Stock Code
1727

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.

Parent Company Only Financial Statements and Independent Auditors' Report

For the years ended December 31, 2024 and 2023

Address: No.15, Gongye 5th Rd., Guanyin Dist., Taoyuan City
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CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
CONTENTS OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

Independent auditors' report

Chung Hwa Chemical Industrial Works. Ltd.：

Auditing opinion

We have audited the accompanying parent company only balance sheets of Chung Hwa Chemical Industrial Works. Ltd. as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to parent company only financial statements, (including a summary of significant accounting policies).

In our opinion, the aforementioned separate financial statements present fairly, in all material respects, the separate financial position of Chung Hwa Chemical Industrial Works. Ltd. as of December 31, 2024 and 2023, and its separate financial performance and separate cash flows for the years ended December 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of auditing opinion

Our audit was conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Chung Hwa Chemical Industrial Works. Ltd. in accordance with the Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidence has been obtained in order to serve as the basis for presenting the audit opinion.

Critical audit items

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Chung Hwa Chemical Industrial Works. Ltd. for the year ended December 31, 2024. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

The key audit matters regarding the parent company only financial statements of Chung Hwa Chemical Industrial Works. Ltd. for the year 2024 are described as follows:

<u>Appropriateness of sales revenue cutoff</u>

<u>Description of key audit matters</u>

For the accounting policies related to the recognition of revenue, please refer to note 4 (XV) of the parent company only financial statements; for the accounting items, please refer to note 6 (XXIII) of the parent company only financial statements.

The net operating revenue of Chung Hwa Chemical Industrial Works. Ltd. for the year 2024 amounted to NTD 2,083,083 thousand. The primary operating revenue is derived from the sale of goods. In accordance with International Financial Reporting Standards (IFRS) No. 15, "Revenue from Contracts with Customers," revenue from the sale of goods is recognized when the performance obligation is satisfied, which typically occurs upon the transfer of goods. However, if the delivery terms are other than recognizing revenue upon the shipment of goods, meaning the performance obligation is satisfied at different points in time, there is a risk that revenue recognized near the end of the reporting period may not be recorded in the correct period. Therefore, we have identified the appropriateness of sales revenue cutoff as one of the most significant audit matters for the current year.

Audit procedures for the response

The principal audit procedures that we have implemented for the appropriateness of the above-mentioned sales revenue termination are as follows:

1. Understanding and testing the design and operating effectiveness of internal controls over the timing of sales revenue recognition.
2. Conducting sales revenue cutoff tests for a specific period around the end of the reporting period, including verifying the relevant supporting documents and contract conditions, and assessing whether the products recognized in the revenue have fulfilled the performance obligation.
3. To perform the balance confirmation that the accounts receivable as of the end of the financial reporting period to confirm that the accounts receivable and sales revenue are recorded in the correct period to meet the point of revenue recognition.

Appropriateness of depreciation of property, plant, and equipment

Description of key audit matters

For the accounting policies related to the depreciation of property, plant and equipment, please refer to note 4 (VIII) of the parent company only financial statements; for the accounting items, please refer to note 6 (VII) of the parent company only financial statements.

As of December 31, 2024, the amount of property, plant and equipment of Chung Hwa Chemical Industrial Works. Ltd. was NTD 1,863,619 thousand, accounting for 61.40% of the total assets. According to IAS 16 “Property, Plant and Equipment”, property, plant and equipment should be depreciated when the asset is available for use. As the capital expenditure of property, plant and equipment and subsidiaries is significant, the appropriateness of the depreciation is determined to have a significant impact on the financial performance of Chung Hwa Chemical Industrial Works. Ltd.. Therefore, we have listed the appropriateness of the depreciation of the property, plant and equipment as one of the most important matters in this year’s audit.

Audit procedures for the response

The principal audit procedures that we have implemented for the appropriateness of depreciation of the above-mentioned property, plant and equipment are as follows:

1. Understanding the conditions for the depreciation assets to be available for use and related accounting treatment.
2. Understanding and testing the design and operating effectiveness of key internal controls over the timing of depreciation commencement upon the transfer to depreciable assets.
3. Performing sample checks to confirm the accuracy of the date assets are deemed available for use and the proper commencement of depreciation.
4. Performing sample checks to confirm the justifications for construction in progress and equipment awaiting verification not being available for use.

Responsibilities of the management and the governing body for the parent company only financial statements

Management is responsible for the preparation of parent company only financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for maintaining such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of Chung Hwa Chemical Industrial Works. Ltd. to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless the management either intends to liquidate Chung Hwa Chemical Industrial Works. Ltd. or to cease operations, or has no other realistic alternative but to do so.

Governing body (including Audit Committee) of Chung Hwa Chemical Industrial Works. Ltd. has the responsibility to supervise the process of financial report.

Auditor's responsibilities for the audit of the parent company only financial statements

The purpose of our audit of the parent company only financial statements is to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists in the parent company only financial statements. The deceptive presentation may arise from fraud or error. If the individual amount or the total amount in the deceptive presentation can reasonably be expected to affect the economic decision made by the user of the parent company only financial statements, the deceptive presentation is considered material.

When we audit the financial statements in accordance with the auditing standards, we exercise professional judgment and professional skepticism. We also perform the following tasks:

1. Identify and assess the risk of material misstatement arising from fraud or error in the parent company only financial statements; design and execute appropriate countermeasures for the risks assessed; and obtain sufficient and appropriate audit evidence to serve as the basis for the audit opinion. The risk of material misstatement arising from fraud is higher than that arising from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Chung Hwa Chemical Industrial Works. Ltd..
3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures.
4. Conclude the appropriateness of the management's adoption of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Chung Hwa Chemical Industrial Works. Ltd. to continue as a going concern. If we believe that there is a major uncertainty of such event or circumstance, we must remind the user of the parent company only financial statements to pay attention to relevant disclosures in the parent company only financial statements in our auditor's report, or, if such disclosure is inadequate, we must modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may cause Chung Hwa

Chemical Industrial Works. Ltd. to no longer be able to continue as a going concern.

5. Assess the overall presentation, structure and content of the parent company only financial statements (including related notes), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our communications with those charged with governing body include the planned scope and timing of the audit, as well as significant audit findings (including significant deficiencies in internal control that we identified during our audit).

We have also provided those charged with governing body with a statement that persons in the firm who are subject to independence requirements have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence (including related safeguards).

We determined the key audit matters for the audit of the parent company only financial statements of Chung Hwa Chemical Industrial Works. Ltd. for the year 2024 from the matters communicated with those charged with governing body. We communicate these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that the adverse consequences of doing so would outweigh the public interest benefits of such communication.

PKF Taiwan

CPA: Kuo-Cheng Kao

CPA: Po-Yen Hsu

Securities and Futures Bureau, Financial Supervisory Commission
Approval reference number: Jin-Guan-Zheng-Shen-Zi No. 1040011979
Approval reference number: (90)Tai-Tsai-Cheng-(6)-145560
February 26, 2025

Chung Hwa Chemical Industrial Works. Ltd.
Parent company only balance sheets
December 31, 2024 and 2023

Unit: NTD thousand

Assets			December 31, 2024		December 31, 2023	
Code	Accounting items	Notes	Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	6(I)	$ 145,528	4.79	$ 209,123	7.35
1110	Financial assets at fair value through profit or loss - current	6(II)(XVI)	16	-	-	-
1150	Notes receivable, net	6(III)	96,271	3.17	127,281	4.47
1170	Accounts receivable, net	6(III)	394,121	12.98	358,817	12.60
1180	Accounts receivable - net amount of related parties	6(III), 7(II)	14,667	0.48	17,497	0.61
1200	Other receivables	6(IV)	9,650	0.32	4,706	0.17
130X	Inventory	6(V)	265,780	8.76	287,461	10.10
1410	Advances to suppliers	6(XI)	20,910	0.69	10,963	0.39
1470	Other current assets	6(XI)	46,695	1.55	34,017	1.19
	Total of current assets		993,638	32.74	1,049,865	36.88
15XX	Non-current assets					
1550	Investments accounted for using equity method	6(VI)	-	-	-	-
1600	Property, plant and equipment	6(VII), 8	1,863,619	61.40	1,571,498	55.20
1755	Right-of-use assets	6(VIII)	8,542	0.28	7,645	0.27
1760	Net investment property	6(IX)	15,457	0.51	15,565	0.54
1780	Intangible assets	6(X)	599	0.02	-	-
1840	Deferred income tax assets	6(XIX)	15,814	0.52	15,759	0.55
1975	Net defined benefit asset - non-current	6(XVIII)	8,005	0.26	6,267	0.22
1990	Other non-current assets	6(III)(XI)	129,705	4.27	180,481	6.34
	Total of non-current assets		2,041,741	67.26	1,797,215	63.12
	Total assets		$ 3,035,379	100.00	$ 2,847,080	100.00

Liabilities and equity			December 31, 2024		December 31, 2023	
Code	Accounting items	Notes	Amount	%	Amount	%
21XX	Current liabilities					
2100	Short-term loans	6(XII)	$ 259,066	8.53	$ 153,682	5.40
2110	Short-term notes payable	6(XIII)	-	-	34,971	1.23
2120	Financial liabilities at fair value through profit or loss - current	6(II)(XVI)	-	-	599	0.02
2150	Note payable		1,007	0.03	1,533	0.05
2170	Accounts payable		178,738	5.89	156,085	5.48
2200	Other payables	6(XIV)	231,107	7.61	183,374	6.44
2230	Income tax liabilities for the period	6(XIX)	15,093	0.50	3,288	0.11
2280	Lease liabilities - current	6(XV)	4,456	0.16	4,255	0.15
2321	Corporate bonds matured or with put-back rights within one year	6(XVI)	76,789	2.53	274,349	9.64
2399	Other current liabilities - other		757	0.02	2,249	0.08
	Total of current liabilities		767,013	25.27	814,385	28.60
25XX	Non-current liabilities					
2540	Long-term loans	6(XVII)	185,000	6.09	180,000	6.33
2570	Deferred income tax liabilities	6(XIX)	7,157	0.25	7,932	0.28
2580	Lease liabilities - non-current	6(XV)	4,069	0.13	3,430	0.12
2645	Guarantee deposits and margins received		266	0.01	324	0.01
	Total of non-current liabilities		196,492	6.48	191,686	6.74
	Total liabilities		963,505	31.75	1,006,071	35.34
3XXX	Equity					
3100	Share capital					
3110	Common stock	6(XX)	1,244,326	40.99	1,184,643	41.61
3130	Bond conversion entitlement certificates	6(XX)	9,329	0.31	-	-
	Total share capital		1,253,655	41.30	1,184,643	41.61
3200	Capital surplus	6(XX)	369,109	12.16	236,268	8.30
3300	Retained earnings					
3310	Legal reserve	6(XX)	217,760	7.17	213,399	7.49
3320	Special reserve	6(XX)	-	-	15,659	0.55
3350	Unappropriated retained earnings	6(XIX)	231,350	7.62	191,040	6.71
	Total of retained earnings		449,110	14.79	420,098	14.75
3400	Other equity interest	6(XX)	-	-	-	-
	Total equity		2,071,874	68.25	1,841,009	64.66
	Total of liabilities and equity		$ 3,035,379	100.00	$ 2,847,080	100.00

(Please refer to notes and tables to parent company only financial statements and independent auditors' report)

Chairman: Wen-Yuan Kan Manager: Kai-En Kan Chief Accountant: Chih-Ming Chou

Chung Hwa Chemical Industrial Works. Ltd.
Parent company only statements of comprehensive income
For the year ended December 31, 2024 and 2023

Unit: NTD thousand
(Excluding earnings per share in NTD)

Code	Item	Notes	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	6(XXIII), 7(II)	$ 2,083,083	100.00	$ 1,723,975	100.00
5000	Operating costs	6(V)	(1,812,626)	(87.02)	(1,531,261)	(88.82)
5900	Gross profit		270,457	12.98	192,714	11.18
6000	Operating expenses					
6100	Total selling expenses		120,312	5.78	104,096	6.04
6200	Total administrative expenses		62,096	2.98	53,102	3.08
6300	Total research and development expenses		25,921	1.24	24,188	1.40
6450	Expected credit impairment loss (profit)	6(III)	(8,442)	(0.41)	8,269	0.48
	Total of operating expenses		(199,888)	(9.59)	(189,655)	(11.00)
6900	Net operating income		70,569	3.39	3,059	0.18
7000	Non-operating income and expenses					
7100	Total interest income	6(XXIV)	1,456	0.07	1,004	0.06
7010	Other income	6(XXV)	3,044	0.15	3,721	0.22
7020	Other gains and losses	6(XXVI)	2,175	0.10	8,511	0.49
7050	Finance costs	6(XXVII)	(2,115)	(0.10)	(5,991)	(0.35)
7050	Share of profit or loss of subsidiaries accounted for using equity method	6(VI)	-	-	25,027	1.45
	Total of non-operating income and expenses		4,560	0.22	32,272	1.87
7900	Profit before tax		75,129	3.61	35,331	2.05
7950	Income tax benefit (expenses)	6(XIX)	(12,000)	(0.58)	8,400	0.49
8200	Profit		63,129	3.03	43,731	2.54
8300	Other comprehensive income					
8310	Items not reclassified as income					
8311	Remeasurement of defined benefit obligation	6(XVIII)	1,777	0.09	(145)	(0.01)
8349	Income tax relating to items that will not be reclassified to income	6(XIX)	(355)	(0.02)	29	-
	Total of items not reclassified as income		1,422	0.07	(116)	(0.01)
8360	Items that may be reclassified as profit subsequently					
8361	Exchange differences on translation of foreign financial statements	6(VI)	-	-	14,958	0.87
8399	Income tax relating to items that will be reclassified to income subsequently	6(XIX)	-	-	-	-
	Total of Items that may be reclassified as profit subsequently		-	-	14,958	0.87
	Current period other comprehensive income (post-tax profit or loss)		1,422	0.07	14,842	0.86
8500	Total comprehensive income		$ 64,551	3.10	$ 58,573	3.40
9750	Basic earnings per share (NTD/share)	6(XXI)	$ 0.51		$ 0.39	
9850	Diluted earnings per share (NTD/share)	6(XXI)	$ 0.51		$ 0.39	

(Please refer to notes and tables to parent company only financial statements and independent auditors' report)

Chairman: Wen-Yuan Kan Manager: Kai-En Kan Chief Accountant: Chih-Ming Chou

Chung Hwa Chemical Industrial Works. Ltd.
Parent company only statements of changes in equity
For the year ended December 31, 2024 and 2023

Unit: NTD thousand

Item	Share capital			Retained earnings			Other equity items	
	Common stock	Bond conversion entitlement certificates	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance as of January 1, 2023	$ 1,082,500	$ -	$ 36,546	$ 201,251	$ 15,659	$ 246,173	$ (14,958)	$ 1,567,171
Earnings appropriation and distribution:								
Appropriation of legal reserve	-	-	-	12,148	-	(12,148)	-	-
Cash dividends of common shares	-	-	-	-	-	(86,600)	-	(86,600)
Subtotal	-	-	-	12,148	-	(98,748)	-	(86,600)
Net profit of 2023	-	-	-	-	-	43,731	-	43,731
Other comprehensive income of 2023								
Remeasurement of defined benefit obligation	-	-	-	-	-	(116)	-	(116)
Increase or decrease of exchange differences on translation of foreign operations’ financial statements	-	-	-	-	-	-	14,958	14,958
Total comprehensive income of 2023	-	-	-	-	-	43,615	14,958	58,573
Conversion of convertible corporate bonds	102,143	-	199,722	-	-	-	-	301,865
Balance as of December 31, 2023	1,184,643	-	236,268	213,399	15,659	191,040	-	1,841,009
Earnings appropriation and distribution:								
Appropriation of legal reserve	-	-	-	4,361	-	(4,361)	-	-
Cash dividends of common shares	-	-	-	-	-	(35,539)	-	(35,539)
Reversal of special reserve	-	-	-	-	(15,659)	15,659	-	-
Subtotal	-	-	-	4,361	(15,659)	(24,241)	-	(35,539)
Net profit of 2024	-	-	-	-	-	63,129	-	63,129
Other comprehensive income of 2024								
Remeasurement of defined benefit obligation	-	-	-	-	-	1,422	-	1,422
Total comprehensive income of 2024	-	-	-	-	-	64,551	-	64,551
Conversion of convertible corporate bonds	59,683	9,329	132,841	-	-	-	-	201,853
Balance as of December 31, 2024	$ 1,244,326	$ 9,329	$ 369,109	$ 217,760	$ -	$ 231,350	$ -	$ 2,071,874

