Stock Code
1727

Chung Hwa Chemical Industrial Works, Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For the years ended December 31, 2025 and 2024

Address: No.15, Gongye 5th Rd., Guanyin Dist., Taoyuan City
Tel: (03)476-1266

Chung Hwa Chemical Industrial Works, Ltd.

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Independent auditors' report

To: 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, 2025 and 2024, 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 parent company only financial statements present fairly, in all material respects, the parent company only financial position of Chung Hwa Chemical Industrial Works, Ltd. as of December 31, 2025 and 2024, and its financial performance and cash flows for the years ended December 31, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations Announcements endorsed and issued into effect by the Financial Supervisory Commission.

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.

Key audit matters

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 2025. 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 2025 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 (XIV) of the parent company only financial statements; for the accounting items, please refer to Note 6 (XXII) of the parent company only financial statements.

The net operating revenue of Chung Hwa Chemical Industrial Works, Ltd. for the year 2025 amounted to NTD 1,969,278 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. 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 time 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 (VII) of the parent company only financial statements; for the accounting items, please refer to note 6 (VI) of the parent company only financial statements.

As of December 31, 2025, the amount of property, plant and equipment of Chung Hwa Chemical Industrial Works, Ltd. was NTD 2,356,392 thousand, accounting for 67.08% 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

The responsibility of the management is to prepare the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations Announcements endorsed and issued into effect by the Financial Supervisory Commission, and to maintain the necessary internal control related to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement 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 2025 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- No. 1040011979
Approval reference number:
(90)Tai-Tsai-Cheng-(6)-145560
March 11, 2026

Chung Hwa Chemical Industrial Works, Ltd.
Parent Company Only Balance Sheets
December 31, 2025 and 2024

Unit: NTD thousand

Code	Assets: Accounting items	Notes	December 31, 2025 Amount	%	December 31, 2024 Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	6(I)	$ 126,374	3.60	$ 145,528	4.79
1110	Financial assets at fair value through profit or loss - current	6(II)(XV)	—	—	16	—
1150	Notes receivable, net	6(III)	117,845	3.35	96,271	3.17
1170	Accounts receivable, net	6(III)	457,743	13.03	394,121	12.98
1180	Accounts receivable due from related parties, net	6(III), 7(II)	8,776	0.25	14,667	0.48
1200	Other receivables	6(IV)	7,762	0.22	9,650	0.32
1220	Income tax assets for the period	6(XVIII)	4,247	0.12	—	—
130X	Inventory	6(V)	248,996	7.09	265,780	8.76
1410	Advances to suppliers	6(X)	19,877	0.56	20,910	0.69
1470	Other current assets	6(X)	48,670	1.39	46,695	1.55
	Total of current assets		1,040,290	29.61	993,638	32.74
15XX	Non-current assets					
1600	Property, plant and equipment	6(VI), 8	2,356,392	67.08	1,863,619	61.40
1755	Right-of-use assets	6(VII)	14,108	0.40	8,542	0.28
1760	Net investment property	6(VIII)	15,348	0.44	15,457	0.51
1780	Intangible assets	6(IX)	9,516	0.27	599	0.02
1840	Deferred income tax assets	6(XVIII)	16,161	0.46	15,814	0.52
1975	Net defined benefit assets - non-current	6(XVII)	10,563	0.30	8,005	0.26
1990	Other non-current assets－others	6(III)(X)	50,585	1.44	129,705	4.27
	Total of non-current assets		2,472,673	70.39	2,041,741	67.26
	Total assets		$ 3,512,963	100.00	$ 3,035,379	100.00

Code	Liabilities and equity: Accounting items	Notes	December 31, 2025 Amount	%	December 31, 2024 Amount	%
21XX	Current liabilities					
2100	Short-term loans	6(XI)	$ 340,000	9.68	$ 259,066	8.53
2110	Short-term notes payable	6(XII)	159,659	4.55	—	—
2150	Note payable		1,300	0.04	1,007	0.03
2170	Accounts payable		147,840	4.21	178,738	5.89
2200	Other payables	6(XIII)	278,032	7.91	231,107	7.61
2230	Income tax liabilities for the period	6(XVIII)	3,174	0.09	15,093	0.50
2280	Lease liabilities - current	6(XIV)	6,091	0.17	4,456	0.16
2321	Corporate bonds matured or with put-back rights within one year	6(XV)	—	—	76,789	2.53
2322	Long-term loans, current portion	6(XVI)	31,250	0.89	—	—
2399	Other current liabilities - others		3,675	0.10	757	0.02
	Total of current liabilities		971,021	27.64	767,013	25.27
25XX	Non-current liabilities					
2540	Long-term loans	6(XVI)	433,750	12.35	185,000	6.09
2570	Deferred income tax liabilities	6(XVIII)	6,433	0.18	7,157	0.25
2580	Lease liabilities - non-current	6(XIV)	7,453	0.21	4,069	0.13
2645	Guarantee deposits and margins received		283	0.01	266	0.01
	Total of non-current liabilities		447,919	12.75	196,492	6.48
	Total liabilities		1,418,940	40.39	963,505	31.75
3XXX	Equity					
3100	Share capital					
3110	Common stock	6(XIX)	1,280,196	36.44	1,244,326	40.99
3130	Bond conversion entitlement certificates	6(XIX)	—	—	9,329	0.31
	Total share capital		1,280,196	36.44	1,253,655	41.30
3200	Capital surplus	6(XIX)	420,275	11.97	369,109	12.16
3300	Retained earnings					
3310	Legal reserve	6(XIX)	224,215	6.38	217,760	7.17
3350	Unappropriated retained earnings	6(XVIII)	169,337	4.82	231,350	7.62
	Total of retained earnings		393,552	11.20	449,110	14.79
	Total equity		2,094,023	59.61	2,071,874	68.25
	Total of liabilities and equity		$ 3,512,963	100.00	$ 3,035,379	100.00

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

Chairman: Wen-Yuan Kan Manager: Kai-En Kan Chief Accountant: Ching-An Cheng

Chung Hwa Chemical Industrial Works, Ltd.
Parent Company Only Statements of Comprehensive Income
For the year ended December 31, 2025 and 2024

