u>\$ 161,603</u>					

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost:					
Short-term borrowing	191,685	-	-	-	-
Notes and accounts payable	63,656				
Lease liabilities (current and non-current)	6,670	-	-	-	-
Other payables	34,481				
Guaranteed deposits	906				
	<u>\$ 297,398</u>				
	June 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 112,471	-	-	-	-
Notes and accounts receivable	44,112	-	-	-	-
Other receivables	514	-	-	-	-
Refundable deposits (recognized as other non-current assets)	5,473	-	-	-	-
	<u>\$ 162,570</u>				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	\$ 2,759	-	-	2,759	2,759
Financial liabilities measured at amortized cost:					
Convertible bonds - debt component	9,237	-	-	-	-
Short-term borrowing	222,816	-	-	-	-
Notes and accounts payable	20,801	-	-	-	-
Lease liabilities (current and non-current)	11,498	-	-	-	-
Other payables	36,370	-	-	-	-
Guaranteed deposits	906	-	-	-	-
	<u>301,628</u>				
	<u>\$ 304,387</u>				

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

- 3) Fair value valuation technique for financial instruments measured at fair value

- a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

- b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants such as the discounted cash flow or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

- 4) There was no transfer among fair value hierarchies for the six months ended June 30, 2024 and 2023.

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(y) of the 2023 annual consolidated financial statements.

- (x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6(z) of the 2023 annual consolidated financial statements for other related information.

- (y) Investing and financing activities not affecting current cash flow

- (i) The Group's investing and financing activity which did not affect the current cash flow for the six months ended June 30, 2024 and 2023 were as follows: The acquisition of right-of-use assets by lease, please refer to note 6(g).

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes		June 30, 2024
			Additions	Effect of movements in exchange rates	
Short-term borrowings	\$ 191,685	56,199	-	-	247,884
Deposits received	906	-	-	-	906
Lease liabilities	6,670	(4,632)	26,607	237	28,882
Total liabilities from financing activities	<u>\$ 199,261</u>	<u>51,567</u>	<u>26,607</u>	<u>237</u>	<u>277,672</u>

	January 1, 2023	Cash flows	Non-cash changes		June 30, 2023
			Changes in non-controlling interests	Effect of movements in exchange rates	
Short-term borrowings	\$ 241,358	(18,542)	-	-	222,816
Bonds payable	17,099	953	(8,815)	-	9,237
Deposits received	891	15	-	-	906
Lease liabilities	16,191	(4,853)	-	160	11,498
Total liabilities from financing activities	<u>\$ 275,539</u>	<u>(22,427)</u>	<u>(8,815)</u>	<u>160</u>	<u>244,457</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Yu-Teng, Li	Substantial related party (tBPC's director)(note1)

note1: The individual was no longer a related party since April 2023.

(b) Significant transactions with related parties

(i) Loans from related party and interest

Account	Category of related party	June 30, 2024	December 31, 2023	June 30, 2023	
Short-term borrowings	Substantial related party	\$ -	-	-	
		For the three months ended June 30,		For the six months ended June 30,	
		2024	2023	2024	2023
Interest expense		\$ -	-	-	52

The interest rates of the Group's unsecured borrowings from related party was negotiated by both parties. The above mentioned borrowings and associated interest expenses had been fully paid in June 2023.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 3,866	3,601	8,340	7,743
Post-employment benefits	155	148	313	293
	\$ 4,021	3,749	8,653	8,036

(8) Assets pledged as security:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	June 30, 2024	December 31, 2023	June 30, 2023
Land and buildings	Guarantee for short-term loans and credit line	\$ 114,128	114,434	114,774
Investment property	"	233,000	233,000	225,000
Restricted deposits (rerecognized as other non-current assets)	Warranty guarantee	3,526	2,334	2,444
Intangible assets	Bonds payable	-	1,377	1,507
		\$ 350,654	351,145	343,725

(9) Commitments and contingencies:

(a) Significant commitments not yet recognized:

As of June 30, 2024, the Group assigned a bank to offer the guarantee amounting to \$3,600 for the contract.