(Please refer to notes and tables to parent company only financial statements and independent auditors’ report)

Chairman: Wen-Yuan Kan Manager: Kai-En Kan Chief Accountant: Chih-Ming Chou

Chung Hwa Chemical Industrial Works. Ltd.
Parent company only statements of cash flows
For the year ended December 31, 2024 and 2023

Unit: NTD thousand

Item	2024 Amount	2023 Amount
Cash flow of operating activities		
Current net profit before tax	75,129	35,331
Adjustment items		
Income and expense loss items		
Depreciation expenses	234,419	207,291
Amortization expenses	92	-
Expected credit impairment loss (profit)	(8,442)	8,269
Net gain on financial assets and liabilities at fair value through profit or loss	(681)	(3,238)
Interest expenses	2,115	5,991
Interest income	(1,456)	(1,004)
Share of profit of subsidiaries accounted for using equity method	-	(25,027)
Gains from disposal of property, plant and equipment	(583)	(3,081)
Changes in operating activities related assets/liabilities		
Decrease in note receivable	31,010	31,979
Decrease (increase) in accounts receivable	(26,875)	36,855
Accounts receivable - decrease in related parties	2,844	1,320
Increase in other receivable	(5,119)	(261)
Decrease in inventory	21,681	13,003
Increase in advances to suppliers	(9,106)	(935)
Decrease (increase) net defined benefit assets	39	(6,104)
Decrease in note payable	(526)	(15,973)
Increase (decrease) in accounts payable	22,653	(26,698)
Increase (decrease) in other payable	22,151	(14,468)
Decrease in other current liabilities	(1,492)	(3,750)
Cash inflow from operation	357,853	239,500
Interest received	1,623	764
Interest paid	(7,669)	(4,679)
Income tax paid	(251)	(13,818)
Net cash inflow of operating activities	351,556	221,767

(Carried forward)

(Brought forward)

Item	2024 Amount	2023 Amount
Cash flow of investment activities		
Disposal of investments accounted for using equity method	-	156,256
Acquisition of property, plant and equipment	(385,451)	(272,119)
Disposal of property, plant and equipment	1,256	3,366
Increase in refundable deposits	(58,365)	(27,798)
Decrease in refundable deposits	45,241	17,272
Acquisition of intangible assets	(691)	-
Decrease in long-term leases receivables	320	720
Increase in equipment prepayments	(51,992)	(20,101)
Net cash outflow of investment activities	(449,682)	(142,404)
Cash flow of financing activities		
Increase in short-term loans	236,722	130,653
Decrease in short-term loans	(131,338)	(120,452)
Decrease in short-term notes payable	(34,971)	(54,924)
Issuance of long-term loans	477,000	380,000
Repayment of long-term loans	(472,000)	(200,000)
Increase in deposits received	42	-
Decrease in deposits received	(100)	-
Principal repayment of lease liabilities	(5,285)	(4,714)
Allocation of cash dividends	(35,539)	(86,600)
Net cash inflow of financing activities	34,531	43,963
Increase (decrease) in cash and cash equivalents for the period	(63,595)	123,326
Balance of cash and cash equivalents in the beginning of the period	209,123	85,797
Balance of cash and cash equivalents in the end of the period	$ 145,528	$ 209,123

(Please refer to notes and tables to parent company only financial statements and independent auditors' report)

Chairman: Wen-Yuan Kan Manager: Kai-En Kan Chief Accountant: Chih-Ming Chou

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD. AND SUBSIDIARIES
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the year ended December 31, 2024 and 2023
(Unless otherwise stated, all amounts are in NTD)

I. Company history

The Company is a listed company incorporated in accordance with the provisions of the Company Act of the Republic of China, the Securities Exchange Act and other relevant laws and regulations. The Company was incorporated on October 30, 1956 and then listed on Taiwan Stock Exchange upon the approval of the competent authority on September 11, 2000. The registered address and main business premise is located at No. 15, Gongye 5th Rd, Shulin Village, Guanyin District, Taoyuan City. The Group's principal activities include manufacturing and retail of sulfuric acid and other chemical industrial raw materials, and trading of finished products, as well as design of related chemical engineering, industrial investment, chemical raw materials, import and export trade, and agency distribution.

II. Dates and procedures for the financial statement approval

The financial statements were approved by the Company's Board of Directors on February 19, 2025.

III. Application of new and revised standards, amendments, and interpretations

(I) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) and applicable to 2024

The newly issued, amended and revised standards and interpretations approved by the FSC and applicable to 2024 are summarized below:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The Company believes that the first-time adoption of the above standards and interpretations did not have significant impacts on the Company.

(II) <u>We have not adopted IFRSs endorsed by the FSC and applicable in 2025</u>

The newly issued, amended and revised standards and interpretations approved by the FSC and applicable to 2025 are summarized below:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

Note: The amendments shall be applicable to the annual reporting periods beginning on or after January 1, 2025, and may be applied earlier. When applicable, comparative information shall not be restated, and any impact from the initial application of these amendments shall be recognized as an adjustment to the opening balance of retained earnings.

(III) <u>We haven’t adopted the IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC</u>

By the date of these Parent Company Only Financial Statements issued, we haven’t adopted the IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Targeted Amendments to IFRS 9 and IFRS 7 “Financial Effects of Contracts that Rely on a Natural Resource for Power”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 - Insurance Contracts and its amendments replace IFRS 4 - Insurance Contracts	January 1, 2023
International Financial Reporting Standard 18 “Presentation and Disclosure in Financial Statements” has been issued, replacing International Accounting Standard 1 “Presentation of Financial Statements” and carrying forward certain of its provisions.	January 1, 2027
International Financial Reporting Standard 19 “Subsidiaries without Public Accountability: Disclosures” has been issued, allowing eligible subsidiaries to apply a new IFRS accounting standards with reduced disclosure requirements.	January 1, 2027
Annual Improvement of IFRS accounting standards - 11th	January 1, 2026

Up to now, the Company believes that the first-time adoption of the above standards and interpretations will not constitute significant changes to the Company's accounting policies. However, the Company continues in evaluating the impact on its financial position and financial performance from the aforementioned standards and interpretations. The related impact will be disclosed when the Company completes its evaluation.

IV. Summary of significant accounting policies

The Company's significant accounting policies are summarized below:

(I) Statement of compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. By the historical cost, the asset is usually based on the fair value of the consideration paid for the acquisition of assets. Liabilities generally refer to the amount received to assume obligations or the amount expected to be paid for the purpose of paying off debts.

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

Current assets are assets that are expected to be realized in the normal operating cycle or intend to sell or consume; held primarily for the purpose of trading; expected to be realized within 12 months after the reporting period; cash and cash equivalents unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Assets not classified as current assets are non-current assets. Current liabilities are those expected to be settled within the normal operating cycle, held for purpose of trading, due to be settled within 12 months, and for which the Company does not have the right to defer settlement at least 12 months after the end of the reporting period. Liabilities not classified as current liabilities are non-current liabilities.

(IV) Foreign currencies

The items herein are prepared and expressed in the common currency (functional currency) of the primary economic environment in which the Company operates. The functional currency and accounting currency of the Company are New Taiwan Dollars. These parent company only financial statements are expressed in New Taiwan Dollars.

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items in foreign currency shall be translated at the spot rate on the day; non-monetary items that are measured at fair value are translated at the exchange rate on the date when the fair value is determined; and non-monetary items in foreign currencies measured at historical cost are not retranslated. The exchange difference is recognized as profit or loss in the current period.

In the preparation of parent company only financial statements, the assets and liabilities of the Company's foreign operations are converted into New Taiwan Dollars at the exchange rate at the end of the reporting period. The income and expense loss items are translated at the average exchange rate of the current period, and the resulting exchange differences are recognized as other comprehensive profits and losses, and are accumulated under the exchange differences on translation of foreign financial statements.

(V) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, fixed deposits within 3 months and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of exchanges in value.

(VI) Inventory

Inventory is recorded on the basis of cost and calculated by the weighted average method. For the calculation of product cost, variable manufacturing costs are allocated to actual production, and fixed manufacturing costs are allocated to the normal production capacity. However, if the difference between the actual production and the normal production capacity is insignificant, it can also be allocated to the actual production. If the actual output is abnormally higher than the normal capacity, it will be apportioned based on the actual output. Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The comparison between the lower of the cost and the net realizable value is made on an item-by-item basis. If the net realizable value of the finished product is expected to be equal to or greater than the cost, the raw materials used for the production of the finished product will not be written down below the cost. When the price of raw materials falls and the cost of finished products exceeds the net realizable value, the raw materials are written down to the net realizable value.

The written-down cost of inventories to net realizable value is recognized as cost of sales, the net realizable value of inventories is re-measured in each subsequent period. If the factors that previously caused the net realizable value of inventories to be lower than the cost no longer exist, or there is evidence that the net realizable value has increased due to changes in economic conditions, within the scope of the original written-down amount, the increase in the net realizable value of inventories shall be reversed and recognized as the decrease in the cost of sales in the current period.

(VII) Investments accounted for using equity method

The Company adopts the equity method to treat its investment in subsidiaries.

Subsidiaries refer to entities controlled by the Company (including special non-corporate group).

Under the equity method, an investment in a subsidiary is initially recognized at cost and its carrying amount is adjusted thereafter with the Company’s share of profit or loss and other comprehensive income in the subsidiaries as well as the profits distributed. In addition, the changes in other equity of the Company's subsidiaries are recognized according to the shareholding ratio.

Changes in the Company’s ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of the subsidiary's losses equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term equity that is substantially part of the Company's net investment in the subsidiary), such loss shall continue to be recognized in proportion to its shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, goodwill is included in the carrying amount of the investment and subject to goodwill for impairment test on time. The amount by which the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries on the acquisition date exceeds the acquisition cost is listed as current income.

If the Company loses control of the subsidiary, the Company measures its retained investment in the former subsidiary at its fair value on the date of losing control. The difference between the fair value of the retained investment and any disposal proceed and the carrying amount of the investment on the date of losing control is included in the current profit and loss. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Company had directly disposed of the related assets and liabilities.

Profits and losses resulting from the upstream and downstream transactions with the subsidiary are recognized in the Company's parent company only financial statements only to the extent of the Company's unrelated interests in the subsidiary.

(VIII) Property, plant and equipment

Property, plant and equipment used for commodity production or management purposes are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the acquisition of the item of property.

With the straight line depreciation method, the value of an asset is written off after deducting the residual value from the cost within the useful life of the asset. The useful years of each asset are as follows: Property and building 2 - 36 years, equipment 1 - 31 years, water and electricity equipment 2 - 21 years, computer and telecommunication equipment 2 - 15 years, testing equipment 2 - 16 years, pollution prevention equipment 2 - 51 years, transport equipment 5 - 16 years, office equipment 3 - 13 years and other equipment 2 - 21 years. When the main components of property, plant and equipment have different useful lives, they shall be treated as separate items. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates adjusted on a prospective basis.

Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(IX) Leases

The contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lessor

The lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

In case of operating leases, the lessor records lease income on a straight-line basis over the lease term. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is.

In the case of finance lease, the lessor recognizes the receivable finance lease payments and the unprofitable financing income of the finance lease on the beginning date of the lease. The lessor also allocates the financing income to the lease term on a systematic and reasonable basis, with a fixed rate of return for each period of the lease term.

Lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. Lease payments are discounted by the lessees' incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment of an option to purchase an underlying asset, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(X) Investment property

The Company’s property is classified as investment property if it is not for sale, nor for the purpose of production or management of goods or services at the end of the reporting period.

The Company's investment property is recorded on the basis of the initial cost, and the subsequent measurement adopts the cost model. The houses and buildings in the investment property are depreciated by the straight-line method based on the estimated useful life of 12 to 51 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates adjusted on a prospective basis.

(XI) Intangible assets

The intangible assets acquired alone with limited useful lives are listed at cost less accumulated amortization and accumulated impairment. The amortization amount is calculated using the straight-line method based on the following useful lives: 5 years for computer software. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates adjusted on a prospective basis.

(XII) Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount, the carrying amount shall be reduced to its recoverable amount, and the impairment loss shall be recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in current profit or loss.

Goodwill shall be subject to impairment test on an annual basis. The impairment loss shall be recognized in the current profit and loss and shall not be reversed in subsequent periods.

(XIII) Financial instruments

Financial assets and liabilities shall be recognized when only the Company becomes a party to the contractual provisions of the instruments. At initial recognition, it shall be measured at fair value, and if it is not a financial asset or financial liability measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability shall be added or deducted. However, the accounts receivable that do not include a significant financial component shall be measured at the transaction price at the initial recognition.

Financial assets are derecognized when: (1) Financial assets' contractual rights to the cash flows asset expire; or (2) all of the financial assets' risks and rewards have been transferred, or the control of the financial assets is not retained if without transferring or retaining almost all the risks and rewards of the ownership of the financial assets.

For financial products in the active market, the fair value shall be the quoted price in the active market. For financial products without active market, the fair value is estimated by the evaluation method.

Regular way purchases or sales of financial assets are recognized and derecognized on a trade date.

1. Financial assets

Financial assets are classified, based on the entity's business model for managing those assets and the contractual cash flow characteristics of the financial assets, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

(1) Measured at amortized cost

The financial asset is measured at amortized cost if both of the following conditions are met:

A. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The profits or losses of financial assets measured at amortized cost are recognized in profit or loss, but if they are part of the hedging relationship, they are treated as hedging accounting.

Interest income is calculated by the effective interest method.

(2) Fair value through other comprehensive income

Financial assets are classified and measured at fair value through other comprehensive income if the following two conditions are met:

A. The asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains or losses are recognized in other comprehensive profits and losses, except for impairment gains or losses and foreign currency exchange gains and losses. When the financial asset is recognized, accumulated profits or losses listed in other comprehensive profits and losses are reclassified from equity to profit and loss.

In addition, for specific equity instrument investments that should be measured at fair value through profit or loss, if neither held for trading or nor the contingent consideration recognized in business combination, at initial recognition, the Company may make an irrevocable election to present subsequent changes in fair value in other comprehensive profits and losses. In this case, profits or losses are recognized in other comprehensive profits and losses, but dividends that are not recovered from investment costs are included in profits and losses. Upon derecognition of an asset, the cumulative gain or loss recognized in other comprehensive income shall not be reclassified to profit or loss.

(3) Fair value through profit or loss

Financial assets are measured at fair value through profit or loss, except for at amortized cost or through other comprehensive profit or loss.

At initial recognition, the financial assets can be irrevocably designated as measured at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases.

Gains or losses are recognized in profit or loss but if they are part of the hedging relationship, they are treated as hedging accounting.

2. Financial liabilities

In addition to derivative instruments that do not qualify for hedge accounting, the loan commitments that are not designated to be measured at fair value through profit or loss, and contingent consideration in business combination that should be classified as measured at fair value through profit or loss, financial liabilities should be classified as subsequently measured at amortized cost, except for financial liabilities that do not qualify for the listed transfer or continue to participate in the transferred assets, financial guarantee contracts, and commitments to provide loans at below-market interest rates.

3. Impairment

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive profits and losses, contract assets and loan commitments and financial guarantee contracts subject to impairment provisions are measured at impairment according to the expected credit loss model. If the credit risk of financial instruments has increased significantly since initial recognition, the allowance loss is measured according to the expected credit loss at each reporting date; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the allowance loss will be measured by the 12-month expected credit losses on the reporting date, unless otherwise, the Company adopts a simplified approach to measure the allowance loss based on the expected credit loss during the period of existence for the accounts receivable or contract assets generated by the transactions within the scope of IFRS 15.