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

Code	Item	Notes	2025 Amount	2025 %	2024 Amount	2024 %
4000	Operating revenue	6(XXII), 7(II)	$ 1,969,278	100.00	$ 2,083,083	100.00
5000	Operating costs	6(V)	(1,753,243)	(89.03)	(1,812,626)	(87.02)
5900	Gross profit		216,035	10.97	270,457	12.98
6000	Operating expenses					
6100	Total selling expenses		125,142	6.35	120,313	5.78
6200	Total administrative expenses		68,813	3.50	62,096	2.98
6300	Total research and development expenses		20,437	1.04	25,921	1.24
6450	Expected credit impairment loss (profit)	6(III)	634	0.03	(8,442)	(0.41)
	Total of operating expenses		(215,026)	(10.92)	(199,888)	(9.59)
6900	Net operating income		1,009	0.05	70,569	3.39
7000	Non-operating income and expenses					
7100	Interest income	6(XXIII)	990	0.05	1,456	0.07
7010	Other income	6(XXIV)	4,456	0.23	3,044	0.15
7020	Other gains and losses	6(XXV)	797	0.04	2,175	0.10
7050	Finance costs	6(XXVI)	(743)	(0.04)	(2,115)	(0.10)
	Total of non-operating income and expenses		5,500	0.28	4,560	0.22
7900	Profit before tax		6,509	0.33	75,129	3.61
7950	Income tax expenses	6(XVIII)	(1,400)	(0.07)	(12,000)	(0.58)
8200	Profit		5,109	0.26	63,129	3.03
8300	Other comprehensive income					
8310	Items not reclassified as income					
8311	Remeasurement of defined benefit obligation	6(XVII)	2,520	0.14	1,777	0.09
8349	Income tax relating to items that will not be reclassified to income	6(XVIII)	(504)	(0.04)	(355)	(0.02)
	Total of items not reclassified as income		2,016	0.10	1,422	0.07
8500	Total comprehensive income		$ 7,125	0.36	$ 64,551	3.10
9750	Basic earnings per share (NTD /share)	6(XX)	$ 0.04		$ 0.51	
9850	Diluted earnings per share (NTD /share)	6(XX)	$ 0.04		$ 0.51	

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

Chairman: Wen-Yuan Kan　　Manager: Kai-En Kan　　Chief Accountant: Ching-An Cheng

Chung Hwa Chemical Industrial Works, Ltd.
Parent Company Only Statements of Changes in Equity
For the year ended December 31, 2025 and 2024

Unit: NTD thousand

Item	Share capital: Common stock	Share capital: Bond conversion entitlement certificates	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Total equity
Balance as of January 1, 2024	$ 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
Earnings appropriation and distribution:							
Appropriation of legal reserve	—	—	—	6,455	—	(6,455)	—
Cash dividends of common shares	—	—	—	—	—	(62,683)	(62,683)
Subtotal	—	—	—	6,455	—	(69,138)	(62,683)
Net profit of 2025	—	—	—	—	—	5,109	5,109
Other comprehensive income of 2025							
Remeasurement of defined benefit obligation	—	—	—	—	—	2,016	2,016
Total comprehensive income of 2025	—	—	—	—	—	7,125	7,125
Conversion of convertible corporate bonds	35,870	(9,329)	51,166	—	—	—	77,707
Balance as of December 31, 2025	$ 1,280,196	$ —	$ 420,275	$ 224,215	$ —	$ 169,337	$ 2,094,023

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

Chairman: Wen-Yuan Kan   Manager: Kai-En Kan   Chief Accountant: Ching-An Cheng

Chung Hwa Chemical Industrial Works, Ltd.
Parent company only Statements of Cash Flows
For the year ended December 31, 2025 and 2024

Unit: NTD thousand

Item	2025 Amount	2024 Amount
Cash flow of operating activities		
Current net profit before tax	$ 6,509	$ 75,129
Adjustment items		
Income and expense loss items		
Depreciation expenses	232,233	234,419
Amortization expenses	3,178	92
Expected credit impairment loss (profit)	634	(8,442)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	16	(681)
Interest expenses	743	2,115
Interest income	(990)	(1,456)
Gains from disposal of property, plant and equipment	(1,187)	(583)
Changes in operating activities related assets/liabilities		
Decrease (increase) in notes receivable	(21,574)	31,010
Increase in accounts receivable	(64,316)	(26,875)
Decrease in accounts receivable - related parties	5,951	2,844
Decrease (increase) in other receivable	1,869	(5,119)
Decrease in inventory	16,784	21,681
Increase in advances to suppliers	(4,389)	(9,106)
Decrease (increase) in net defined benefit assets	(38)	39
Increase (decrease) in notes payable	293	(526)
Increase (decrease) in accounts payable	(30,898)	22,653
Increase (decrease) in other payables	(6,268)	22,151
Increase (decrease) in other current liabilities	2,918	(1,492)
Cash inflow from operation	141,468	357,853
Interest received	1,009	1,623
Interest paid	(12,930)	(7,669)
Income tax paid	(18,912)	(251)
Net cash inflow of operating activities	110,635	351,556

(Carried forward)

(Brought forward)

Item	2025 Amount		2024 Amount	
Cash flow of investment activities				
Acquisition of property, plant and equipment		(544,889)		(385,451)
Disposal of property, plant and equipment		2,208		1,256
Increase in refundable deposits		(31,109)		(58,365)
Decrease in refundable deposits		29,467		45,241
Acquisition of intangible assets		(12,095)		(691)
Decrease in long-term leases receivables		–		320
Increase in equipment prepayments		(23,692)		(51,992)
Net cash outflow of investment activities		(580,110)		(449,682)
Cash flow of financing activities				
Increase in short-term loans		90,453		236,722
Decrease in short-term loans		(9,519)		(131,338)
Increase in short-term notes payable		159,659		–
Decrease in short-term notes payable		–		(34,971)
Repayment of corporate bonds		(600)		–
Issuance of long-term loans		640,000		477,000
Repayment of long-term loans		(360,000)		(472,000)
Increase in deposits received		16		42
Decrease in deposits received		–		(100)
Principal repayment of lease liabilities		(7,005)		(5,285)
Allocation of cash dividends		(62,683)		(35,539)
Net cash inflow of financing activities		450,321		34,531
Decrease in cash and cash equivalents for the period		(19,154)		(63,595)
Balance of cash and cash equivalents in the beginning of the period		145,528		209,123
Balance of cash and cash equivalents in the end of the period	$	126,374	$	145,528

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

Chairman: Wen-Yuan Kan Manager: Kai-En Kan Chief Accountant: Ching-An Cheng

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. Registered address and main business premise is located at: No.15, Gongye 5th Rd., Shulin Village, Guanyin Dist., Taoyuan City. The Company's principal business 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 parent company only financial statements were approved by the Company's Board of Directors on March 11, 2026.