(b) Unused and outstanding letters:

As of June 30, 2024, December 31 and June 30, 2023, the unused balances of the Group's letters of credit amounted to \$0, \$17,853 and \$0, respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the three months ended June 30,					
	2024			2023 (Restated)		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	192	26,325	26,517	146	29,857	30,003
Labor and health insurance	21	3,758	3,779	24	3,226	3,250
Pension	9	1,490	1,499	8	1,316	1,324
Others	1	447	448	(10)	756	746
Depreciation	652	2,331	2,983	763	2,649	3,412
Amortization	169	1,401	1,570	150	1,548	1,698

By function	For the six months ended June 30,					
	2024			2023 (Restated)		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
By item						
Employee benefits						
Salary	376	65,190	65,566	292	53,608	53,900
Labor and health insurance	42	7,572	7,614	58	7,029	7,087
Pension	18	2,976	2,994	16	2,670	2,686
Others	5	909	914	(8)	1,482	1,474
Depreciation	1,297	5,211	6,508	1,572	5,262	6,834
Amortization	487	2,779	3,266	267	3,158	3,425

(b) Seasonality of operations

The Group's operations were not significantly affected by seasonality or cyclicity factors.

(13) Other disclosures:

(a) Information on significant transactions

The followings are the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the six months ended June 30, 2024:

(i) Loans to other parties: None.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	AG Neovo B.V	100% owned subsidiary	467,793	150,000	150,000	2,279	-	32.07 %	467,793	Yes	No	No
0	The Company	AG Neovo USA	100% owned subsidiary	467,793	40,000	40,000	10,384	-	8.55 %	467,793	Yes	No	No

Note : According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company's net worth.

(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units))

Company holding securities	Security type and name	Relationship with the Company	Account	June 30, 2024				Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income – non-current	6,025	-	3.54 %	-	Note 1

Note 1: Stocks are comprised of 552 preferred shares and 5,473 common shares at the reporting date.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase/(Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	AG Neovo B.V	100% owned subsidiary	(Sale)	(145,324)	(58) %	90 days net from date of invoice	The price is not comparable with that of the general customers.	90 days net from date of invoice; actual payments would depend on the capital demand.	Note 1	-%	Note 2

Note 1 : As of June 30, 2024, the amount of receipt in advance was \$94,570.

Note 2 : The left transactions have been eliminated in the preparation of consolidated financial statements.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
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(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Significant transactions and business relationship between the Company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	2024 Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts	Amount	Terms	
0	The Company	AG Neovo B.V	1	Operating revenues	145,324	The price is marked up based on the cost; and the payment terms depends on the capital demand.	58.21 %
0	The Company	AG Neovo B.V	1	Receipt in advance	94,570	The price is marked up based on the cost; and the payment terms depends on the capital demand.	10.69 %
0	The Company	AG Neovo USA	1	Operating revenues	3,719	The price is marked up based on the cost; and the payment terms depends on the capital demand.	1.49 %
0	The Company	AG Neovo USA	1	Receipt in advance	32,428	The price is marked up based on the cost; and the payment terms depends on the capital demand.	3.66 %

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

- 1 represents the transactions from the parent company to its subsidiaries.
- 2 represents the transactions between the subsidiaries and the parent company.
- 3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and shares in thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of June 30, 2024			Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
				June 30, 2024 (Note 1)	December 31, 2023 (Note 1)	Shares	Percentage of ownership	Carrying amount (Note 1)			
The Company	AG Neovo International	British Virgin Islands	Investment	343,957	343,957	0.8	100 %	30,066	(2,123)	(2,123)	Note 3
The Company	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100 %	217,355	(2,835)	(2,835)	"
The Company	AG Neovo Investment	British Virgin Islands	Investment	24,521	14,796	0.8	100 %	10,364	(1,109)	(1,109)	"
The Company	Taiwan Biophotonic Corporation	Taiwan	Research and development, manufacture and sale of medical equipment and health care products	187,884	126,455	403,498	73 %	43,495	(19,023)	(12,436)	"
AG Neovo International	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	97,350 (US\$3,000)	97,350 (US\$3,000)	702	100 %	26,021 (US\$802)	(1,484) (US\$46)	Recognized by AG Neovo International	"

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD32.45 at reporting date.

Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.9089 based on the average exchange rate at reporting date.

Note 3: The left transactions have been eliminated in the preparation of the consolidated financial statements.