4. Convertible bond

Compound financial instruments (convertible corporate bonds) issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At initial recognition, the fair value of the liability components is estimated at the current market interest rate of similar non-convertible instruments, and measured at the amortized cost calculated by the effective interest method before the conversion or maturity date. The components of liabilities embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the residual amount of the overall fair value of the compound instrument minus the fair value of the separately determined liability component. After deducting the impact of income tax, the conversion right recognized as equity will not be measured subsequently. When the conversion right is executed, its relevant liability components and the amount of equity are transferred to share capital and capital surplus - issuance premium. If the conversion right of convertible bonds has not been executed on the maturity date, the amount recognized in equity is transferred to capital surplus - issuance premium.

Transaction costs related to an issue of convertible corporate bonds are allocated to the liabilities (recognized as the carrying amount of liabilities) and equity components (recognized as equity) in proportion to the allocation of proceeds.

(XIV) Provision for liabilities

The provision for liabilities is recognized when the Company has present obligations (legal or constructive obligations) that arise from past events, and the liabilities are likely paid off and the amount can be measured reliably. Recognized provision for liabilities are measured at the best estimate, including risks and uncertainties of the expenditure required to settle the present obligation at the end of the reporting period. If provisions for liabilities are measured by the estimated cash flow of the present obligation, the carrying amount is the present value of the cash flow.

(XV) Revenue from customer contracts

The Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

To recognize revenue, the Company applies the following steps: (1) Identify the customer contract, confirm that the contract has been approved and committed to be performed, confirm that the rights to goods or services can be identified, confirm that the payment terms for goods or services can be identified, confirm that the contract has commercial substance, and confirm that it is probable that the consideration for transferring goods or services will be collected. (2) Identity and distinguish the performance obligations in the contract. (3) Determine the transaction price. (4) Allocate the transaction price to each performance obligation. (5) Recognize the allocated revenue when each performance obligation is satisfied.

The Company provides goods according to the contract, and recognizes the revenue when meeting the performance obligation, and generally meets the performance obligation when transferring the goods. The income arising from the provision of services under the contract is recognized to the extent of completion of the contract (output method or input method). Rental income is recognized on a straight-line basis over the term of the lease. The dividend income from investment is recognized when the right to receive dividends is established, and recognized when the economic benefits related to dividends are likely to flow to the Company and the amount of dividends can be measured reliably. Interest income is recorded as accruing continuously over time on the amount of principal outstanding by the applicable effective interest rate.

The contract asset is recognized when the Company has satisfied the performance obligation by transferring goods or services before the customer pays the consideration or the payment can be collected from the customer. However, if the Company has an unconditional right to the contract consideration, which is collectible from the customer only with the passage of time, then the performance amount is recognized as a receivable.

The obligation to transfer the goods or services shall be recognized as a contractual liability, if the customer has received the consideration or has the right to receive the consideration unconditionally before the transfer of goods or services.

(XVI) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. However, if government grants are used as compensation for expenses or losses that have already occurred when they can be collected, government grants shall be recognized as in profits and losses during the period when they can be collected.

Unrealized government grants are recognized as liabilities, and those realized are recognized as other income.

(XVII) Pension benefit cost

The Company has formulated the retirement regulations for the formally employed employees, and the pension is allocated on a monthly basis. Under the defined benefit plans, the pension is calculated based on the seniority for retirement (i.e. their average monthly salary six months prior to retirement), and paid on a monthly basis with a labor retirement reserve of 6% of the monthly salary and deposited in the Bank of Taiwan in the name of Labor Retirement Reserve Supervision Committee. When the employee pension is actually paid, it shall be paid from the provision and labor retirement reserve. In case of insufficient, it shall be recognized as the current year's expenses. Under the defined contribution plan, 6% of the salary will be allocated to the Bureau of Labor Insurance personal account.

Under the defined contribution plan, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement benefit plans, the cost of pension is recognized based on actuarial calculations. Remeasurement (comprising actuarial gains and losses and the return on plan assets, excluding interest), is recognized in other comprehensive income in the period in which they occur, and recognized in retained earnings and will not be reclassified to profit or loss.

(XVIII) Income tax

The income tax expense for the period comprises current and deferred tax, and is recognized in the current profit and loss, except to the extent that it relates to items directly recognized in the equity or other comprehensive income.

The current income tax expense is calculated on the basis of the current taxable income at a tax rate specified in the tax laws enacted or substantively enacted at the end of the reporting period. Adjustments of prior years' income tax estimates shall be included in the income tax expenses of the adjustment year.

An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and the temporary difference arising on investments in subsidiaries will not reverse in the foreseeable future. In addition, the deferred income tax is not accounted for the taxable temporary difference arising from initial recognition of goodwill. Deferred income tax is measured at the tax rate applicable when the temporary difference is expected to reverse, and is based on the tax rate that has been enacted or substantively enacted on the reporting date.

Deferred income tax assets and liabilities are offset when the Company has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

The unused tax losses, income tax credits and deductible temporary differences are recognized as deferred income tax assets to the extent that it is probable that future taxable profit will be available for use. The carrying amount of deferred income tax assets shall be reviewed and adjusted at the end of each reporting period.

(XIX) Earnings per share

Basic earnings per share is calculated by dividing the current net profit attributable to the equity holders of the parent company by the weighted average number of shares outstanding. However, if the surplus is converted to capital increase or the capital surplus is converted to capital increase, or the loss is reduced due to capital reduction, the adjustment shall be retroactive in proportion to capital increase and capital reduction. The diluted earnings per share is calculated as that of basic earnings per share, but it is calculated after adjusting the impact of all potential diluted ordinary shares.

(XX) Remuneration to the employees and directors

Remuneration to the employees and directors are recognized as current expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any different between the resolved amounts and the subsequently actual distributed amount is accounted for as changes in estimates.

(XXI) Reportable operating segment

The operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The operating results of the operating segment are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

V. Major sources of uncertainty in significant accounting judgments, estimations, and assumptions

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events.

The Company's assumptions and estimates are the best estimates made in accordance with relevant International Financial Reporting Standards. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, however, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. If a change in an accounting estimate may affect the current period only, it shall be recognized in the current period when the change occurs. If a change in an accounting estimate may affect the current and future period, it shall be recognized in the current and future period.

The assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, the following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period.

(I) Valuation of inventory

As inventories are stated at the lower of cost and net realizable value, the Company must determine the nest realizable value of inventories at the end of the reporting period by using judgments and estimates. However, changes in the global economic environment and industrial environment may cause significant changes in the future net realizable value of inventories due to market competition or being obsolete. Please refer to Note 6(V) regarding inventory and inventory falling price loss.

(II) Deferred income tax

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits are available against which the deductible temporary differences can be utilized. Assessment of the realization of the deferred income tax assets requires the Company's major accounting judgments, estimates and assumptions of the management. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. Please refer to Note 6(XIX) regarding deferred income tax.

(III) Valuation of financial assets

The valuation of the Company's receivables is based on the probability of customer default and expected credit loss rate, taking into account historical experience and forward-looking information, to estimate the impairment of receivables. If the actual cash flow in the future is less than expected, it may cause significant impairment losses. Please refer to Note 6(III) regarding receivables and allowance for loss.

(IV) Calculation of net defined benefit asset

When calculating the present value of the defined benefit obligation, the Company must use judgment and estimation to determine the relevant actuarial assumptions at the end of the financial reporting period, including the discount rate and future salary growth rate. Any change in actuarial assumptions may have a significant impact on the amount of defined benefit obligations of the Company. Please refer to Note 6(XVIII) regarding net defined benefit asset.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 300,000	$ 350,000
Checkable deposits	4,023,270	1,928,873
Demand deposits	141,205,209	206,843,697
Total	$ 145,528,479	$ 209,122,570

The above cash and cash equivalents are not provided.

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

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss - current:		
Embedded derivatives - convertible corporate bond		
Redemption rights	$ 15,620	$ -
Financial liabilities held for trading - current:		
Embedded derivatives - convertible corporate bond		
Put-back rights/redemption rights	$ -	$ 599,340

(III) Note receivable and accounts receivable

The details as below:

	December 31, 2024	December 31, 2023
Notes receivable, net		
Notes from unrelated parties	$ 96,270,473	$ 127,281,061
Less: loss allowances	-	-
Net value	$ 96,270,473	$ 127,281,061
Accounts receivable, net		
Accounts from unrelated party	$ 397,591,468	$ 370,559,617
Less: loss allowances	(3,470,328)	(11,742,232)
Net value	$ 394,121,140	$ 358,817,385

	December 31, 2024	December 31, 2023
Accounts receivable - net amount of related parties		
Accounts from related party	$ 14,784,159	$ 17,628,215
Less: loss allowances	(117,408)	(131,168)
Net value	$ 14,666,751	$ 17,497,047

The average credit period of the Company for commodity sales is 90-120 days, and the accounts receivable are not subject to interest.

The Company adopts the simplified approach of IFRS 9 to recognize the allowance loss of accounts receivable (including notes receivable, accounts receivable and accounts receivable - related parties) based on the expected credit loss during the period of existence. The expected credit loss during the period of existence is based on the historical default rate of customers, and is adjusted based on forward-looking estimates. Since the Company’s credit loss history showed no significant difference in loss pattern across customer groups, the loss rate is not further distinguished between customer groups, and the expected credit loss rate is simply determined as the overdue days of receivables.

The expected credit losses of the Company's receivables (including notes receivable, accounts receivable and accounts receivable - related parties) are analyzed as follows:

	December 31, 2024		
	Carrying amount	Lifetime expected credit losses	Allowance for lifetime expected credit losses
Note receivable			
Not past due	$ 96,270,473	0%	$ -
Accounts receivable			
Not past due	403,986,617	0~1%	3,092,933
Less than 120 days past due	8,071,010	2~5%	176,803
121~180 days past due	-	-	-
More than 181 days past due	318,000	100%	318,000
Subtotal accounts receivable	412,375,627		3,587,736
Total notes and accounts receivable	$ 508,646,100		$ 3,587,736

	December 31, 2023		
	Carrying amount	Lifetime expected credit losses	Allowance for lifetime expected credit losses
Note receivable			
Not past due	$ 127,281,061	0%	$ -
Accounts receivable			
Not past due	370,197,781	0~1%	3,018,774
Less than 120 days past due	17,990,051	5~50%	8,854,626
121~180 days past due	-	-	-
More than 181 days past due	-	-	-
Subtotal accounts receivable	388,187,832		11,873,400
Total notes and accounts receivable	$ 515,468,893		$ 11,873,400

As shown in Note 6(XI), the accounts receivable collected on December 31, 2024 and 2023 were the accounts receivable expected to be recovered after more than 1 year, and the allowance for losses was set aside at NTD 15,453,564 and NTD 15,609,540 respectively.

Changes in the loss allowance for accounts receivable:

	2024	2023
Opening balance	$ 27,482,940	$ 19,213,921
Recognition of impairment loss	-	8,830,026
Reversal of impairment loss	(8,441,640)	(561,007)
Ending balance	$ 19,041,300	$ 27,482,940

(IV) Other receivables

	December 31, 2024	December 31, 2023
Business tax refund receivable	$ 7,375,540	$ 2,711,617
Interest receivable	18,846	193,543
Other receivables - others	2,255,882	1,800,631
Total	9,650,268	4,705,791
Less: loss allowances	-	-
Net value	$ 9,650,268	$ 4,705,791

(V) Net inventory

	December 31, 2024	December 31, 2023
Raw material	$ 79,388,840	$ 85,050,306
Goods-in-process and semi-finished goods	10,900,111	25,078,476
Finished goods	157,154,568	140,806,846
Goods	63,942,756	72,538,362
Goods in transit	572,466	-
Total	311,958,741	323,473,990
Less: Allowance for inventory falling price losses	(46,178,688)	(36,012,546)
Net inventory	$ 265,780,053	$ 287,461,444

Details of inventory related expenses and losses recognized as cost of goods sold are as follows:

	2024	2023
Loss on inventory valuation (recovery of inventory valuation)	$ 10,166,142	$ (698,411)
Loss on physical inventory	626,309	1,055,274
Inventory obsolescence	-	2,400,135
Unallocated manufacturing expenses	158,148,514	108,772,988
Inventory loss from continuing operations	$ 168,940,965	$ 111,529,986

The main reason for gaining from inventory in 2023 is that part of the inventory provided for allowance for inventory falling price losses in the previous period has been sold or scrapped.

(VI) Investments accounted for using equity method

Details of the Company's investment in subsidiaries are as follows:

	December 31, 2024		December 31, 2023	
Invested company	Amount	Percentage of holding	Amount	Percentage of holding
Honest Fine Chemical Co., Ltd.	$ -	-	$ -	-

1. The Company's investments in subsidiaries in 2023 was recognized by the equity method in accordance with the financial statements audited by the independent auditors for the same period, and the share of relevant profits and losses and other comprehensive profits and losses were as follows:

	2024	2023
Share of profit (loss) of subsidiaries accounted for using equity method		
Honest Fine Chemical Co., Ltd.	$ -	$ 25,026,743
Exchange differences on translation of foreign financial statements		
Honest Fine Chemical Co., Ltd.	$ -	$ 14,957,443

2. To expand its business in China, the Company established Honest Fine Chemical Co., Ltd. (Samoa) in January 2005, and reinvested JiangSu Honest Fine Chemical Co., Ltd.
   The above Jiangsu Honest Fine Chemical Co., Ltd. was incorporated in April 2005, started SoP in August 2006, mainly engaged in the production and sales of fine chemical products.
3. When the Company has control over the investee, it constitutes a parent-subsidiary relationship. The Company has included all subsidiaries when preparing the consolidated financial reports for the years ended December 31, 2023.
4. On August 11, 2020, the Board of Directors adopted the resolution for the close-down of JiangSu Honest Fine Chemical Co., Ltd. in 2020. We completed the liquidation and deregistration in March 2023.
   On December 22, 2020, the Board of Directors of the Company passed a resolution for the liquidation of Honest Fine Chemical Co., Ltd. We completed the liquidation and deregistration in September 2023, and remitted the remaining investment funds, amounting to approximately NTD 158,358,288 (USD 4,983,422).
   Please refer to Note 6(VI) to Consolidated Financial Statements of the Company for 2024.