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 (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) and applicable to 2025

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: 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.

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

(II) We have not adopted IFRSs endorsed by the FSC and applicable in 2026.

The newly issued, amended and revised standards and interpretations approved by the FSC and applicable to 2026 are summarized below:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
IFRS 17 - Insurance Contracts and its amendments replace IFRS 4 - Insurance Contracts	January 1, 2023
Targeted Amendments to IFRS 9 and IFRS 7 “Financial Effects of Contracts that Rely on a Natural Resource for Power”	January 1, 2026
Annual Improvement of IFRS accounting standards - 11th	January 1, 2026
Amendments to IFRS 9 and IFRS 7	January 1, 2026

Note: The Company may choose to apply the guidance in Section 4.1 (classification of financial assets) of IFRS 9 in advance effective January 1, 2025, and disclose the fact. If the Company chooses to apply it early, it shall also apply the requirements of Paragraphs 20B, 20C and 20D of IFRS 7 at the same time.

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.

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

By the date of the 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 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
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 (Note)
International Financial Reporting Standard 19 “Subsidiaries without Public Accountability: Disclosures” has been issued and amended, allowing eligible subsidiaries to apply a new IFRS accounting standards with reduced disclosure requirements.	January 1, 2027
The amendment to IAS 21 "Translation to a Hyperinflationary Presentation Currency" has been amended to provide additional guidance on the currency translation treatment when a company is required to translate its financial statements from a non-hyperinflationary presentation currency to a hyperinflationary presentation currency.	January 1, 2027

(Note) On September 25, 2025, the FSC issued a press release stating that Taiwan would adopt IFRS No. 18 in 2028.

In the Company's opinion, it does not foresee any significant impact from the newly issued or amended standards and interpretations, except for the potential impact of the newly announced or amended IFRS No. 18 "Presentation and Disclosure of Financial Statements" or interpretations, which the Company is currently evaluating.

IV. Summary of significant accounting policies

The Company’s significant accounting policies are summarized below:

(I) Statement of compliance

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

(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 and defined benefit assets that are recognized based on the net amount after the pension plan assets less the present value of the defined benefit obligations. 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. Non-current assets are assets not belonging to 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 (even if a long-term refinancing or payment rearrangement agreement is completed after the reporting date and before the financial statements are approved for publication, they are also classified as current liabilities), and for which the Company does not have the right to defer settlement at least 12 months after the end of the reporting period. Non-current liabilities are liabilities not belonging to 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 of the Company are 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.

(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) 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 2~24 years, computer and telecommunication equipment 2~15 years, testing equipment 2~12 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.

(VIII) 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.

(IX) 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.

(X) 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: 3~8 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.

(XI) 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 parent company only 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.

(XII) Financial instruments

Financial assets and liabilities shall be recognized when only the Company becomes a party to the contractual provisions of the instruments. When financial assets and liabilities are initially recognized at fair values, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate. 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.

The recognition and derecognition of financial assets in a regular way transaction are accounted for on a trade-date basis.

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.

Meanwhile, 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. When the financial asset is recognized, accumulated profits or losses listed in other comprehensive profits and losses shall not be reclassified to profit and loss

(3) At 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 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 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.

(XIII) 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.

(XIV) Recognition of revenue

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 contracts with a customer. The parties to the contract have approved the contract and are committed to perform their respective obligations. The Company can identify each party's rights regarding the goods or services to be transferred. The Company can identify the payment terms for the goods or services to be transferred. The contract has commercial substance. It is probable that the Company will collect substantially all of the considerations to which it will be entitled in exchange for the goods or services that will be transferred to the customer. (2) Identity the performance obligations in the contract. (3) Determine the transaction price. (4) Allocate the transaction price to each performance obligation. (5) Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer.

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.

(XV) 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.

Asset-related government grants are recognized as a reduction to the carrying amount of non-current assets and are recognized in profit or loss over the contract or useful life of the related assets by reducing the depreciation expense of those assets. If the government grants are intended to compensate for expenses already incurred, the related expenses should be deducted in the period the grants are received.

(XVI) 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.

(XVII) 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. Further, 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.

(XVIII) Earnings per share

Basic earnings per share is calculated by dividing the current net profit attributable to the holders of ordinary shares of the 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. The number of anti-dilutive shares are excluded.

(XIX) 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.

(XX) 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(XVIII) 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(XVII) regarding net defined benefit asset.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and petty cash	$ 351,147	$ 300,000
Checkable deposits	21,569,336	4,023,270
Demand deposits	104,453,999	141,205,209
Total	$ 126,374,482	$ 145,528,479

The above cash and cash equivalents are not pledged or restricted.

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

	December 31, 2025	December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss - current:		
Embedded derivatives - convertible corporate bond redemption rights	$ –	$ 15,620

(III) Note receivable and accounts receivable

The details as below:

	December 31, 2025	December 31, 2024
Notes receivable, net		
Notes from unrelated parties	$ 117,844,925	$ 96,270,473
Less: loss allowances	—	—
Net value	$ 117,844,925	$ 96,270,473
Accounts receivable, net		
Accounts from unrelated party	$ 461,723,632	$ 397,591,468
Less: loss allowances	(3,980,980)	(3,470,328)
Net value	$ 457,742,652	$ 394,121,140
Accounts receivable due from related parties, net		
Accounts from related party	$ 8,833,305	$ 14,784,159
Less: loss allowances	(57,072)	(117,408)
Net value	$ 8,776,233	$ 14,666,751

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, 2025		
	Carrying amount	Lifetime expected credit losses	Allowance for lifetime expected credit losses
Note receivable			
Not past due	$ 117,844,925	0%	$ —
Accounts receivable			
Not past due	468,595,370	0~1%	3,998,821
Less than 120 days past due	1,961,567	2%	39,231
121~180 days past due	—	—	—
More than 181 days past due	—	—	—
Subtotal accounts receivable	470,556,937		4,038,052
Total notes and accounts receivable	$ 588,401,862		$ 4,038,052

	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

As shown in Note 6(X), the accounts receivable collected on December 31, 2025 and 2024 were the accounts receivable overdue for more than one year and expected to be recovered after more than one year, and the allowance for losses was set aside at NTD 15,637,536 and NTD 15,453,564 respectively.