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ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and shares in thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of June 30, 2024 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Notes 3)	Carrying amount as of June 30, 2024 (Note 2)	Accumulated remittance of earnings as of June 30, 2024
					Outflow	Inflow						
AG Neovo (Shanghai)	Sales of LCD monitors	25,960 (US\$800)	Note 1	16,225 (US\$500)	9,735 (US\$300)	-	25,960 (US\$800)	(1,109) (US\$(35))	100%	(1,109) (US\$(35))	10,364 (US\$319)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated investment in Mainland China as of June 30, 2024 (Notes 2 and 4)	Investment amounts authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper limit on investment
140,703 (US\$4,336)	140,703 (US\$4,336)	280,676

Note 1 : Indirect investment in Mainland China through companies registered in the third region.

Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD32.45 at reporting date.

Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.9089 based on the average exchange rate at reporting date.

Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
CTBC in custody for Top Group Holdings, Ltd.		8,011,294	14.50 %
David Pi		3,502,541	6.34 %

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	For the three months ended June 30, 2024					
	Europe	America	Taiwan	Others	Adjustment & Elimination	Total
Revenue						
Revenue from external customers	\$ 113,073	9,905	4,988	624	-	128,590
Revenue from segments	498	703	77,989	-	(79,190)	-
Total revenue	<u>\$ 113,571</u>	<u>10,608</u>	<u>82,977</u>	<u>624</u>	<u>(79,190)</u>	<u>128,590</u>
Reportable segment profit (loss)	<u>\$ (1,620)</u>	<u>(2,127)</u>	<u>(16,141)</u>	<u>(899)</u>	<u>10,755</u>	<u>(10,032)</u>
Reportable segment assets						<u>\$ 884,993</u>
Reportable segment liabilities						<u>\$ 400,892</u>

(Continued)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30, 2023					
	<u>Europe</u>	<u>America</u>	<u>Taiwan</u>	<u>Others</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
Revenue						
Revenue from external customers	\$ 101,203	17,501	4,632	1,205	-	124,541
Revenue from segments	<u>1,522</u>	<u>-</u>	<u>63,606</u>	<u>36</u>	<u>(65,164)</u>	<u>-</u>
Total revenue	<u>\$ 102,725</u>	<u>17,501</u>	<u>68,238</u>	<u>1,241</u>	<u>(65,164)</u>	<u>124,541</u>
Reportable segment profit (loss)	<u>\$ 602</u>	<u>1,510</u>	<u>(8,260)</u>	<u>(15,888)</u>	<u>9,118</u>	<u>(12,918)</u>
Reportable segment assets						<u>\$ 805,543</u>
Reportable segment liabilities						<u>\$ 319,181</u>

	For the six months ended June 30, 2024					
	<u>Europe</u>	<u>America</u>	<u>Taiwan</u>	<u>Others</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
Revenue						
Revenue from external customers	\$ 217,295	21,333	9,875	1,134	-	249,637
Revenue from segments	<u>574</u>	<u>703</u>	<u>149,043</u>	<u>-</u>	<u>(150,320)</u>	<u>-</u>
Total revenue	<u>\$ 217,869</u>	<u>22,036</u>	<u>158,918</u>	<u>1,134</u>	<u>(150,320)</u>	<u>249,637</u>
Reportable segment profit (loss)	<u>\$ (2,350)</u>	<u>(2,097)</u>	<u>(35,371)</u>	<u>(9,747)</u>	<u>18,503</u>	<u>(31,062)</u>
Reportable segment assets						<u>\$ 884,993</u>
Reportable segment liabilities						<u>\$ 400,892</u>

	For the six months ended June 30, 2023					
	<u>Europe</u>	<u>America</u>	<u>Taiwan</u>	<u>Others</u>	<u>Adjustment & Elimination</u>	<u>Total</u>
Revenue						
Revenue from external customers	\$ 196,621	43,520	8,189	1,409	-	249,739
Revenue from segments	<u>1,522</u>	<u>-</u>	<u>138,109</u>	<u>36</u>	<u>(139,667)</u>	<u>-</u>
Total revenue	<u>\$ 198,143</u>	<u>43,520</u>	<u>146,298</u>	<u>1,445</u>	<u>(139,667)</u>	<u>249,739</u>
Reportable segment profit (loss)	<u>\$ 2,541</u>	<u>(3,377)</u>	<u>(13,986)</u>	<u>(19,864)</u>	<u>12,985</u>	<u>(21,701)</u>
Reportable segment assets						<u>\$ 805,543</u>
Reportable segment liabilities						<u>\$ 319,181</u>