(VII) <u>Property, plant and equipment</u>

The details of property, plant and equipment and the adjustment between the beginning balance and the closing balance are as follows:

	Cost				
	Balance as of January 1, 2024	Current enhancements	Current disposal	Reclassification	Balance as of December 31, 2024
Land	$ 294,306,546	$ -	$ -	$ -	$ 294,306,546
Property and building	458,618,561	13,852,462	-	2,674,000	475,145,023
Equipment	1,666,290,791	58,612,099	(10,483,275)	9,414,085	1,723,833,700
Water and electricity equipment	198,830,514	54,915,970	(3,001,130)	-	250,745,354
Computer and communication equipment	57,049,027	6,386,000	-	-	63,435,027
Testing equipment	82,807,197	2,669,200	(211,791)	1,303,794	86,568,400
Pollution prevention equipment	83,064,360	2,014,839	(682,047)	527,915	84,925,067
Transport equipment	68,178,007	14,561,713	(4,180,000)	2,310,000	80,869,720
Office equipment	3,888,469	284,272	(60,000)	-	4,112,741
Other	253,988,405	12,874,670	(260,000)	1,495,218	268,098,293
Unfinished works and equipment to be inspected	177,221,424	219,280,364	-	118,841,089	515,342,877
Total	$3,344,243,301	$385,451,589	$(18,878,243)	$136,566,101	$3,847,382,748

	Cost				
	Balance as of January 1, 2023	Current enhancements	Current disposal	Reclassification	Balance as of December 31, 2023
Land	$ 294,306,546	$ -	$ -	$ -	$ 294,306,546
Property and building	445,560,605	5,753,484	(135,055)	7,439,527	458,618,561
Equipment	1,522,921,682	85,792,537	(29,371,767)	86,948,339	1,666,290,791
Water and electricity equipment	177,763,116	8,207,288	(1,120,719)	13,980,829	198,830,514
Computer and communication equipment	52,678,027	2,507,800	(99,000)	1,962,200	57,049,027
Testing equipment	72,726,947	10,080,250	-	-	82,807,197
Pollution prevention equipment	83,480,300	34,200	(450,140)	-	83,064,360
Transport equipment	71,572,551	1,284,000	(7,128,544)	2,450,000	68,178,007
Office equipment	4,177,924	159,200	(448,655)	-	3,888,469
Other	189,383,344	40,535,881	(1,525,018)	25,594,198	253,988,405
Unfinished works and equipment to be inspected	160,778,165	117,765,080	-	(101,321,821)	177,221,424
Total	$ 3,075,349,207	$ 272,119,720	$ (40,278,898)	$ 37,053,272	$ 3,344,243,301

	Accumulated depreciation				
	Balance as of January 1, 2024	Current provisions	Current disposal	Reclassification	Balance as of December 31, 2024
Property and building	$ 292,421,415	$ 23,905,410	$ -	$ -	$ 316,326,825
Equipment	1,045,654,672	154,623,710	(9,946,112)	-	1,190,332,270
Water and electricity equipment	134,413,411	14,004,806	(3,001,130)	-	145,417,087
Computer and communication equipment	42,439,676	3,732,024	-	-	46,171,700
Testing equipment	49,558,813	9,463,112	(211,791)	-	58,810,134
Pollution prevention equipment	54,006,751	4,364,538	(545,733)	-	57,825,556
Transport equipment	48,303,726	5,940,034	(4,180,000)	-	50,063,760
Office equipment	3,436,039	263,943	(60,000)	-	3,639,982
Other	102,510,274	12,925,827	(260,000)	-	115,176,101
Total	$ 1,772,744,777	$ 229,223,404	$ (18,204,766)	$ -	$ 1,983,763,415

	Balance as of January 1, 2023	Current provisions	Current disposal	Reclassification	Balance as of December 31, 2023
Property and building	$ 270,944,563	$ 21,611,907	$ (135,055)	$ -	$ 292,421,415
Equipment	938,042,753	136,750,459	(29,138,540)	-	1,045,654,672
Water and electricity equipment	124,646,644	10,887,486	(1,120,719)	-	134,413,411
Computer and communication equipment	39,054,783	3,483,893	(99,000)	-	42,439,676
Testing equipment	41,832,050	7,726,763	-	-	49,558,813
Pollution prevention equipment	50,077,434	4,379,457	(450,140)	-	54,006,751
Transport equipment	50,479,174	4,953,096	(7,128,544)	-	48,303,726
Office equipment	3,572,564	260,224	(396,749)	-	3,436,039
Other	91,484,160	12,551,132	(1,525,018)	-	102,510,274
Total	$ 1,610,134,125	$ 202,604,417	$ (39,993,765)	$ -	$ 1,772,744,777

	Carrying amount	
	December 31, 2024	December 31, 2023
Land	$ 294,306,546	$ 294,306,546
Property and building	158,818,198	166,197,146
Equipment	533,501,430	620,636,119
Water and electricity equipment	105,328,267	64,417,103
Computer and communication equipment	17,263,327	14,609,351
Testing equipment	27,758,266	33,248,384
Pollution prevention equipment	27,099,511	29,057,609
Transport equipment	30,805,960	19,874,281
Office equipment	472,759	452,430
Other	152,922,192	151,478,131
Unfinished works and equipment to be inspected	515,342,877	177,221,424
Total	$ 1,863,619,333	$ 1,571,498,524

Please refer to Note 8 for the pledge of the above property, plant and equipment.

(VIII) Right-of-use assets

The details of the right-of-use assets and the adjustment between the beginning balance and closing balance are as follows:

	Property and building	Transport equipment	Office equipment	Total
Cost:				
Balance as of January 1, 2023	$ 3,888,459	$ 11,927,775	$ -	$ 15,816,234
Additions	-	1,409,203	1,060,042	2,469,245
Balance as of December 31, 2023	3,888,459	13,336,978	1,060,042	18,285,479
Additions	272,560	5,539,391	173,134	5,985,085
Decreases	-	(5,970,242)	-	(5,970,242)
Balance as of December 31, 2024	$ 4,161,019	$ 12,906,127	$ 1,233,176	$ 18,300,322
Accumulated depreciation:				
Balance as of January 1, 2023	$ 756,091	$ 5,306,486	$ -	$ 6,062,577
Depreciation	1,296,156	3,193,562	88,335	4,578,053
Balance as of December 31, 2023	2,052,247	8,500,048	88,335	10,640,630
Additions	1,477,866	3,251,549	358,149	5,087,564
Decreases	-	(5,970,242)	-	(5,970,242)
Balance as of December 31, 2024	$ 3,530,113	$ 5,781,355	$ 446,484	$ 9,757,952
Carrying amount:				
January 1, 2023	$ 3,132,368	$ 6,621,289	$ -	$ 9,753,657
December 31, 2023	$ 1,836,212	$ 4,836,930	$ 971,707	$ 7,644,849
December 31, 2024	$ 630,906	$ 7,124,772	$ 786,692	$ 8,542,370

(IX) Investment property

The details of investment property and the adjustment between the beginning balance and closing balance are as follows:

	Land	Property and building	Total cost	Accumulated depreciation	Net value
Balance as of January 1, 2023	$12,554,052	$ 6,083,061	$ 18,637,113	$ (2,963,807)	$ 15,673,306
Provision for depreciation	-	-	-	(108,480)	(108,480)
Balance as of January 1, 2024	12,554,052	6,083,061	18,637,113	(3,072,287)	15,564,826
Provision for depreciation	-	-	-	(108,480)	(108,480)
Balance as of December 31, 2024	$12,554,052	$ 6,083,061	$ 18,637,113	$ (3,180,767)	$ 15,456,346

1. The measurement of the above investment property after recognition is based on the cost model.
2. According to the appraisal report issued by an external independent professional appraiser on the investment property held by the Company, the fair value of the investment property mentioned above was NTD 55,820,000 as of January 10, 2023. Based on the appraisal report and the market situation in 2024 and 2023, the above investment property should not be impaired at the end of 2024 and 2023. The appraisal report adopts the comparison method and the income method to assess. The important assumptions and relevant information of appraisal are as follows:

   Fair value: NTD 55,820,000

   Levels in the fair value hierarchy: Level 3 fair value measurements refers to the use of unobservable market data as the input value of assets or liabilities (unobservable input value), and the use of evaluation techniques to derive fair value.

   Evaluation method: use the comparison method to assess the value, which was NTD57,403,240.

   Evaluation method: use the income method to assess the value, which was NTD55,820,000.

   Discount rate: 2.47%

   Weighting ratio of comparison method and income method: 0%: 100%

   The fact and reason why the highest and best use is different from the current use: None.
3. The above investment property is for rent. The rental income recognized in the year of 2024 and 2023 were NTD 1,282,380 and NTD 1,282,116, respectively, and the direct operating expenses incurred were NTD 188,334 and NTD 259,495 respectively.
4. The above investment property is not pledged.

(X) Intangible assets

The details of the intangible assets and the adjustment between the beginning balance and closing balance are as follows:

	Computer software cost	Accumulated amortization	Net value
Balance as of January 1, 2023	$ 2,383,348	$ (2,383,348)	$ -
Changes in the current period	-	-	-
Balance as of December 31, 2023	2,383,348	(2,383,348)	-
Current increases/amortization	690,800	(91,878)	598,922
Balance as of December 31, 2024	$ 3,074,148	$ (2,475,226)	$ 598,922

1. The measurement of the above intangible assets after recognition is based on the cost model.
2. The above intangible asset is not pledged.

(XI) Advances to suppliers and other assets

	December 31, 2024	December 31, 2023
Supplies inventory	$ 405,833	$ 322,404
Other prepaid expenses	12,955,947	11,483,382
Advance payment	7,962,896	412,929
Prepayments for equipment	128,906,113	178,975,610
Refundable deposits paid	47,079,250	33,954,974
Overdue receivables	15,453,564	15,609,540
Less: loss allowances	(15,453,564)	(15,609,540)
Finance lease receivables, net	-	311,807
Total	$ 197,310,039	$ 225,461,106
Current	$ 67,604,816	$ 44,979,480
Non-current	129,705,223	180,481,626
Total	$ 197,310,039	$ 225,461,106

1. Please refer to Note 6(III) for receivables that are expected to be recovered after more than one year, and are fully set aside as allowance for losses.
2. The Company leases transport equipment under finance lease. The lease contract period is 3-5 years. According to the terms of the lease contract, the ownership of the asset will be transferred to the lessee upon the expiration of the lease contract.
   (1) The due date of the undiscounted lease benefits leased by the Company under a finance lease is as follows:

	December 31, 2024	December 31, 2023
Less than 1 year	$ -	$ 320,000
1-5 years	-	-
Total	$ -	$ 320,000

(2) The adjustment information between the undiscounted lease benefits and the net lease investment of the Company leased under a finance lease is as follows:

	December 31, 2023		
	Current	Non-current	Total
Undiscounted lease benefit	$ 320,000	$ -	$ 320,000
Unearned financing income	(8,193)	-	(8,193)
Finance lease receivables, net	$ 311,807	$ -	$ 311,807

(XII) Short-term loans

Nature of loan	December 31, 2024	December 31, 2023
Bank credit loan	$ 259,066,394	$ 153,682,422
Annual interest rate at the end of the period	1.87~5.44%	1.78~6.72%
Last maturity date	February 14, 2025	April 28, 2024

The Company does not provide guarantee for the above short-term loans.

(XIII) Short-term notes payable

Guarantee (acceptance) institution	December 31, 2024	December 31, 2023
Taiwan Finance Corporation	$ -	$ 35,000,000
Less: Unamortized discount	-	(29,326)
Net value	$ -	$ 34,970,674
Annual interest rate at the end of the period	-	1.45%
Last maturity date	-	January 18, 2024

The Company does not provide guarantee for the above short-term notes payable.

(XIV) Other payables

	December 31, 2024	December 31, 2023
Expenses payable		
Salary and bonus payable	$ 41,995,607	$ 24,832,405
Interest payable	67,896	215,001
Pension expenses payable	2,187,429	2,151,419
Remuneration to the employees payable	3,099,261	400,000
Remuneration to the directors payable	1,560,000	400,000
Freight payable	13,152,119	13,085,221
Water, electricity and gas fee payable	5,414,416	5,425,711
Payable pollution prevention fee	9,237,564	8,850,435
Payable parts and consumables	6,517,904	5,747,929
Insurance premium payable	3,683,171	3,773,277
Export expenses payable	926,876	880,857
Other expenses payable	16,344,579	16,420,538
Subtotal	104,186,822	82,182,793
Other payables		
Payables to equipment suppliers	126,919,703	101,191,594
Total	$ 231,106,525	$ 183,374,387
Current	$ 231,106,525	$ 183,374,387
Non-current	-	-
Total	$ 231,106,525	$ 183,374,387

(XV) Lease liabilities

1. The Company's lease liabilities are analyzed below:

	December 31, 2024		
	Future minimum rent payment	Interest	Minimum rent payment
Lease liabilities - current	$ 4,602,465	$ (146,366)	$ 4,456,099
Lease liabilities - non-current	4,200,346	(130,983)	4,069,363
Total	$ 8,802,811	$ (277,349)	$ 8,525,462

	December 31, 2023		
	Future minimum rent payment	Interest	Minimum rent payment
Lease liabilities - current	$ 4,358,101	$ (103,331)	$ 4,254,770
Lease liabilities - non-current	3,502,281	(72,663)	3,429,618
Total	$ 7,860,382	$ (175,994)	$ 7,684,388

2. The profit and loss items related to the lease contract are as follows:

	2024	2023
Interest expense on lease liability	$ 140,626	$ 129,213
Expenses under short-term lease contract	$ 52,835	$ 152,384
Expense under leases of low-value assets	$ 473,994	$ 679,314

3. The amounts recognized in the statement of cash flows are as follows:

	2024	2023
Total cash outflow from lease	$ 5,284,637	$ 4,714,368

(XVI) Bonds payable

1. Domestic unsecured convertible corporate bonds payable

	December 31, 2024	December 31, 2023
Bond issuance amount	$ 600,000,000	$ 600,000,000
Total convertible amount	(521,900,000)	(314,600,000)
Unamortized balance of discounted corporate bonds payable	(1,310,711)	(11,051,214)
Subtotal	76,789,289	274,348,786
Less: Amount due within one year	(76,789,289)	(274,348,786)
Balance of corporate bonds payable in the end of the period	$ -	$ -
Embedded derivative financial instruments - redemption rights (presented as financial assets at fair value through profit or loss)	$ 15,620	$ -
Embedded derivative financial instruments - put-back and redemption rights (presented as financial liabilities at fair value through profit or loss)	$ -	$ 599,340
Equity component - conversion right (reported in capital surplus - subscription)	$ 4,202,157	$ 9,382,000

	2024	2023
Embedded derivatives - gain on valuation of put-back and redemption rights (gains from financial assets/liabilities at fair value through profit or loss)	$ (681,460)	$ (3,237,740)
Interest expenses (Note)	$ 3,229,362	$ 9,567,142

Note: The effective interest rate of the first unsecured convertible bonds issued by the Company is 1.9836%.

Please refer to Note 6(XX) for the Company converted ordinary shares as a result of the exercise of conversion rights by the holders of convertible corporate bonds in 2024 and 2023.

2. The Company issued the first unsecured domestic convertible bonds on October 3, 2022. The main terms and contents of the issuance are summarized below:
   (1) Issued at par value: NTD 600,000,000.
   (2) Issue price: 100.5% of the face value, with each of NTD100,000.
   (3) Coupon Rate: 0%
   (4) Repayment method:
   The bond shall be paid back in one lump sum of the face value upon maturity in cash, unless otherwise the bondholders of the convertible corporate bonds convert into common shares of the Company in accordance with Article 10 of the Regulations or exercise the put-back right in accordance with Article 19 of the Regulations, and the Company redeems in advance in accordance with Article 18 of the Regulations.
   (5) Issuance period: 3 years (October 3, 2022 to October 3, 2025)
   (6) Conversion period:
   Bondholders may apply to the Company to convert their convertible corporate bonds into ordinary shares of the Company from the day following three months after the issuance of the convertible corporate bonds (January 4, 2023) to the maturity date (October 3, 2025), except for (1). the period during which the transfer of ordinary shares is suspended according to laws, (2). the Company's free allotment suspension date, the cash dividend suspension date or the cash capital increase subscription suspension date 15 business days before the transfer date, and until the base date for the distribution of rights period, (3). from the base date of capital reduction for capital reduction to the day before the trading day before the start of the capital reduction and redemption of stocks; (4). from the start date of the suspension of conversion of the denomination of stocks to the day before the trading day before the start of the trading of new shares.
   (7) Conversion prices and the adjustments:
   The conversion price upon issuance is NTD30.80. However, after converted the corporate bonds, in one of the following circumstances, the conversion price shall be adjusted according to the formula specified in the terms of issue:
   A. In case that any increase in the issued (including private placement) ordinary shares of the Company, unless otherwise the Company issues or privately places various marketable securities with ordinary share conversion rights or stock options to exchange ordinary shares or issue new shares for employee compensation.
   B. In case that the Company issues cash dividends on ordinary shares, the conversion price shall be adjusted at the ratio of the current price per share on the ex-dividend reference date.
   C. In case that the Company re-issues and issues (including re-private placement) various marketable securities with ordinary share conversion rights or warrants at a conversion or subscription price lower than the prevailing price per share.
   D. In case that the reduction in the number of ordinary shares of the

Company is not caused by capital reduction through cancellation of treasury shares.

On February 21, 2024, the Company distributed the cash dividend of ordinary shares by the resolution of the shareholders' meeting and adjusted the conversion price to NTD 29.80 on August 4, 2024.