Changes in the loss allowance for accounts receivable:

	2025	2024
Opening balance	$ 19,041,300	$ 27,482,940
Recognition of impairment loss	634,288	—
Reversal of impairment loss	—	(8,441,640)
Ending balance	$ 19,675,588	$ 19,041,300

(IV) Other receivables

	December 31, 2025	December 31, 2024
Business tax refund receivable	$ 5,792,697	$ 7,375,540
Interest receivable	—	18,846
Other receivables - others	1,969,454	2,255,882
Total	7,762,151	9,650,268
Less: loss allowances	—	—
Net value	$ 7,762,151	$ 9,650,268

(V) Net inventory

	December 31, 2025	December 31, 2024
Raw material	$ 66,328,547	$ 79,388,840
Goods-in-process and semi-finished goods	23,765,665	10,900,111
Finished goods	168,053,306	157,154,568
Goods	40,328,792	63,942,756
Goods in transit	882,650	572,466
Materials in transit	578,120	—
Total	299,937,080	311,958,741
Less: Allowance for inventory falling price losses	(50,941,697)	(46,178,688)
Net inventory	$ 248,995,383	$ 265,780,053

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

	2025	2024
Loss on inventory falling price losses	$ 4,763,009	$ 10,166,142
Loss on physical inventory	8,021,259	626,309
Inventory obsolescence	61,999	—
Unallocated manufacturing expenses	150,722,366	158,148,514
Total of inventory-related expenses and losses	$ 163,568,633	$ 168,940,965

(VI) Property, plant and equipment

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, 2025	Current enhancements	Current disposal	Reclassification	Balance as of December 31, 2025
Land	$ 294,306,546	$ —	$ —	$ —	$ 294,306,546
Property and building	475,145,023	3,801,000	(2,696,757)	—	476,249,266
Equipment	1,723,833,700	64,396,663	(54,821,438)	15,769,963	1,749,178,888
Water and electricity equipment	250,745,354	3,881,000	(539,333)	791,000	254,878,021
Computer and communication equipment	63,435,027	630,000	—	—	64,065,027
Testing equipment	86,568,400	2,211,800	(3,359,762)	—	85,420,438
Pollution prevention equipment	84,925,067	443,700	—	77,000	85,445,767
Transport equipment	80,869,720	3,520,000	(920,002)	—	83,469,718
Office equipment	4,112,741	157,143	—	—	4,269,884
Other	268,098,293	46,640,456	(3,159,366)	(15,845,289)	295,734,094
Unfinished works and equipment to be inspected	515,342,877	489,156,538	—	104,123,396	1,108,622,811
Total	$ 3,847,382,748	$ 614,838,300	$ (65,496,658)	$ 104,916,070	$ 4,501,640,460

	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

	Accumulated depreciation				
	Balance as of January 1, 2025	Current provisions	Current disposal	Reclassification	Balance as of December 31, 2025
Property and building	$ 316,326,825	$ 23,936,962	$ (2,696,757)	$ –	$ 337,567,030
Equipment	1,190,332,270	145,905,754	(54,179,424)	–	1,282,058,600
Water and electricity equipment	145,417,087	17,632,479	(539,333)	–	162,510,233
Computer and communication equipment	46,171,700	5,008,962	–	–	51,180,662
Testing equipment	58,810,134	10,373,243	(3,359,762)	–	65,823,615
Pollution prevention equipment	57,825,556	3,444,400	–	–	61,269,956
Transport equipment	50,063,760	6,849,153	(920,002)	–	55,992,911
Office equipment	3,639,982	197,641	–	–	3,837,623
Other	115,176,101	12,612,134	(2,780,008)	–	125,008,227
Total	$ 1,983,763,415	$ 225,960,728	$ (64,475,286)	$ –	$ 2,145,248,857

	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

	Carrying amount	
	December 31, 2025	December 31, 2024
Land	$ 294,306,546	$ 294,306,546
Property and building	138,682,236	158,818,198
Equipment	467,120,288	533,501,430
Water and electricity equipment	92,367,788	105,328,267
Computer and communication equipment	12,884,365	17,263,327
Testing equipment	19,596,823	27,758,266
Pollution prevention equipment	24,175,811	27,099,511
Transport equipment	27,476,807	30,805,960
Office equipment	432,261	472,759
Other	170,725,867	152,922,192
Unfinished works and equipment to be inspected	1,108,622,811	515,342,877
Total	$ 2,356,391,603	$ 1,863,619,333

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

(VII) 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, 2024	$ 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
Additions	4,792,927	6,836,032	100,176	11,729,135
Decreases	(4,161,019)	(2,325,316)	—	(6,486,335)
Balance as of December 31, 2025	$ 4,792,927	$ 17,416,843	$ 1,333,352	$ 23,543,122
Accumulated depreciation:				
Balance as of January 1, 2024	$ 2,052,247	$ 8,500,048	$ 88,335	$ 10,640,630
Depreciation	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
Depreciation	1,562,865	4,139,684	460,997	6,163,546
Decreases	(4,161,019)	(2,325,316)	—	(6,486,335)
Balance as of December 31, 2025	$ 931,959	$ 7,595,723	$ 907,481	$ 9,435,163
Carrying amount:				
January 1, 2024	$ 1,836,212	$ 4,836,930	$ 971,707	$ 7,644,849
December 31, 2024	$ 630,906	$ 7,124,772	$ 786,692	$ 8,542,370
December 31, 2025	$ 3,860,968	$ 9,821,120	$ 425,871	$ 14,107,959

(VIII) 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, 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 January 1, 2025	12,554,052	6,083,061	18,637,113	(3,180,767)	15,456,346
Provision for depreciation	—	—	—	(108,480)	(108,480)
Balance as of December 31, 2025	$ 12,554,052	$ 6,083,061	$ 18,637,113	$ (3,289,247)	$ 15,347,866

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 60,930,000 as of January 10, 2026. Based on the appraisal report and the market

situation in 2024, the above investment property should not be impaired at the end of 2025 and 2024. 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 60,930,000

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 NTD 58,571,040.

Evaluation method: use the income method to assess the value, which was NTD 60,930,000.

Discount rate: 2.72%

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 2025 and 2024 were NTD 1,330,806 and NTD 1,282,380, respectively, and the direct operating expenses incurred were NTD 226,772 and NTD 188,334 respectively.
4. The above investment property is not pledged.