(8) Put-back rights:

The date of issuance of the convertible corporate bonds for two years (October 3, 2024) shall be the reference date for early redemption for bondholders. Creditors may require the Company to redeem the convertible corporate bonds held by them in cash according to the nominal value of the bonds plus interest compensation [101.0025% of the nominal value of the bonds for two years (0.5% of the actual yield)].

(9) Redemption rights:

The Company will repurchase the convertible corporate bonds in accordance with the Company's issuance and conversion regulations in one of the following circumstances from the day after the convertible bond is issued for three months (January 4, 2023) to 40 days prior to the expiration of the issuance period (August 24, 2025).

A. If the closing price of the Company's ordinary shares exceeds the prevailing conversion price by more than 30% (including 30%) for 30 consecutive business days.

B. If the outstanding balance of the convertible bonds is less than NTD 60,000,000 (i.e. 10% of the original issue amount).

(10) In accordance with issuance and conversion regulations, all bonds repurchased (including those bought back through the TPEx), repaid and converted by the Company will be canceled, and all rights and obligations attached to the bonds will be extinguished and will not be sold or issued.

(XVII) Long-term loans

Financing institutions	Loan period and regulations	December 31, 2024	December 31, 2023
Guaranteed loan from Hua Nan Bank	The principal of NTD 180,000 thousand will be repaid in a lump sum and the interest will be paid monthly from December 29, 2023 to December 29, 2025. Annual interest rate was 1.835% on December 31, 2023. Repayment was made early on January 16, 2024.	$ -	$ 180,000,000
Guaranteed loan from Hua Nan Bank	The principal of NTD 175,000 thousand will be repaid in a lump sum and the interest will be paid monthly from June 28, 2024 to June 26, 2026. Annual interest rate was 1.955% on December 31, 2024. Repayment of NTD 25,000 thousand and NTD 40,000 thousand was made early on November 8, 2024 and November 11, 2024, respectively.	110,000,000	
Guaranteed loan from Hua Nan Bank	The principal of NTD 75,000 thousand will be repaid in a lump sum and the interest will be paid monthly from December 30, 2024 to December 30, 2026. Annual interest rate was 2.250% on December 31, 2024.	75,000,000	-
Subtotal		185,000,000	180,000,000
Less: Amount due within one year		-	-
Total		$ 185,000,000	$ 180,000,000

Please refer to Note 8 for the guarantees provided by the Company in terms of the above long-term loans.

(XVIII) Employee pension

1. Pursuant to the stipulations of the Labor Standards Act and Labor Pension Act, the Company has established its regulations on the retirement for formal employees.
   (1) Defined benefit plans
   The severance pay shall be calculated based on their service seniority and the average wages of the last six months of service

rendered. For employees who have worked with the Company for over 15 years and aged 55, or worked with the Company for over 25 years, or those who have worked with the Company for 10 years and aged 60, they are qualified for apply for retirement. For each year of service they provided, they will be awarded 2 radixes and for those whose seniority exceeds 15 years, for each year of service they provided, they will be awarded 1 radix and they may receive no more than 45 radixes in total. In case of less than six months, six months of services are counted; and more than six months shall be deemed as one year of service. However, if an employee is ordered to retire due to mental incapacity or physical disability resulting from the performance of their duties and rendering them unable to perform their work, they are entitled to an additional 20% on top of the aforementioned base amount. Those who choose to apply the provisions under the Labor Pension Act to withdraw pension, those who have served the Company for more than 15 years and have reached the age of 60 may apply for monthly pension, however, those who have worked for less than 15 years shall apply for a lump-sum pension.

(2) Defined contribution plan

Since July 1, 2005, the Labor Pension Act had come into effect. If employees of the Company choose to apply the new pension regime, 6% of the fixed salary will be allocated to the employee account with the Labor Insurance Bureau according to the Labor Pension Act. For those who choose to apply the old seniority and pension regime before July 1, 2005, the labor pension reserve has been allocated to the dedicated account in the Bank of Taiwan.

2. The Company's benefit plan is accurately calculated based on the measurement date of December 31, 2024 and 2023. The actuarial assumptions, components of defined benefit obligations, change in the present value of the defined benefit obligations, change in the fair value of the assets of the benefit plan, the recognized expenses and the composition percentage of the fair value of the assets of the plan are as follows:

(1) Actuarial assumption of defined benefit plans

	December 31, 2024	December 31, 2023
Discount rate	1.50%	1.25%
Expected salary increase rate	2.00%	2.00%

The Company's actuarial assumption for defined benefit plans describes below:

A. Discount rate: The interest rate used to discount the post-retirement benefit obligations (including funded and unfunded) and to assess the interest income on plan assets for the next year shall be determined by reference to the market yields of high-quality corporate bonds as of the measurement date. For currencies where there is no deep market for high-quality corporate bonds, the market yields of government bonds denominated in that currency (as of the measurement date) shall be used. The corporate bonds or government bonds shall be denominated in the currency in which the benefit obligations after retirement will be paid and that have terms to maturity approximating to the terms of evaluation period.

B. Expected salary increase rate: The estimated future salary increase takes into account inflation, seniority, promotion and other relevant factors, such as the supply and demand of the employment market.

(2) The amount of defined benefit plans listed in the parent company only balance sheet is as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	$ (13,337,000)	$ (15,457,000)
Fair value of plan assets	21,342,085	21,723,943
Net defined benefit asset - non-current	$ 8,005,085	$ 6,266,943

(3) Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2023	$ (24,395,000)	$ 24,701,924	$ 306,924
Defined benefit cost			
Current service cost	(118,462)	-	(118,462)
Interest income (expenses)	(304,937)	313,424	8,487
Recognized in profit (loss)	(423,399)	313,424	(109,975)
Remeasurement			
Plan asset compensation	-	214,061	214,061
Actuarial gains (losses) - experience adjustments	(358,355)	-	(358,355)
Recognized in other comprehensive income	(358,355)	214,061	(144,294)
Contributions from employer	-	239,858	239,858
Payment from plan assets	3,745,324	(3,745,324)	-
Amount paid on Company account	5,974,430	-	5,974,430
Balance as of December 31, 2023	$ (15,457,000)	$ 21,723,943	$ 6,266,943

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Balance as of January 1, 2024	$ (15,457,000)	$ 21,723,943	$ 6,266,943
Defined benefit cost			
Current service cost	(117,450)	-	(117,450)
Interest income (expenses)	(155,960)	234,297	78,337
Recognized in profit (loss)	(273,410)	234,297	(39,113)
Remeasurement			
Plan asset compensation	-	2,133,008	2,133,008
Actuarial gains (losses) - experience adjustments	(355,753)	-	(355,753)
Recognized in other comprehensive income	(355,753)	2,133,008	1,777,255
Payment from plan assets	2,749,163	(2,749,163)	-
Balance as of December 31, 2024	$ (13,337,000)	$ 21,342,085	$ 8,005,085

(4) Recognized expenses under defined benefit plans

	2024	2023
Current service cost	$ 117,450	$ 118,462
Interest cost of defined benefit obligations	155,960	304,937
Total interest income of plan assets	(234,297)	(313,424)
Net pension cost	$ 39,113	$ 109,975

(5) Percentage of fair value of plan assets

	December 31, 2024	December 31, 2023
Self-use		
Redeposit to financial institutions	14.41%	15.62%
Short-term notes	6.24%	5.07%
Government bonds, financial bonds, corporate bonds and securitized commodities	7.43%	7.69%
Stock and beneficiary certificate investment (including futures)	11.19%	11.87%
Foreign investment	7.69%	10.23%
Consigned operation		
Domestically consigned operation	11.58%	10.48%
Foreign consigned operation	41.46%	39.04%
Total	100.00%	100.00%

The Company’s employee pension fund is fully deposited with the

Department of Trust, Bank of Taiwan. The expected rate of return on plan assets is determined based on historical return trends, actuarial forecasts of the market conditions for these assets over the duration of the defined benefit obligation, the Labor Pension Fund Supervisory Committee's investment performance, and an estimation that considers the minimum return not being lower than the two-year time deposit interest rate offered by local banks.

(6) Sensitivity analysis of major actuarial assumptions

The sensitivity analysis of the Company's defined benefit obligations is based on the discount rate and expected salary increase rate salary adjustment rate of actuarial assumptions. On the premise that other actuarial assumptions remain unchanged, the discount rate and expected salary increase rate are calculated by increasing or decreasing by 0.25%, respectively:

A. Sensitivity analysis of discount rate

	Discount rate			
	December 31, 2024		December 31, 2023	
	1.75%	1.25%	1.50%	1.00%
Calculated based on simulation assumptions	$(13,158,000)	$ (13,519,000)	$(15,250,000)	$ (15,668,000)
Calculated based on original assumptions	(13,337,000)	(13,337,000)	(15,457,000)	(15,457,000)
Gains (losses) of defined benefit obligations	179,000	(182,000)	207,000	(211,000)
Change of defined benefit obligation (%)	-1.34%	1.36%	-1.34%	1.37%

B. Sensitivity analysis of expected salary increase rate:

	Expected salary increase rate			
	December 31, 2024		December 31, 2023	
	2.25%	1.75%	2.25%	1.75%
Calculated based on simulation assumptions	$ (13,520,000)	$(13,157,000)	$ (15,668,000)	$ (15,249,000)
Calculated based on original assumptions	(13,337,000)	(13,337,000)	(15,457,000)	(15,457,000)
Gains (losses) of defined benefit obligations	(183,000)	180,000	(211,000)	208,000
Change of defined benefit obligation (%)	1.37%	-1.35%	1.37%	-1.35%

(7) The Company expects to pay NTD 2,380,427 to the defined benefit plan in the year of 2025. The weighted average durations of defined benefit obligations at the end of 2024 and 2023 were 7 years.

3. The amount of the Company's defined contribution plans in 2024 and 2023 recognized as current expenses is NTD 7,798,957 and NTD 7,651,465 respectively. The unpaid amount at the end of 2024 and 2023 was NTD 2,187,429 and NTD 2,151,419 respectively, which had been paid after the end of the reporting period.

(XIX) Income tax

The income tax rate of the profit-making enterprises in 2024 and 2023 was 20%, and the basic income tax rate was 12%. Relevant information on deferred income tax assets and liabilities and the adjustment of income tax expenses and income tax payable are as follows:

1. Composition and change analysis of deferred income tax assets and liabilities

	2024				
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in profit or loss	Ending balance
Temporary differences					
Bad debt loss exceeding limit	$ 3,355,984	$ (1,643,487)	$ -	$ -	$ 1,712,497
Prepaid pension expenses	(5,405,553)	7,823	-	-	(5,397,730)
Unrealized loss on inventory falling price losses	7,202,509	2,033,229	-	-	9,235,738
Unrealized employee leave payment	998,411	21,397	-	-	1,019,808
Unrealized exchange gain	(139,838)	(787,177)	-	-	(927,015)
Unrealized gain of financial assets and liabilities	(467,548)	(136,292)	-	-	(603,840)
Actuarial profit and loss of defined benefits	4,201,744	-	(355,451)	-	3,846,293
Discount amortization of corporate bonds	(1,918,839)	559,894	-	1,131,028	(227,917)
Deferred income tax benefit (expense)		$ 55,387	$ (355,451)	$ 1,131,028	
Net deferred income tax assets (liabilities)	$ 7,826,870				$ 8,657,834
Deferred income tax assets	$ 15,758,648				$ 15,814,336
Deferred income tax liabilities	$ 7,931,778				$ 7,156,502

	2023				
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Directly recognized in profit or loss	Ending balance
Temporary differences					
Bad debt loss exceeding limit	$ 1,536,631	$ 1,819,353	$ -	$ -	$ 3,355,984
Prepaid pension expenses	(4,184,690)	(1,220,863)	-	-	(5,405,553)
Unrealized loss on inventory falling price losses	7,342,191	(139,682)	-	-	7,202,509
Unrealized employee leave payment	1,012,797	(14,386)	-	-	998,411
Unrealized exchange loss (gain)	38,156	(177,994)	-	-	(139,838)
Unrealized loss (gain) of financial assets and liabilities	180,000	(647,548)	-	-	(467,548)
Actuarial profit and loss of defined benefits	4,172,885	-	28,859	-	4,201,744
Discount amortization of corporate bonds	(6,259,310)	1,653,793	-	2,686,678	(1,918,839)
Deferred income tax benefit (expense)		$ 1,272,673	$ 28,859	$ 2,686,678	
Net deferred income tax assets (liabilities)	$ 3,838,660				$ 7,826,870
Deferred income tax assets	$ 14,282,660				$ 15,758,648
Deferred income tax liabilities	$ 10,444,000				$ 7,931,778

2. Items not recognized as deferred income tax assets and liabilities

	December 31, 2024	December 31, 2023
Not recognized as deferred income tax assets		
Temporary differences		
Unrealized collection of bad debt losses	$ 957,445	$ 957,445

3. Income tax expense recognized in profit or loss

The composition of income tax expenses (benefits) recognized in profit and loss in the current period is as follows:

	2024	2023
Current income tax:		
Current income tax payable	$ 15,039,065	$ 250,799
Current income tax adjustment of previous years	(2,983,678)	(7,378,126)
Total income tax of the current period	12,055,387	(7,127,327)
Deferred income tax	(55,387)	(1,272,673)
Income tax expenses (benefits) recognized in profit or loss	$ 12,000,000	$ (8,400,000)

The adjustment between current accounting income and income tax expenses (benefits) recognized in profit and loss and income tax payable at the end of the period is as follows:

	2024	2023
Profit before tax	$ 75,128,703	$ 35,330,953
Income tax expense at the statutory rate	$ 15,025,740	$ 7,066,191
Permanent differences	(42,062)	(3,082,716)
Unrecognized deferred income tax impact of temporary differences	-	(5,005,349)
Current income tax adjustment of previous years	(2,983,678)	(7,378,126)
Income tax expenses (benefits) recognized in profit or loss	$ 12,000,000	$ (8,400,000)

	2024	2023
Income tax payable (current income tax)	$ 15,039,065	$ 250,799
Add: Income tax payable at the beginning of the period	3,288,482	24,233,819
Less: Withholding tax	(127,102)	(69,995)
Income tax paid	(124,000)	(13,748,015)
Income tax adjustments on prior years	(2,983,678)	(7,378,126)
Income tax payable at the end of the period	$ 15,092,767	$ 3,288,482

4. Income tax expense recognized in other comprehensive income

The composition of income tax expenses (benefits) recognized in other comprehensive income and loss in the current period is as follows:

	2024	2023
Remeasurement of defined benefit obligation	$ 355,451	$ (28,859)

5. Income tax recognized directly in equity

The composition of income tax benefits directly recognized in equity in the current period is as follows:

	2024	2023
Discount amortization of corporate bonds	$ (1,131,028)	$ (2,686,678)

6. Income tax examination

The Company’s income tax return for profit-making enterprises as of 2022 has been approved and filed with the tax authority.

7. Information about unappropriated retained earnings

	December 31, 2024	December 31, 2023
Before 1997	$ -	$ -
After 1998	231,348,459	191,039,731
Total	$ 231,348,459	$ 191,039,731

(XX) Equity

1. Share capital

On January 1, 2023, the authorized share capital was NTD 1,800,000,000, and the total paid-in capital was NTD 1,082,500,000, divided into 108,250,000 shares, all of which were ordinary shares, with a nominal value of NTD 10 per share.

Between the second quarter and the third quarter of 2023, holders of convertible corporate bonds exercised their conversion rights and applied for a convertible amount of NTD314,600,000. They requested the exchange of 10,214,251 ordinary shares at par value, totaling NTD102,142,510. After taking into account the discount on corporate bonds payable, financial liabilities at fair value through profit or loss, deferred tax liabilities and capital reserve - convertible corporate bond options, a premium of NTD 217,567,548 was recognized for capital reserve - issued shares. We completed the registration for the change on September 1, 2023.

On December 31, 2023, the authorized share capital was NTD1,800,000,000, and the total paid-in capital was NTD1,184,642,510, divided into 118,464,251 shares, all of which were ordinary shares, with a nominal value of NTD10 per share.