(IX) 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, 2024	$ 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
Current increases/ amortization	12,095,000	(3,177,769)	8,917,231
Balance as of December 31, 2025	$ 15,169,148	$ (5,652,995)	$ 9,516,153

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

(X) Advances to suppliers and other assets

	December 31, 2025	December 31, 2024
Supplies inventory	$ 357,748	$ 405,833
Other prepaid expenses	24,736,946	12,955,947
Advance payment	619,168	7,962,896
Prepayments for equipment	44,697,201	128,906,113
Refundable deposits paid	48,721,249	47,079,250
Overdue receivables	15,637,536	15,453,564
Less: loss allowances	(15,637,536)	(15,453,564)
Total	$ 119,132,312	$ 197,310,039
Current	$ 68,546,873	$ 67,604,816
Non-current	50,585,439	129,705,223
Total	$ 119,132,312	$ 197,310,039

Please refer to Note 6(III) for receivables overdue for more than one year and expected to be recovered after more than one year, and are fully set aside as allowance for losses.

(XI) Short-term loans

Nature of loan	December 31, 2025	December 31, 2024
Bank credit loan	$ 340,000,000	$ 259,066,394
Annual interest rate at the end of the period	1.86~2.02%	1.87~5.44%
Last maturity date	March 5, 2026	February 14, 2025

The Company does not provide guarantee for the above bank loans.

(XII) Short-term notes payable

Guarantee (acceptance) institution	December 31, 2025	December 31, 2024
Taiwan Finance Corporation	$ 60,000,000	$ —
China Bills Finance Corporation	100,000,000	—
Total	160,000,000	—
Less: Unamortized discount	(341,331)	—
Net value	$ 159,658,669	$ —
Annual interest rate at the end of the period	1.55~1.56%	—
Last maturity date	February 9, 2026	—

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

(XIII) Other payables

	December 31, 2025	December 31, 2024
Expenses payable		
Salary and bonus payable	$ 23,318,426	$ 41,995,607
Interest payable	533,564	67,896
Pension expenses payable	2,378,993	2,187,429
Remuneration to the employees payable	140,000	3,099,261
Remuneration to the directors payable	140,000	1,560,000
Freight payable	14,121,238	13,152,119
Water, electricity and gas fee payable	7,773,947	5,414,416
Payable pollution prevention fee	10,792,297	9,237,564
Payable parts and consumables	6,681,215	6,517,904
Insurance premium payable	4,379,728	3,683,171
Export expenses payable	1,133,691	926,876
Repair payable	15,288,764	7,977,001
Other expenses payable	11,702,940	8,367,578
Subtotal	98,384,803	104,186,822
Other payables		
Payables to equipment suppliers	179,648,069	126,919,703
Total	$ 278,032,872	$ 231,106,525
Current	$ 278,032,872	$ 231,106,525
Non-current	—	—
Total	$ 278,032,872	$ 231,106,525

(XIV) Lease liabilities

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

	December 31, 2025		
	Future minimum rent payment	Interest	Minimum rent payment
Lease liabilities - current	$ 6,353,291	$ (262,597)	$ 6,090,694
Lease liabilities - non-current	7,679,760	(227,063)	7,452,697
Total	$ 14,033,051	$ (489,660)	$ 13,543,391

	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

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

	2025	2024
Interest expense on lease liability	$ 293,178	$ 140,626
Expenses under short-term lease contract	$ 250,691	$ 52,835
Expense under leases of low-value assets	$ 404,161	$ 473,994

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

	2025	2024
Total cash outflow from lease	$ 7,004,384	$ 5,284,637

(XV) Bonds payable

1. Domestic unsecured convertible corporate bonds payable

	December 31, 2025	December 31, 2024
Bond issuance amount	$ 600,000,000	$ 600,000,000
Total convertible amount	(599,400,000)	(521,900,000)
Amount to be repaid at maturity	(600,000)	—
Unamortized balance of discounted corporate bonds payable	—	(1,310,711)
Subtotal	—	76,789,289
Less: Corporate bonds matured or with put-back rights within one year	—	(76,789,289)
Corporate bonds matured or with put-back rights within one year	$ —	$ —
Embedded derivative financial instruments - redemption rights (presented as financial assets at fair value through profit or loss)	$ —	$ 15,620
Equity component - conversion right (reported in capital surplus - subscription)	$ —	$ 4,202,157

	2025	2024
Embedded derivatives - losses (gains) on valuation of put-back and redemption rights (losses (gains) from financial assets/liabilities at fair value through profit or loss)	$ 15,620	$ (681,460)
Interest expenses (Note)	$ 1,289,857	$ 3,229,362

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

Please refer to Note 6(XIX) for the Company's conversion of ordinary shares due to the exercise of conversion rights by the holders of convertible corporate bonds in 2025 and 2024.

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 NTD 100,000.
   (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 NTD 30.80 per share. 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 19, 2025, the Company distributed the cash dividend of ordinary shares by the resolution of the shareholders' meeting and adjusted the conversion price to NTD 29.20 on August 5, 2025.

(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 issued.

(XVI) Long-term loans

Nature of loan	December 31, 2025	December 31, 2024
Loan guaranteed by bank	$ 405,000,000	$ 185,000,000
Bank credit loan	60,000,000	—
Total	465,000,000	185,000,000
Less: Amount due within one year	(31,250,000)	—
Long-term borrowings due in one year	$ 433,750,000	$ 185,000,000
Effective interest rate at the end of the period	2.068~2.140%	1.955~2.250%
Last maturity date	December 5, 2028	December 30, 2026

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

(XVII) 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.

(2) Defined contribution plan

The new labor pension individual account system came into effect on July 1, 2005. Employees who choose to remain in the old pension system can continue to accrue seniority for pension benefits; those who opt for the new system will stop accruing seniority and instead have 6% of their salary contributed to their individual accounts.

2. The Company's benefit plan is accurately calculated based on the measurement date of December 31, 2025 and 2024. 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, 2025	December 31, 2024
Discount rate	1.33%	1.50%
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 those with and without appropriation to the pension reserve account) and evaluate the interest income of the assets planned for the next year by reference to using interest rate of high-quality corporate bonds. Where there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the measurement date) instead. 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, 2025	December 31, 2024
Present value of defined benefit obligation	$ (8,691,000)	$ (13,337,000)
Fair value of plan assets	19,254,069	21,342,085
Net defined benefit assets - non-current	$ 10,563,069	$ 8,005,085

(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, 2024	$ (15,457,000)	$ 21,723,943	$ 6,266,943
Defined benefit cost			
Current service cost	(117,450)	—	(117,450)
Interest (expense) income	(155,960)	234,297	78,337
Recognized in profit or 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
Defined benefit cost			
Current service cost	(82,215)	—	(82,215)
Interest (expense) income	(182,202)	302,278	120,076
Recognized in profit or loss	(264,417)	302,278	37,861
Remeasurement			
Plan asset compensation	—	1,529,124	1,529,124
Actuarial gains (losses) - experience adjustments	990,999	—	990,999
Recognized in other comprehensive income	990,999	1,529,124	2,520,123
Payment from plan assets	3,919,418	(3,919,418)	—
Balance as of December 31, 2025	$ (8,691,000)	$ 19,254,069	$ 10,563,069

(4) Recognized expenses under defined benefit plans

	2025	2024
Current service cost	$ 82,215	$ 117,450
Interest cost of defined benefit obligations	182,202	155,960
Total interest income of plan assets	(302,278)	(234,297)
Net pension cost	$ (37,861)	$ 39,113

(5) Percentage of fair value of plan assets

	December 31, 2025	December 31, 2024
Self-use		
Redeposit to financial institutions	11.84%	14.41%
Short-term notes	3.70%	6.24%
Government bonds, financial bonds, corporate bonds and securitized commodities	8.47%	7.43%
Stock and beneficiary certificate investment (including futures)	11.71%	11.19%
Foreign investment	7.60%	7.69%
Consigned operation		
Domestically consigned operation	13.79%	11.58%
Foreign consigned operation	42.89%	41.46%
Total	100.00%	100.00%

The Company's employee pension fund is fully deposited in the Department of Trust, the Bank of Taiwan. The expected return rate of the plan assets is based on the historical return trend, the market estimate by the actuary during the existence of the defined benefit obligation, and the application of the labor pension fund by the Labor Pension Fund Supervisory Committee, and considering that the minimum return is not lower than the interest rate of a two-year-term deposit at the 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, 2025		December 31, 2024	
	1.58%	1.08%	1.75%	1.25%
Calculated based on simulation assumptions	$ 8,585,000)	$ (8,800,000)	$ (13,158,000)	$ (13,519,000)
Calculated based on original assumptions	(8,691,000)	(8,691,000)	(13,337,000)	(13,337,000)
Gains (losses) of defined benefit obligations	106,000	(109,000)	179,000	(182,000)
Change of defined benefit obligation (%)	-1.22%	1.25%	-1.34%	1.36%

B. Sensitivity analysis of expected salary increase rate:

	Expected salary increase rate			
	December 31, 2025		December 31, 2024	
	2.25%	1.75%	2.25%	1.75%
Calculated based on simulation assumptions	$ (8,799,000)	$ (8,586,000)	$ 13,520,000)	$ 13,157,000)
Calculated based on original assumptions	(8,691,000)	(8,691,000)	(13,337,000)	(13,337,000)
Gains (losses) of defined benefit obligations	(108,000)	105,000	(183,000)	180,000
Change of defined benefit obligation (%)	1.24%	-1.21%	1.37%	-1.35%

(7) The Company expects to pay NTD 6,055,992 to the defined benefit plan in the year of 2026. The weighted average durations of defined benefit obligations at the end of 2025 and 2024 were 6.5 years and 7 years, respectively.

3. The amount of the Company's defined contribution plans in 2025 and 2024 recognized as current expenses is NTD 8,716,485 and NTD 7,798,957 respectively. The unpaid amount at the end of 2025 and 2024 was NTD 2,378,993 and NTD 2,187,429 respectively, which had been paid after the end of the reporting period.

(XVIII) Income tax

The income tax rate of the profit-making enterprises in 2025 and 2024 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

	2025				
	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	$ 1,712,497	$ (69,448)	$ —	$ —	$ 1,643,049
Prepaid pension expenses	(5,397,730)	(7,573)	—	—	(5,405,303)
Unrealized loss on inventory falling price losses	9,235,738	952,601	—	—	10,188,339
Unrealized employee leave payment	1,019,808	(32,493)	—	—	987,315
Unrealized exchange gain	(927,015)	499,551	—	—	(427,464)
Unrealized gain of financial assets and liabilities	(603,840)	3,124	—	—	(600,716)
Actuarial gains and losses on defined benefit plan	3,846,293	—	(504,025)	—	3,342,268
Discount amortization of corporate bonds	(227,917)	—	—	227,917	—
Deferred income tax benefit (expense)		$ 1,345,762	$ (504,025)	$ 227,917	
Net deferred income tax assets (liabilities)	$ 8,657,834				$ 9,727,488
Deferred income tax assets	$ 15,814,336				$ 16,160,971
Deferred income tax liabilities	$ 7,156,502				$ 6,433,483

	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 gains and losses on defined benefit plan	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

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

	December 31, 2025	December 31, 2024
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 recognized in profit and loss in the current period is as follows:

	2025	2024
Current income tax:		
Current income tax payable	$ 2,996,560	$ 15,039,065
Current income tax adjustment of previous years	(250,798)	(2,983,678)
Total income tax of the current period	2,745,762	12,055,387
Deferred income tax	(1,345,762)	(55,387)
Income tax expenses recognized in profit or loss	$ 1,400,000	$ 12,000,000

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

	2025	2024
Profit before tax	$ 6,508,527	$ 75,128,703
Income tax expense at the statutory rate	$ 1,301,705	$ 15,025,740
Permanent difference	349,093	(42,062)
Current income tax adjustment of previous years	(250,798)	(2,983,678)
Income tax expenses recognized in profit or loss	$ 1,400,000	$ 12,000,000

	2025	2024
Payable income tax (current income tax)	$ 2,996,560	$ 15,039,065
Add: Income tax payable at the beginning of the period	15,092,767	3,288,482
Less: Withholding tax	(80,464)	(127,102)
Income tax paid	(18,831,505)	(124,000)
Income tax adjustments on prior years	(250,798)	(2,983,678)
Total	(1,073,440)	15,092,767
Add: Income tax refund at the end of the period	4,247,118	—
Income tax payable at the end of the period	$ 3,173,678	$ 15,092,767

4. Income tax expense recognized in other comprehensive income

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

	2025	2024
Remeasurement of defined benefit obligation	$ 504,025	$ 355,451

5. Income tax recognized directly in equity

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

	2025	2024
Discount amortization of corporate bonds	$ (227,917)	$ (1,131,028)

6. Income tax examination

The Company's income tax return for profit-making enterprises as of 2023 has been approved and filed with the tax authority.