Between the first quarter and the third quarter of 2024, holders of convertible corporate bonds exercised their conversion rights and applied for a convertible amount of NTD 179,500,000. They requested the exchange of 5,968,358 ordinary shares at par value, totaling NTD 59,683,580. After taking into account the discount on corporate bonds payable, financial liabilities at fair value through profit or loss, deferred tax liabilities and capital reserve - convertible corporate bond options, a premium of NTD 118,650,040 was recognized for capital reserve - issued shares. We have completed the registration for the change on May 13, 2024 and November 28, 2024, respectively.

Between the fourth quarter of 2024, holders of convertible corporate bonds exercised their conversion rights and applied for a convertible amount of NTD 27,800,000. They requested the exchange of 932,870 ordinary shares at par value, totaling NTD 9,328,700. After considering the discount on bonds payable, financial liabilities at fair value through profit or loss, deferred tax liabilities, and capital reserve - convertible bond options, a capital reserve - share premium of NTD 19,370,910 was recognized. The registration of the aforementioned conversion was not completed as of December 31, 2024, and is presented under Convertible Bond Subscription Certificates.

On December 31, 2024, the authorized share capital was NTD 1,800,000,000, and the total paid-in capital was NTD 1,244,326,090, divided into 124,432,609 shares, all of which were ordinary shares, with a nominal value of NTD 10 per share.

2. Capital surplus

	December 31, 2024	December 31, 2023
Share premium (including convertible bonds)	$ 355,898,337	$ 217,877,387
Consolidated premium	9,008,923	9,008,923
Convertible corporate bond options	4,202,157	9,382,000
Total	$ 369,109,417	$ 236,268,310

In accordance with the Company Act, the capital surplus shall not be used to make up for any loss, except when the surplus reserve is insufficient to cover the loss. In addition, capital surplus from the issuance of shares in excess of par value and the proceeds from gifts may be issued as new shares or cash in proportion to the shareholders' original shares according to the resolution of the shareholders' meeting.

3. Legal reserve

According to the provisions of the Company Act, when distributing earnings, the Company should first set aside 10% of earnings as the legal reserve, unless the legal reserve has reached the paid-in capital.

The legal reserve can be used to cover losses. If the Company has no losses, it may issue new shares or cash to the shareholders based on the portion of legal reserve which exceeds 25% of the paid-in capital.

4. Special reserve

The Company recognizes and reverses the special reserve in accordance with the provisions of Jin-Guan-Zheng-Fa-Zi No. 1010012865, Jin-Guan-Zheng-Fa-Zi No. 1010047490 and "Questions and Answers on Special Reserve after IFRSs Adoption". If the balance of other equity decreases subsequently has been reversed, the retained earnings may be distributed for the reversed part. In addition, the FSC has issued the Jin-Guan-Zheng-Fa-Zi No. 1090150022 letter on March 31, 2021. After the issuance of the letter, the original Jin-Guan-Zheng-Fa-Zi No. 1010012865 letter and the original Jin-Guan-Zheng-Fa-Zi No. 1010047490 letter were abolished on December 31, 2021 and March 31, 2021 respectively. The Company will follow the relevant letters and orders.

5. Earnings distribution

If there is any surplus after the Company's annual final settlement, the Company shall set aside 10% as legal reserve after covering the accumulated loss and paying taxes first, except when the legal reserve has reached the amount of the Company's paid-in capital; In addition, after setting aside special surplus reserve according to the operating needs of the Company and the law, and distributing dividends, for the surplus, if any, and the undistributed earnings at the beginning of the period, a distribution proposal shall be prepared and submitted by the Board of Directors to the shareholders' meeting for approval.

The provision of the special reserve referred to in the preceding paragraph is the part accumulated but not fully appropriated in the previous period. The special reserve of the same amount shall be set aside from the undistributed earnings in the previous period. In case of still insufficient, the provision shall be made from the amount of the undistributed earnings in the current period other than the current after-tax net profit plus the current after-tax net profit.

If the shareholders' dividends are distributed in cash, the Board of Directors shall be authorized to report to the shareholders' meeting. This report requires a resolution passed by a majority of the directors present, provided that more than two-thirds of the directors are present.

The Company's earnings distribution plan for the year 2023 is as follows:

Item	2023	
Legal reserve	$ 4,361,552	
Reversal of special reserve	(15,659,048)	
Cash dividends	35,539,275	(NTD0.30 per share)

The above cash dividends have been distributed by the resolution of the Board of Directors on February 21, 2024. Additionally, the remaining earnings distribution items have also been resolved by the shareholders' meeting on May 24, 2024.

The Company's earnings distribution plan for the year 2024 proposed by the Board of Directors on February 19, 2025 is as follows:

Item	2024	
Legal reserve	$ 6,455,051	
Cash dividends	62,682,740	(NTD 0.50 per share)

The above cash dividends have been distributed by the resolution of the Board of Directors on February 19, 2025. Additionally, the remaining earnings distribution items are subject to the resolution of the shareholders' meeting on May 23, 2025.

In addition, the earnings distribution by the Board of Directors and the resolution of the Shareholders' Meeting of the Company can be viewed from the Market Observation Post System.

6. Dividend policy

The Company's dividend policy aims to meet the needs of the Company's development and investment and takes into account the interests of shareholders. Without other special circumstances, the annual dividend distribution shall be at least 10% of the current year's distributable earnings after deducting the legal reserve and special reserve, and the cash dividend shall be at least 30% of the current year's total dividend.

7. Other equity interest

Changes in exchange differences on translation of foreign financial statements are as follows:

	2024	2023
Opening balance	$ -	$ (14,957,443)
Translation of foreign operations' financial statements		
Exchange differences arising on translation	-	(764,029)
Reclassification adjustments - disposal of foreign operations	-	15,721,472
Ending balance	$ -	$ -

The reclassification adjustment related to the exchange differences on translation of financial statements of foreign operating institutions in 2023 is NTD17,552,553, of which NTD1,831,081 is attributable to the share of non-controlling interests.

(XXI) Earnings per share

	2024		
	Current net profit (numerator)	Weighted average number of outstanding shares (denominator)	Earnings per share
Earnings per share - basic			
Current net profit attributable to the holders of ordinary shares of the Company	$ 63,128,703	123,045,844 shares	$ 0.51
Earnings per share - diluted			
Effect of potential dilutive common shares-remuneration to the employees	-	108,644 shares	
Current net profit attributable to the holders of ordinary shares of the Company	$ 63,128,703	123,154,488 shares	$ 0.51

In 2024, the Company included the potential ordinary shares from the convertible corporate bonds, which would have resulted in an anti-dilutive effect. Therefore, these potential shares were not included in the calculation of diluted earnings per share.

	2023		
	Current net profit (numerator)	Weighted average number of outstanding shares (denominator)	Earnings per share
Earnings per share - basic			
Current net profit attributable to the holders of ordinary shares of the Company	$ 43,730,953	113,220,492 shares	$ 0.39
Earnings per share - diluted			
Effect of potential dilutive common shares-remuneration to the employees		22,663 shares	
Current net profit attributable to the holders of ordinary shares of the Company	- $ 43,730,953	113,243,155 shares	$ 0.39

In 2023, the Company included the potential ordinary shares from the convertible corporate bonds, which would have resulted in an anti-dilutive effect. Therefore, these potential shares were not included in the calculation of diluted earnings per share.

The weighted average number of ordinary shares is calculated as follows:

	2024	2023
Ordinary shares at the beginning of the period	118,464,251 shares	108,250,000 shares
Conversion of convertible bonds to ordinary shares	5,968,358 shares	10,214,251 shares
Bond conversion entitlement certificates	932,870 shares	- Share
Ordinary shares at the end of the period	125,365,479 shares	118,464,251 shares
Weighted average number of ordinary shares	123,045,844 shares	113,220,492 shares

(XXII) Employee benefits, depreciation, depletion, and amortization expense for this period are summarized by function as follows:

Function / Classification	2024 Operating costs	2024 Operating expenses	2024 Total	2023 Operating costs	2023 Operating expenses	2023 Total
Employee benefits expenses						
Salary expenses	$ 130,819,427	$ 60,410,290	$ 191,229,717	$ 114,560,159	$ 53,456,203	$ 168,016,362
Labor and national health insurance expenses	12,094,435	5,712,235	17,806,670	12,358,852	5,653,221	18,012,073
Pension expenses	5,134,642	2,703,428	7,838,070	5,112,382	2,649,058	7,761,440
Remunerations to directors	-	6,951,676	6,951,676	-	5,632,000	5,632,000
Other employee benefit expenses	8,829,752	3,409,279	12,239,031	8,843,047	2,995,783	11,838,830
Depreciation expenses (Note)	209,519,730	24,791,238	234,310,968	183,611,308	22,789,831	206,401,139
Amortization expenses	-	91,878	91,878	-	-	-

Note: The depreciation of assets available for lease of the Company in 2024 and 2023 was recognized as non-operating income and expenses, amounting to NTD 108,480 and NTD 889,811, respectively.

1. In 2024 and 2023, the average number of employees of the Company was 271 and 279 respectively, of which the number of directors who were not concurrently employees was 7 and 10 respectively, and the calculation basis was consistent with the employee benefit expenses.
2. The average employee benefit expenses in 2024 and 2023 were NTD 867,854 and NTD 764,419 respectively.
3. The average salary expenses of employees in 2024 and 2023 were NTD 724,355 and NTD 624,596 respectively.
4. The average employee compensation expense for 2024 increased by 15.97% compared to 2023. This was primarily due to the distribution of two months'

year-end bonus and the allocation of employee remuneration, which is required by the Company's articles of incorporation to be no less than 1% of pre-tax net profit when the Company is profitable, as the Company's operating profit increased in 2024 compared to 2023.

5. The remuneration for supervisors in 2024 and 2023 was zero.
6. The Company's salary and remuneration policy is as follows:
   (1) Director

   In accordance with Article 23 of the Articles of Incorporation of the Company, the remuneration of the directors of the Company shall be determined by the Board of Directors as per their participation in the operation of the Company and the value of their contribution, taking into consideration industry standards both domestically and internationally. The authorization shall be determined by the Board of Directors.

   In accordance with Article 28 of the Company's Articles of Incorporation, if the Company makes profits for the year, it shall allocate not more than 3% as director's remuneration.

   Business implementation costs include travel expenses and various allowances.

   Independent directors are paid a fixed remuneration every month, and do not participate in the remuneration distribution and do not pay business execution expenses.

   (2) Supervisors

   The Company set up an audit committee to replace the supervisor on July 20, 2021.

   (3) Managerial officers and employees

   The salary shall be paid in accordance with the relevant provisions of the Company's employees' salary. The salary and remuneration to managerial officers shall be assessed and determined by the salary and remuneration committee in accordance with the provisions, and submitted to the board of directors for resolution.

   In accordance with Article 28 of the Company's Articles of Incorporation, if the Company makes profits for the year, it shall allocate not less than 1% as employees' remuneration.

   (4) Procedures for setting remuneration

   The remuneration of the directors and managerial officers shall be regularly assessed and set by the compensation committee of this Company, and submitted to the Board of Directors for approval.

   (5) Relationship with business performance and future risks

   The independent directors of the Company pay fixed remuneration, and the directors are distributed according to the profit of the Company, except for the travel expenses, so there is no risk of significant impact on the Company. In addition to the fixed salary, other bonuses are distributed to managerial officers and employees based on the performance of the Company, so there is no risk of significant impact on the Company.

7. Remuneration to the employees and directors

   In accordance with the Company's Articles of Association, if the Company makes profits for the year, the employee's remuneration shall not be less than 1% and the director's remuneration shall not be higher than 3%.

However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss. The counterparts to which the employee remuneration referred to in the preceding paragraph is to be paid in stock or cash include the employees of the subsidiary company upon the approval of the Board of Directors.

The estimated employee remuneration and director remuneration of the Company in 2024 and 2023 are as follows:

	2024	2023
Remuneration to employees	$ 3,099,261	$ 400,000
Remuneration to the directors	$ 1,560,000	$ 400,000

The above is based on the balance of the Company's profits after deducting accumulated losses during that period and recognized as current expenses. However, if there is any difference between the actual distribution amount and the estimated amount, it is listed as the profit and loss of the next year.

The estimated employee remuneration of the Company in 2023 and 2022 is NTD 400,000 and NTD 1,420,000 respectively, and the director remuneration is NTD 400,000 and NTD1,600,000 respectively, which is not different from the actual distribution amount.

In addition, relevant information about the remuneration of employees and directors of the Company can be viewed from the Market Observation Post System.

(XXIII) Operating revenue

Breakdown of income:

2024

Key products / Key market region	Basic chemicals	Specialty chemicals	Electronic chemicals	Total
Taiwan	$ 968,967,191	$ 541,931,061	$ 461,268,287	$ 1,972,166,539
Japan	-	44,899,559	-	44,899,559
United States	-	40,167,078	-	40,167,078
Other	2,108,953	22,428,868	1,311,641	25,849,462
Total	$ 971,076,144	$ 649,426,566	$ 462,579,928	$ 2,083,082,638

2023

Key products / Key market region	Basic chemicals	Specialty chemicals	Electronic chemicals	Total
Taiwan	$ 863,671,833	$ 252,604,601	$ 485,510,956	$ 1,601,787,390
Japan	-	60,438,400	-	60,438,400
United States	-	35,608,245	-	35,608,245
Other	2,958,197	23,183,126	-	26,141,323
Total	$ 866,630,030	$ 371,834,372	$ 485,510,956	$ 1,723,975,358

(XXIV) Total interest income

The Company's interest income is analyzed below:

	2024	2023
Bank deposit interest	$ 1,448,247	$ 956,967
Interest income from financing lease	8,193	46,690
Total	$ 1,456,440	$ 1,003,657

(XXV) Other income

The Company's other income is analyzed below:

	2024	2023
Rental income	$ 1,615,151	$ 1,728,168
Government grants income	54,960	332,890
Other income - others	1,373,402	1,659,999
Total	$ 3,043,513	$ 3,721,057

(XXVI) Other gains and losses

The Company's other gains and losses are analyzed below:

	2024	2023
Net gains from disposal of property, plant and equipment	$ 582,940	$ 3,080,977
Gain on foreign exchange, net	2,775,596	3,514,012
Gain of financial assets and liabilities at fair value through profit or loss	681,460	3,237,740
Compensation for losses	(1,400,525)	-
Depreciation of assets for lease	(108,480)	(889,811)
Miscellaneous disbursements	(355,849)	(431,628)
Total	$ 2,175,142	$ 8,511,290

(XXVII) Finance costs

The Company's finance costs are analyzed below:

	2024	2023
Bank loans interest	$ 7,026,635	$ 4,320,862
Commercial paper interest payable	491,852	442,662
Corporate bonds interest	3,229,362	9,567,142
Imputed interest of guarantee deposits and margins received	3,504	3,228
Interest on lease liabilities	140,626	129,213
Less: capitalization of borrowing costs	(8,776,647)	(8,471,763)
Total	$ 2,115,332	$ 5,991,344

The capitalized amount of borrowing costs of the Company in 2024 and 2023 was NTD 8,776,647 and NTD 8,471,763 respectively, and the capitalized interest rates in 2024 and 2023 were 2.052% and 2.236% respectively.