7. Information about unappropriated retained earnings

	December 31, 2025	December 31, 2024
Before 1997	$ —	$ —
After 1998	169,335,293	231,348,459
Total	$ 169,335,293	$ 231,348,459

(XIX) Equity

1. Share capital

On January 1, 2024, the authorized share capital was NTD 1,800,000,000, and the total paid-in capital was NTD 1,184,642,510, divided into 118,464,251 shares, all of which were ordinary shares, with a nominal value of NTD 10 per share.

Between the first quarter of 2024, holders of convertible corporate bonds exercised their conversion rights and applied for a convertible amount of NTD 164,800,000. They requested the exchange of 5,475,080 ordinary shares at par value, totaling NTD 54,750,800. 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 108,634,374 was recognized for capital reserve - issued shares. We completed the registration for the change on May 13, 2024.

Between the third quarter of 2024, holders of convertible corporate bonds exercised their conversion rights and applied for a convertible amount of NTD 14,700,000. They requested the exchange of 493,278 ordinary shares at par value, totaling NTD 4,932,780. 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 10,015,666 was recognized for capital reserve - issued shares. We completed the registration for the change on November 28, 2024.

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. The above conversion was registered on February 21, 2025.

Between the first quarter of 2025, holders of convertible corporate bonds exercised their conversion rights and applied for a convertible amount of NTD 77,500,000. They requested the exchange of 2,654,080 ordinary shares at par value, totaling NTD 26,540,800. 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 55,334,386 was recognized for capital reserve - issued shares. We completed the registration for the change on November 24, 2025.

On December 31, 2025 and 2024, the authorized share capital was NTD 1,800,000,000, and the total paid-in capitals were NTD 1,280,195,590 and NTD 1,244,326,090, respectively, divided into 128,019,559 shares and 124,432,609 shares, all of which were ordinary shares, with a nominal value of NTD 10 per share.

2. Capital surplus

	December 31, 2025	December 31, 2024
Share premium (including convertible bonds)	$ 411,266,757	$ 355,898,337
Consolidated premium	9,008,923	9,008,923
Convertible corporate bond options	—	4,202,157
Total	$ 420,275,680	$ 369,109,417

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 special reserve mentioned above which is an accumulated portion that has not been fully provided for from the prior period, the same amount shall first be set aside from the undistributed earnings of the previous period. If there is still a shortfall, the amount shall be set aside from the net profit after tax of the current period and other items than the net profit after tax of the current period, which shall be recognized into the undistributed earnings of the current period.

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 2024 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 have also been resolved by the shareholders' meeting on May 23, 2025.

The Company's earnings distribution plan for the year 2025 proposed by the Board of Directors on March 11, 2026 is as follows:

Item	2025
Legal reserve	$ 712,463
Cash dividends	19,202,934 (NTD 0.15 per share)

The above cash dividends have been distributed by the resolution of the Board of Directors on March 11, 2026. Additionally, the remaining earnings distribution items are subject to the resolution of the shareholders' meeting on May 29, 2026.

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.

(XX) Earnings per share

	2025		
	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	$ 5,108,527	126,060,676 shares	$ 0.04
Earnings per share - diluted			
Effect of potential dilutive common shares-Remuneration to the employees	—	20,622 shares	
Current net profit attributable to the holders of ordinary shares of the Company	$ 5,108,527	126,081,298 shares	$ 0.04

In 2025, 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.

	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.

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

	2025	2024
Ordinary shares issued at the beginning of the period	125,365,479 shares	118,464,251 shares
Conversion of convertible bonds to ordinary shares	2,654,080 shares	5,968,358 shares
Bond conversion entitlement certificates	- Share	932,870 shares
Ordinary shares issued at the end of the period	128,019,559 shares	125,365,479 shares
Weighted average number of ordinary shares	126,060,676 shares	123,045,844 shares

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

Function / Classification	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	$ 125,198,998	$ 60,002,433	$ 185,201,431	$ 130,819,427	$ 60,410,290	$ 191,229,717
Labor and national health insurance expenses	13,947,532	6,499,365	20,446,897	12,094,435	5,712,235	17,806,670
Pension expenses	5,782,739	2,895,885	8,678,624	5,134,642	2,703,428	7,838,070
Remunerations to directors	—	5,467,400	5,467,400	—	6,951,676	6,951,676
Other employee benefit expenses	10,039,694	3,777,519	13,817,213	8,829,752	3,409,279	12,239,031
Depreciation expenses (Note)	205,498,330	26,625,944	232,124,274	209,519,730	24,791,238	234,310,968
Amortization expenses	21,270	3,156,499	3,177,769	—	91,878	91,878

Note: The depreciation of assets available for lease of the Company in 2025 and 2024 was recognized as non-operating income and expenses, amounting to NTD 108,480 for both years.

1. In 2025 and 2024, the average number of employees of the Company was 290 and 271 respectively, of which the number of directors who were not concurrently employees was 7 for both years, and the calculation basis was consistent with the employee benefit expenses.
2. The average employee benefit expenses in 2025 and 2024 were NTD 805,668 and NTD 867,854 respectively.
3. The average salary expenses of employees in 2025 and 2024 were NTD 653,927 and NTD 724,355 respectively.
4. The average employee salary expense in 2025 decreased by 9.72% compared with that in 2024, mainly due to the decrease of operating profit in 2025 compared with that in 2024, the year-end bonus was set aside according to the net profit before tax and according to the provisions of the

Articles of Incorporation of the Company. If there is profit in the year, the net profit before tax should be set aside no less than 1% as employee compensation.

5. The Company has established an Audit Committee to replace the supervisors. Therefore, no remuneration to supervisors is available.
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 2025 and 2024 are as follows:

	2025	2024
Remuneration to employees	$ 140,000	$ 3,099,261
Remuneration to the directors	$ 140,000	$ 1,560,000

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 2024 and 2023 is NTD 3,099,261 and NTD 400,000 respectively, and the director remuneration is NTD 1,560,000 and NTD 400,000 respectively, which is not different from the actual distribution amount.