(XXVIII) Additional information of expenses by nature

The following items have been deducted from the Company's net profit after tax:

	2024	2023
Financial assets impairment loss		
Expected credit impairment loss	$ -	$ 8,269,019
Depreciation and amortization expense		
Depreciation of property, plant and equipment	229,223,404	202,604,417
Depreciation of right-of-use assets	5,087,564	4,578,053
Depreciation of investment property	108,480	108,480
Amortization of intangible assets	91,878	-
Total	234,511,326	207,290,950
Research and development expenditures recognized as expenses when incurred	25,920,939	24,188,036
Employee benefits expenses		
Post-employment benefits		
Defined contribution plan	7,798,957	7,651,465
Defined benefit plans	39,113	109,975
Subtotal	7,838,070	7,761,440
Other employee benefits	221,275,418	197,867,265
Total	229,113,488	205,628,705
Total	$ 489,545,753	$ 445,376,710

(XXIX) Financial instruments

1. Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 15,620	$ -
Measured at amortized cost		
Cash and cash equivalents	145,528,479	209,122,570
Notes and accounts receivable	505,058,364	503,595,493
Other receivables	9,650,268	4,705,791
Finance lease receivables	-	311,807
Refundable deposits paid	47,079,250	33,954,974
Overdue receivables	-	-
Subtotal	707,316,361	751,690,635
Total	$ 707,331,981	$ 751,690,635
Financial liabilities		
Fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 599,340
Measured at amortized cost		
Short-term loans	259,066,394	153,682,422
Short-term notes payable	-	34,970,674
Notes and accounts payable	179,745,125	157,617,724
Other payables	231,106,525	183,374,387
Lease liabilities	8,525,462	7,684,388
Bonds payable	76,789,289	274,348,786
Long-term loans	185,000,000	180,000,000
Guarantee deposits and margins received	266,432	324,432
Subtotal	940,499,227	992,002,813
Total	$ 940,499,227	$ 992,602,153

2. Financial risk management objectives

With regard to the financial risk management, the Company is to manage the exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. To reduce relevant financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainty, so as to reduce the potential negative impact of market changes on the Company's financial performance.

3. Market risks

The main market risks borne by the Company due to its operating activities are the fluctuation of foreign exchange rate and interest rate. The Company always keeps a close eye on and responds to the possible risks caused by changes in exchange rates. In addition, the Company adjusts its own funds and bank borrowings flexibly in line with its business operation. As the current market interest rate has kept low for a while, there is no significant risk of interest rate change, so the Company does not manage interest rate risk with derivative financial instruments.

(1) Foreign currency risk

Some of the Company's operating activities and net investment in foreign operation are mainly traded in foreign currencies, thus the Company is exposed to exchange rate risk. To protect the value of assets in foreign currency and against the fluctuation of future cash flow due to the change of exchange rate, the Company assesses its risk from time to time, which should be sufficient to avoid large-scale exchange rate risk and reduce the impact of exchange rate on the Company’s operation.

Since the net investment of foreign operation is strategic investment, the Company has not hedged it.

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated for monetary items in foreign currency at the end of the financial reporting period. When the NTD appreciates/depreciates by 1% against the USD, the Company’s net profit in 2024 and 2023 would increase/decrease by NTD 185,231 and NTD 17,839, accordingly.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in cash flows caused by changes in market interest rates. The Company's interest rate risk includes the above two.

The sensitivity analysis of interest rate risk is based on the interest rate exposure of non-derivative financial instruments at the end of the financial reporting period. If the interest rate rises/falls by 0.1%, the net profit of the Company in 2024 and 2023 will increase by NTD 302,860 and NTD 126,840, accordingly.

(3) Other price risk

The Company has no significant other price risk.

4. Credit risk management

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial losses to the Company. The policy adopted by the Company is to trade with reputable counterpart so as to minimize the risk of financial losses. In addition to the credit investigation before the transaction, the Company also continues to monitor the credit risk and the credit status of the counterpart during the transaction, and focus on the diversification of customer sources and the expansion of overseas markets to reduce customer concentration risk.

As of December 31, 2024 and 2023, the total accounts receivable balance from customers with balances exceeding 5% of the parent company only total accounts receivable represented 38.11% and 38.35% of the parent company only total accounts receivable, respectively. The parent company only has been continuously assessing the financial condition of its major sales customers to mitigate credit risk associated with this concentration.

In addition, the credit risk and concentration risk are also limited because the counterparts of the working capital are several banks with a high credit rating given by an international credit rating agency.

5. Liquidity risk management

The Company’s liquidity risk management is to maintain the cash and equivalent cash required for operation, highly liquid securities and sufficient bank financing lines, so as to ensure that the Company has sufficient financial flexibility.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	December 31, 2024				
	Within 6 months	6-12 months	1 - 2 years	2 - 5 years	Total
Non-derivative financial liabilities					
Short-term loans	$ 259,066,394	$ -	$ -	$ -	$ 259,066,394
Note payable	1,007,222	-	-	-	1,007,222
Accounts payable	178,737,903	-	-	-	178,737,903
Other payables	230,376,525	60,000	120,000	550,000	231,106,525
Lease liabilities	2,723,565	1,878,900	2,677,632	1,522,714	8,802,811
Bonds payable	78,100,000	-	-	-	78,100,000
Long-term loans	-	-	185,000,000	-	185,000,000
Total	$ 750,011,609	$ 1,938,900	$ 187,797,632	$ 2,072,714	$ 941,820,855

	December 31, 2023				
	Within 6 months	6-12 months	1 - 2 years	2 - 5 years	Total
Non-derivative financial liabilities					
Short-term loans	$ 153,682,422	$ -	$ -	$ -	$ 153,682,422
Short-term notes payable	35,000,000	-	-	-	35,000,000
Note payable	1,533,070	-	-	-	1,533,070
Accounts payable	156,084,654	-	-	-	156,084,654
Other payables	183,374,387	-	-	-	183,374,387
Lease liabilities	2,454,622	1,903,479	2,336,617	1,165,664	7,860,382
Bonds payable	-	285,400,000	-	-	285,400,000
Long-term loans	180,000,000	-	-	-	180,000,000
Total	$ 712,129,155	$ 287,303,479	$ 2,336,617	$ 1,165,664	$1,002,934,915

6. Fair value of financial instruments

The Company believes that the carrying amount of financial assets and financial liabilities not measured at fair value, other than corporate bonds payable, approximates their fair value:

	December 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost - convertible corporate bond	$ 76,789,289	$ -	$ 77,404,910	$ -	$ 77,404,910

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost - convertible corporate bond	$ 274,348,786	$ -	$ 276,895,080	$ -	$ 276,895,080

7. Foreign currency assets and liabilities with significant exchange rate fluctuations

If the business of the Company involves non-functional currencies, the foreign currency assets and liabilities affected by exchange rate fluctuations are as follows:

Monetary items

	December 31, 2024					2024
	Currency	Foreign currency amount		Measured exchange rate at the end of the period	NTD	Exchange gains (losses) generated
Financial assets						
Cash and cash equivalents	USD	$	19,858	32.7935	$ 651,213	$ 1,468,245
Cash and cash equivalents	RMB		5,143,894	4.5246	23,042,073	3,238,317
Accounts receivable	USD		285,731	32.7935	9,370,122	186,184
Financial liabilities						
Short-term loans	USD		124,000	32.7935	4,066,394	(33,196)
Accounts payable	USD		744,609	32.7935	24,418,211	(232,611)
Other payables	USD		1,820	32.7935	59,684	(23)
Other payables	JPY		3,800,000	0.2099	815,671	8,161
Exchange gains and losses arising from general transactions						(1,859,481)
					Total	$ 2,775,596

	December 31, 2023					2023
	Currency	Foreign currency amount		Measured exchange rate at the end of the period	NTD	Exchange gains (losses) generated
Financial assets						
Cash and cash equivalents	USD	$	238	30.717	$ 7,318	$ 522,113
Cash and cash equivalents	RMB		21,481,306	4.3287	92,986,129	157,661
Accounts receivable	USD		909,561	30.717	27,938,519	(1,219,017)
Financial liabilities						
Short-term loans	USD		771,000	30.717	23,682,422	983,509
Accounts payable	USD		196,875	30.717	6,036,554	254,924
Exchange gains and losses arising from general transactions						2,814,822
					Total	$ 3,514,012

The non-monetary items of the Company have not been disclosed because they have no significant impact of exchange rate fluctuations.

(XXX) Capital management

Regarding the capital management, the Company is to provide shareholders with adequate remuneration by maintaining the optimal capital structure on the premise of continuous operation and growth. The Company's capital structure management strategy is based on such factors as the industrial scale of the Company's business, the future growth of the industry, the product development blueprint and the changes in the external environment, to plan the required capacity, the plant and equipment required to achieve this capacity and the corresponding capital expenditure. Then the required working capital and cash are calculated based on characteristics of the industry, to estimate the possible product profit, operating profit rate and cash flow, and consider the risk factors such as the industrial cycle fluctuations and product life cycle so as to determine the most appropriate capital structure of the Company.

The Company's debt ratio at the end of 2024 and 2023 was as follows:

	December 31, 2024	December 31, 2023
Total liabilities	$ 963,505,649	$ 1,006,071,247
Total assets	$ 3,035,379,215	$ 2,847,080,194
Liability proportion	31.75%	35.34%

The primary reason for the decrease in the debt-to-equity ratio at the end of 2024 was due to the reduction in total liabilities resulting from the exercise of conversion rights by the holders of the Company's convertible bonds. Please refer to notes 6(XVI) and (XX) for further explanation

VII. Related party transaction

(I) Name and relationship of related party

Related party name	Relationship with the Company
Everlight Chemical Industrial Corp. (Everlight Chemical)	Legal person director of the Company
TYS Technology Corporation Limited (TYS) (Note)	The general manager of the Company is the director of the Company

Note: The general manager of the Company, who served from March 1, 2022 to January 16, 2024, was a director of TUS. Significant transactions with TYS from the date of his appointment to the date of his resignation are disclosed.

(II) Operating revenue - sale of goods

1. Transaction amount

	2024	2023
Everlight Chemical	$ 40,449,589	$ 28,229,921
TYS	292,800	22,911,760
Total	$ 40,742,389	$ 51,141,681

2. Outstanding balance (net accounts receivable - related parties)

	December 31, 2024	December 31, 2023
Everlight Chemical	$ 14,784,159	$ 10,691,814
TYS	-	6,936,401
Less: loss allowances	(117,408)	(131,168)
Net value	$ 14,666,751	$ 17,497,047

The Company sells to related parties based on inventory cost-plus price, and the monthly collection period is 65~90 days. The sales and collection conditions of the Company are not significantly different from unrelated parties.

(III) Remuneration of key management personnel

	2024	2023
Short-term benefits	$ 7,706,667	$ 7,225,600
Post-employment benefits	321,624	321,624
Other long-term employee benefits	-	-
Post-employment benefit	-	-
Share-based payment	-	-
Total	$ 8,028,291	$ 7,547,224

Short-term benefits include salary, bonus and employee remuneration.

VIII. Pledged assets

The following assets (cost or carrying amount) have been provided as guarantee for obtaining the loan limit and performance guarantee of financial institutions:

	December 31, 2024	December 31, 2023
Land	$ 237,920,762	$ 237,920,762
Property and building	33,330,205	37,917,083
Other	2,862,311	3,743,063
Total	$ 274,113,278	$ 279,580,908

IX. Material contingent liabilities and unrecognized contractual commitments

The major commitments and contingencies of the Company at the end of 2024 are as follows:

(I) The unused letter of credit issued for domestic and overseas purchases is NTD 40,000,000 and USD 328,850.

(II) The guaranteed notes issued for obtaining the loan commitments from financial institutions are NTD 650,000,000 and USD 3,000,000.

(III) The guarantee note issued for the sale of goods is NTD 3,651,300.

(IV) To expand the production scale, the total price of outstanding major equipment purchase contracts signed with various manufacturers is NTD 1,014,412,956, and the unpaid amount is NTD 386,771,138.

(V) A contract was signed with BASF Taiwan Ltd., which agreed that part of the Company’s land and plant would be used by BASF Taiwan Ltd., with certain rent charged, provided that it purchased sulfuric acid from the Company. The contract will expire on December 12, 2009. The contract will be automatically renewed for one year upon expiration. The contract is still performed on December 31, 2024.

X. Losses due to major disasters: None.

XI. Major subsequent events: None.

XII. Other: None.

XIII. Notes to disclosures

(I) Information on significant transactions

1. Lending funds to others: None.
2. Providing endorsements or guarantees for others: None.
3. Holding of marketable securities at the end of the period: None.
4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of paid-in capital or more: None.
5. Acquisition of property reaching NTD 300 million or 20% of paid-in capital or more: None.
6. Disposal of property reaching NTD 300 million or 20% of paid-in capital or more: None.
7. The purchase and sale of goods with related parties reaching NT$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivative instruments: None.

(II) Information on investees

1. Information related to the investee: None.
2. Information related to major transactions of the investee: None.

(III) Information on investment in mainland China: None.

(IV) Information on major shareholders: See Table 1 attached.

XIV. Segments information

The Company has disclosed relevant operating segment information in the consolidated financial statements as required.

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2024

TABLE 1

Shareholding / Major shareholders	Quantity of shareholding	Ratio of shareholding
Kan Wen-Yuan	10,689,858	8.52%
Fengen Investment Co., Ltd.	9,369,165	7.47%
Baoen Investment Co., Ltd.	9,096,894	7.25%
Zongen Investment Co., Ltd.	8,207,740	6.54%

Note 1: In this chart, major shareholders are defined as shareholders with more than 5% collective holding interest in common and preferred shares that have been delivered via book entry (including treasury stocks), as shown in the records of TDCC on the final business day of each quarter. Share capital, as shown in the financial statements, may differ from the number of shares that have been delivered via book entry due to differences in the preparation basis.

Note 2: For shareholders who have placed shareholding under trust, the above information shall be provided based on trust accounts created by the trustee. In which case, these shareholders may be required under the Securities and Exchange Act to make regulatory reporting on insiders with more than 10% ownership interest, which include shares held in own name and shares placed under trust that the shareholder has control over. Refer to MOPS for information on the reporting of insider shareholding.

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
TABLE OF CONTENT LIST OF SIGNIFICANT ACCOUNTING ITEMS
December 31, 2024

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
LIST OF CASH AND CASH EQUIVALENTS
December 31, 2024

List 1 | Unit: NTD

Item	Summary	Amount
Cash on hand and petty cash		$ 300,000
Bank deposits		
Checkable deposits		4,023,270
Demand deposits	Include USD 19,857.98, exchange rate 32.7935 and RMB 5,143,894.06, exchange rate 4.5246	141,205,209
Total		$ 145,528,479

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
NOTE RECEIVABLE AND ACCOUNTS RECEIVABLE
December 31, 2024

List 2 Unit: NTD

Customer name	Summary	Amount	Remark
Note receivable:			
Unrelated party			
10086	For goods	$ 26,363,065	
11136	For goods	18,722,490	
Other	For goods	51,184,918	The balance of various accounts does not exceed 5%.
Total		96,270,473	
Less: loss allowances		-	
Net value		$ 96,270,473	
Accounts receivable:			
Unrelated party			
10613	For goods	$ 120,372,679	
11277	For goods	32,844,927	
Other	For goods	244,373,862	The balance of various accounts does not exceed 5%.
Total		397,591,468	
Less: loss allowances		(3,470,328)	
Net value		$ 394,121,140	
Related party			
Everlight Chemical	For goods	14,784,159	
Less: loss allowances		(117,408)	
Net value		$ 14,666,751	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
OTHER RECEIVABLES
December 31, 2024

List 3 Unit: NTD

Item	Summary	Amount	Remark
Unrelated party			
Tax refund receivable	Business tax refundable	$ 7,375,540	
Interest receivable	Bank interest income receivable	18,846	
Other receivables - others	Freight receivable, expense allowance and advance payment, etc.	2,255,882	
Total		9,650,268	
Less: loss allowances		-	
Net value		$ 9,650,268	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
INVENTORY
December 31, 2024

List 4 Unit: NTD

Item	Summary	Amount		Remark
		Cost	Net realizable value	
Raw material		$ 79,388,840	$ 72,015,961	Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.
Goods-in-process and semi-finished goods		10,900,111	7,229,911	
Finished goods		157,154,568	218,598,021	
Goods		63,942,756	66,254,103	
Goods in transit		572,466	-	
Total		311,958,741	$ 364,097,996	
Less: Allowance for inventory falling price losses		(46,178,688)		
Net value		$ 265,780,053		

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
ADVANCES TO SUPPLIERS, OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS
December 31, 2024

List 5 Unit: NTD

Item	Summary	Amount	Remark
Advances to suppliers:			
Supplies inventory		$ 405,833	
Other prepaid expenses		12,541,137	
Advance payment		7,962,896	
Total		$ 20,909,866	
Other current assets:			
Refundable deposits paid	Performance bond etc.	$ 46,694,950	Amount due within one year
Other non-current assets:			
Prepayments for equipment		$ 128,906,113	
Refundable deposits paid	Performance bond etc.	384,300	
Overdue receivables		15,453,564	Collection receivables, which are expected to be recovered more than one year later, are fully provided with a 100% allowance for losses.
Less: loss allowances		(15,453,564)	
Other long-term prepaid expenses		414,810	
Total		$ 129,705,223	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
CHANGES IN PROPERTY, PLANT AND EQUIPMENT COST
2024

List 6

Unit: NTD

Item	Opening balance	Current increases	Current decreases	Current reclassification	Ending balance	Provision of guarantee or pledge	Remark
Land	$ 294,306,546	$ -	$ -	$ -	$ 294,306,546	Please refer to Note 8 to the parent company only financial statements for the guarantee provided by the following assets.	The current reclassification is derived from the reclassification of the advance payment for equipment.
Property and building	458,618,561	13,852,462	-	2,674,000	475,145,023		
Equipment	1,666,290,791	58,612,099	(10,483,275)	9,414,085	1,723,833,700		
Water and electricity equipment	198,830,514	54,915,970	(3,001,130)	-	250,745,354		
Computer and communication equipment	57,049,027	6,386,000	-	-	63,435,027		
Testing equipment	82,807,197	2,669,200	(211,791)	1,303,794	86,568,400		
Pollution prevention equipment	83,064,360	2,014,839	(682,047)	527,915	84,925,067		
Transport equipment	68,178,007	14,561,713	(4,180,000)	2,310,000	80,869,720		
Office equipment	3,888,469	284,272	(60,000)	-	4,112,741		
Other	253,988,405	12,874,670	(260,000)	1,495,218	268,098,293		
Unfinished works and equipment to be inspected	177,221,424	219,280,364	-	118,841,089	515,342,877		
Total	$ 3,344,243,301	$ 385,451,589	$ (18,878,243)	$ 136,566,101	$ 3,847,382,748		

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
CHANGES IN DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
2024

List 7 Unit: NTD

Item	Opening balance	Current increases	Current decreases	Current reclassification	Ending balance	Remark
Accumulated depreciation:						Depreciation method: straight-line method
Property and building	$ 292,421,415	$ 23,905,410	$ -	$ -	$ 316,326,825	Useful life: 2-36 Years
Equipment	1,045,654,672	154,623,710	(9,946,112)	-	1,190,332,270	Useful life: 1-31 Years
Water and electricity equipment	134,413,411	14,004,806	(3,001,130)	-	145,417,087	Useful life: 2-21 Years
Computer and communication equipment	42,439,676	3,732,024	-	-	46,171,700	Useful life: 2-15 Years
Testing equipment	49,558,813	9,463,112	(211,791)	-	58,810,134	Useful life: 2-16 Years
Pollution prevention equipment	54,006,751	4,364,538	(545,733)	-	57,825,556	Useful life: 2-51 Years
Transport equipment	48,303,726	5,940,034	(4,180,000)	-	50,063,760	Useful life: 5-16 Years
Office equipment	3,436,039	263,943	(60,000)	-	3,639,982	Useful life: 3-13 Years
Other	102,510,274	12,925,827	(260,000)	-	115,176,101	Useful life: 2-21 Years
Total	$ 1,772,744,777	$ 229,223,404	$ (18,204,766)	$ -	$ 1,983,763,415	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
CHANGES IN RIGHT-TO-USE ASSETS AND ACCUMULATED DEPRECIATION
2024

List 8 Unit: NTD

Item	Opening balance	Current increases	Current decreases	Ending balance	Remark
Cost:					
Property and building	$ 3,888,459	$ 272,560	$ -	$ 4,161,019	
Transport equipment	13,336,978	5,539,391	(5,970,242)	12,906,127	
Office equipment	1,060,042	173,134	-	1,233,176	
Total cost	18,285,479	$ 5,985,085	$ (5,970,242)	18,300,322	
Accumulated depreciation:					Depreciation method: straight-line method
Property and building	(2,052,247)	$ 1,477,866	$ -	(3,530,113)	Useful life: 3 Years
Transport equipment	(8,500,048)	3,251,549	(5,970,242)	(5,781,355)	Useful life: 3-6 Years
Office equipment	(88,335)	358,149	-	(446,484)	Useful life: 3 Years
Total accumulated depreciation	(10,640,630)	$ 5,087,564	$ (5,970,242)	(9,757,952)	
Net value	$ 7,644,849			$ 8,542,370	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
CHANGES IN INVESTMENT PROERTY AND ACCUMULATED DEPRECIATION
2024

List 9

Unit: NTD

Item	Opening balance	Current increases	Current decreases	Ending balance	Remark
Cost:					As the subsequent measurement of investment property adopts the cost model, the fair value is not disclosed.
Land	$ 12,554,052	$ -	$ -	$ 12,554,052	
Property and building	6,083,061	-	-	6,083,061	
Total cost	18,637,113	$ -	$ -	18,637,113	
Accumulated depreciation:					
Property and building	(3,072,287)	$ 108,480	$ -	(3,180,767)	Depreciation adopts the straight-line method with the useful life is 12-51 years.
Net value	$ 15,564,826			$ 15,456,346	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
LIST OF CHANGES IN INTANGIBLE ASSETS
2024

List 10 Unit: NTD

Item	Opening balance	Current increases	Current decreases	Ending balance	Remark
Computer software:					
Cost	$ 2,383,348	$ 690,800	$ -	$ 3,074,148	
Accumulated amortization	(2,383,348)	$ 91,878	$ -	(2,475,226)	Amortization adopts the straight-line method with the useful life is 5 years.
Net value	$ -			$ 598,922	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
DEFERRED INCOME TAX ASSETS (LIABILITIES)
December 31, 2024

List 11 Unit: NTD

Item	Summary	Amount	Remark
Deferred income tax assets:			
Bad debt loss exceeding limit		$ 1,712,497	
Unrealized loss on inventory falling price losses		9,235,738	
Unrealized employee leave payment		1,019,808	
Actuarial profit and loss of defined benefits		3,846,293	
Total		$ 15,814,336	
Deferred income tax liabilities:			
Prepaid pension expenses		$ 5,397,730	
Unrealized exchange gain		927,015	
Unrealized gain of financial assets and liabilities		603,840	
Discount amortization of corporate bonds		227,917	
Total		$ 7,156,502	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
SHORT-TERM LOANS
December 31, 2024

List 12

Unit: in Thousands of New Taiwan Dollars, unless specified otherwise

Type of loan	Content	Ending balance	Term of contract	Interest rate range	Financing lines	Mortgage or guarantee	Remark
Credit loan	Fubon Bank	$ 4,066,394	November 14, 2024 - February 14, 2025	5.290~5.440%	USD 3,000,000	None	
Credit loan	Fubon Bank	95,000,000	December 20, 2024 - January 20, 2025	1.870%	NTD 390,000,000	None	
Credit loan	Taishin International Bank	50,000,000	December 19, 2024 - January 17, 2025	1.970%	NTD 50,000,000	None	
Credit loan	Yuanta Commercial Bank Co., Ltd.	30,000,000	December 13, 2024 - January 14, 2025	2.000%	NTD 80,000,000	None	
Credit loan	Cathay United Bank	80,000,000	December 25, 2024 - January 24, 2025	2.006%	NTD 80,000,000	None	
	Total	$ 259,066,394					

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
NOTE PAYABLE AND ACCOUNTS PAYABLE
December 31, 2024

List 13 Unit: NTD

Name of suppliers	Summary	Amount	Remark
Note payable:			
Unrelated party			
0371	Expenses	$ 279,699	
0028	Expenses	267,909	
0166	Expenses	220,338	
0022	Expenses	180,003	
Other		59,273	The balance of various accounts does not exceed 5%.
Total		$ 1,007,222	
Accounts payable:			
Unrelated party			
0012	For goods	$ 26,438,891	
0006	For goods	24,801,987	
0208	For goods	22,125,051	
0008	For goods	16,049,797	
0400	For goods	10,906,801	
Other		78,415,376	The balance of various accounts does not exceed 5%.
Total		$ 178,737,903	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
OTHER PAYABLES
December 31, 2024

List 14 Unit: NTD

Item	Summary	Amount
Salary and bonus payable		$ 41,995,607
Interest payable		67,896
Pension expenses payable		2,187,429
Remuneration to the employees payable		3,099,261
Remuneration to the directors payable		1,560,000
Freight payable		13,152,119
Water, electricity and gas fee payable		5,414,416
Payable pollution prevention fee		9,237,564
Payable parts and consumables		6,517,904
Insurance premium payable		3,683,171
Export expenses payable		926,876
Repair payable		7,977,001
Sundry purchases payable		1,267,783
Meal payable		1,081,195
Service fee payable		800,000
Other expenses payable		5,218,600
Payables to equipment suppliers		126,919,703
Total		$ 231,106,525

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
OTHER CURRENT LIABILITIES, OTHER NON-CURRENT LIABILITIES
December 31, 2024

List 15 Unit: NTD

Item	Summary	Amount	Remark
Other current liabilities:			
Prepayments	Other advances	$ 66,155	
Temporary receipts	Overpayment etc.	209,447	
Collection for others	Withholding tax etc.	481,551	
Total		$ 757,153	
Other non-current liabilities:			
Guarantee deposits and margins received	Rental house deposit	$ 266,432	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
BONDS PAYABLE
December 31, 2024

List 16

Unit: NTD

Bond Name	Trustee	Date of issuance	Date of interest	Interest rate	Amount					Repayment method	Guarantee	Remark
					Total amount	Converted amount	Ending balance	Unamortized premium (discount)	Carrying amount			
The first domestic unsecured convertible corporate bond	Taipei Fubon Bank	October 3, 2022	None	0.00%	$ 600,000,000	$ (521,900,000)	$ 78,100,000	$ (1,310,711)	$ 76,789,289	Please refer to Note 6 (XVI)	None	
Less: Corporate bonds payable due within one year or subject to put option									(76,789,289)			
Balance of corporate bonds payable									$ -			

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
LONG-TERM LOANS
December 31, 2024

List 17

Unit: NTD

Creditor	Summary	Loan amount	Term of contract	Interest rate	Mortgage or guarantee	Remark
Guaranteed loan						Collateral for bank loans is listed in the left column, as per Note 8 of the financial statements.
Hua Nan Bank	The principal of NTD 175,000 thousand will be repaid in a lump sum and the interest will be paid monthly. Repayment of NTD 25,000 thousand and NTD 40,000 thousand was made early on November 8, 2024 and November 11, 2024, respectively.	$ 110,000,000	June 28, 2024 - June 26, 2026	1.955%	Yes	
Hua Nan Bank	The principal of NTD 75,000 thousand will be repaid in a lump sum and the interest will be paid monthly.	75,000,000	December 30, 2024 - December 30, 2026	2.250%	Yes	
	Total	185,000,000				
	Less: Amount due within one year	-				
	Total long-term loans	$ 185,000,000				

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
LEASE LIABILITIES
December 31, 2024

List 18 Unit: NTD

Item	Summary	Lease term	Discount rate	Lease liabilities - current	Lease liabilities - non-current	Ending balance	Remark
Property and building	Staff dormitory	June 1, 2022 - May 31, 2025	1.3%~1.84%	$ 641,013	$ -	$ 641,013	
Transport equipment	Business vehicle and stacker	September 14, 2020 - February 22, 2029	0.95%~1.97%	3,403,521	3,687,928	7,091,449	
Office equipment	Photocopier	October 1, 2023 - November 29, 2027	1.78%~1.97%	411,565	381,435	793,000	
Total				$ 4,456,099	$ 4,069,363	$ 8,525,462	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
OPERATING REVENUE
2024

List 19 Unit: NTD

Item	Quantities	Amount	Remark
Sales Revenue			
Basic chemicals series	166,883.20 metric tons	$ 971,005,080	
Specialty chemicals series	7,623.89 metric tons	649,426,566	
Electronic chemicals series	40,252.17 metric tons and 75,310.00 liters	462,554,328	
Subtotal		2,082,985,974	
Other operating revenues		96,664	
Total		$ 2,083,082,638	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
OPERATING COSTS
2024

List 20 | Unit: NTD

Item	Amount Subtotal	Amount Total
Cost of sales of purchased goods		
Beginning goods	$ 72,538,362	
Add: current purchase	732,403,898	
Other	122,921	
Less: goods at end of the period	(63,942,756)	
Inventory shortage	(626,309)	
Other	(122,744)	
Total cost of sales of purchased goods Total		$ 740,373,372
Cost of sales of self-made products		
Raw material at beginning of the period	85,050,306	
Add: incoming materials in current period	529,600,294	
Other	46	
Less: Raw material at end of the period	(79,388,840)	
Transfer for used by the Company	(12,217)	
Other	(519)	
Consumed materials in current period	535,249,070	
Direct employee	89,339,164	
Manufacturing expenses	438,727,505	
Manufacturing cost	1,063,315,739	
Add: beginning balance Goods-in-process and semi-finished goods	25,078,476	
Other	76	
Less: end of the period Goods-in-process and semi-finished goods	(10,900,111)	
Unallocated manufacturing expenses	(158,148,514)	
Transfer for used by the Company	(136,049)	
Finished goods costs	919,209,617	
Add: beginning finished goods	140,806,846	
Other	283,954	
Less: finished goods at end of the period	(157,154,568)	
Transfer for used by the Company	(134,005)	
Other	(173,950)	
Total sales cost of self-made products		902,837,894
Other operating costs		
Inventory losses	626,309	
Loss on inventory falling price losses	10,166,142	
Unallocated manufacturing expenses	158,148,514	
Purchase discounts and allowances	(246,900)	
Other	720,773	
Total other operating costs		169,414,838
Total operating costs		$ 1,812,626,104

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
OPERATING EXPENSES
2024

List 21 Unit: NTD

Item	Summary	Amount	Remark
Selling expenses:			
Salary expenditure	Salary, bonus, overtime pay and pension expense	$ 28,206,264	
Traveling expense		1,909,437	
Freight fee		42,652,261	
Repair fee		2,418,551	
Water, electricity and gas fee		1,247,406	
Insurance premium fee		4,871,725	
Entertainment fee		1,543,871	
Taxation		1,391,124	
Depreciation		14,071,428	
Export expenses		6,735,758	
Inspection fee		3,062,600	
Other expenses	The amount of items less than NTD 1,000,000	12,202,023	
Total		$ 120,312,448	
Administrative expenses:			
Salary expenditure	Salary, bonus, overtime pay and pension expense	$ 24,396,136	
Traveling expense		1,225,866	
Water, electricity and gas fee		906,715	
Insurance premium fee		2,355,551	
Depreciation		6,139,672	
Meal fee		714,837	
Remunerations to directors	Compensation to directors and travel fees	6,951,676	
Sundry purchases		638,887	
Computer costs		5,363,692	
Service fees		3,456,454	
Other expenses	The amount of items less than NTD 500,000	9,946,361	
Total		$ 62,095,847	
Research and development expenses:			
Salary expenditure	Salary, bonus, overtime pay and pension expense	$ 10,511,318	
Repair fee		1,260,111	
Water, electricity and gas fee		1,570,450	
Insurance premium fee		1,155,724	
Depreciation		4,580,138	
Research materials		1,125,543	
Computer costs		714,347	
Pollution prevention fee		549,656	
Other expenses	The amount of items less than NTD 500,000	4,453,652	
Total		$ 25,920,939	

CHUNG HWA CHEMICAL INDUSTRIAL WORKS. LTD.
FINANCE COSTS
2024

List 22 Unit: NTD

Item	Summary	Amount	Remark
Bank loans interest		$ 7,026,635	
Commercial paper interest payable		491,852	
Corporate bonds interest		3,229,362	
Imputed interest of guarantee deposits and margins received		3,504	
Interest on lease liabilities		140,626	
Less: capitalization of borrowing costs		(8,776,647)	Capitalized interest rate 2.052%
Total		$ 2,115,332	