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

(XXII) Operating revenue

Breakdown of income:

Key products / Key market region	2025 Basic chemicals	Specialty chemicals	Electronic chemicals	Total
Taiwan	$ 900,819,992	$ 369,086,895	$ 578,697,723	$ 1,848,604,610
Japan	—	63,967,653	—	63,967,653
United States	—	30,301,658	—	30,301,658
Other	418,012	25,304,681	681,441	26,404,134
Total	$ 901,238,004	$ 488,660,887	$ 579,379,164	$ 1,969,278,055

Key products / Key market region	2024 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

(XXIII) <u>Interest income</u>

The Company's interest income is analyzed below:

	2025	2024
Bank deposit interest	$ 990,374	$ 1,448,247
Interest income from financing lease	–	8,193
Total	$ 990,374	$ 1,456,440

(XXIV) <u>Other income</u>

The Company's other income is analyzed below:

	2025	2024
Rental income	$ 2,693,901	$ 1,615,151
Government grants income	10,000	54,960
Other income - others	1,752,033	1,373,402
Total	$ 4,455,934	$ 3,043,513

(XXV) <u>Other gains and losses</u>

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

	2025	2024
Net gains from disposal of property, plant and equipment	$ 1,186,740	$ 582,940
Gain on foreign exchange, net	2,166,601	2,775,596
Gain (Loss) on Financial assets and liabilities at fair value through profit or loss	(15,620)	681,460
Compensation for losses	–	(1,400,525)
Depreciation of assets for lease	(108,480)	(108,480)
Miscellaneous disbursements	(2,432,494)	(355,849)
Total	$ 796,747	$ 2,175,142

(XXVI) <u>Finance costs</u>

The Company's finance costs are analyzed below:

	2025	2024
Bank loans interest	$ 11,945,337	$ 7,026,635
Commercial paper interest payable	1,446,792	491,852
Corporate bonds interest	1,289,857	3,229,362
Imputed interest of guarantee deposits and margins received	3,918	3,504
Interest on lease liabilities	293,178	140,626
Less: capitalization of borrowing costs	(14,235,938)	(8,776,647)
Total	$ 743,144	$ 2,115,332

The capitalized amount of borrowing costs of the Company in 2025 and 2024 was NTD 14,235,938 and NTD 8,776,647 respectively, and the capitalized interest rates in 2025 and 2024 were 2.110% and 2.052% respectively.

(XXVII) Additional information of expenses by nature

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

	2025	2024
Financial assets impairment loss		
Expected credit impairment loss	$ 634,288	$ —
Depreciation and amortization expense		
Depreciation of property, plant and equipment	225,960,728	229,223,404
Depreciation of right-of-use assets	6,163,546	5,087,564
Depreciation of investment property	108,480	108,480
Amortization of intangible assets	3,177,769	91,878
Total	235,410,523	234,511,326
Research and development expenditures recognized as expenses when incurred	20,436,580	25,920,939
Employee benefits expenses		
Post-employment benefits		
Defined contribution plan	8,716,485	7,798,957
Defined benefit plans	(37,861)	39,113
Subtotal	8,678,624	7,838,070
Other employee benefits	219,465,541	221,275,418
Total	228,144,165	229,113,488
Total	$ 484,625,556	$ 489,545,753

(XXVIII) Financial instruments

1. Categories of financial instruments

	December 31, 2025	December 31, 2024
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	126,374,482	145,528,479
Notes and accounts receivable	584,363,810	505,058,364
Other receivables	7,762,151	9,650,268
Refundable deposits paid	48,721,249	47,079,250
Overdue receivables	—	—
Subtotal	767,221,692	707,316,361
Total	$ 767,221,692	$ 707,331,981

	December 31, 2025	December 31, 2024
Financial liabilities		
Measured at amortized cost		
Short-term loans	$ 340,000,000	259,066,394
Short-term notes payable	159,658,669	—
Notes and accounts payable	149,140,770	179,745,125
Other payables	278,032,872	231,106,525
Lease liabilities	13,543,391	8,525,462
Bonds payable	—	76,789,289
Long-term loans	465,000,000	185,000,000
Guarantee deposits and margins received	282,644	266,432
Total	$ 1,405,658,346	$ 940,499,227

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 the risk with derivative financial instruments.

(1) Foreign currency risk

Some of the Company's operating activities 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.

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 NT dollar appreciates/depreciates by 1% against the US dollar, the Company's net profit in 2025 and 2024 would decrease/increase by NTD 303,666 and increase/decrease by NTD 185,231, 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 2025 and 2024 will decrease/increase by NTD 700,548 and NTD 302,860, 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.

For customers whose balance of trade receivables on December 31, 2025 and 2024 exceeds 5% of the total balance, their total balance of trade receivables accounts for 46.95% and 38.11% of the total balance of trade receivables of the Company, respectively. The Company has continuously evaluated the financial situation of major sales customers, so as to reduce credit risk.

Meanwhile, 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, 2025				
	Within 6 months	6-12 months	1-2 years	2-5 years	Total
Non-derivative financial liabilities					
Short-term loans	$ 340,000,000	$ —	$ —	$ —	$ 340,000,000
Short-term notes payable	160,000,000	—	—	—	160,000,000
Note payable	1,300,595	—	—	—	1,300,595
Accounts payable	147,840,175	—	—	—	147,840,175
Other payables	277,422,872	60,000	120,000	430,000	278,032,872
Lease liabilities	3,618,819	2,734,472	4,828,115	2,851,645	14,033,051
Long-term loans	—	31,250,000	387,500,000	46,250,000	465,000,000
Total	$ 930,182,461	$ 34,044,472	$ 392,448,115	$ 49,531,645	$1,406,206,693

	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

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

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, 2025				2025
	Currency	Foreign currency amount	Measured exchange rate at the end of the period	NTD	Exchange (loss) gains generated
Financial assets					
Cash and cash equivalents	USD	$ 502,344	31.4315	$ 15,789,421	$ 1,772,059
Accounts receivable	USD	724,774	31.4315	22,780,736	427,884
Financial liabilities					
Accounts payable	USD	260,997	31.4315	8,203,527	(62,622)
Exchange gains and losses arising from general transactions					29,280
Total					$ 2,166,601

	Currency	December 31, 2024 Foreign currency amount	Measured exchange rate at the end of the period	NTD	2024 Exchange (loss) gains 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	774,609	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

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

(XXIX) 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 2025 and 2024 was as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 1,418,940,363	$ 963,505,649
Total assets	$ 3,512,962,877	$ 3,035,379,215
Liability proportion	40.39%	31.75%

The main reason for the increase in the debt ratio in 2025 is that the Company increased its borrowings to pay for the construction costs of new production lines, resulting in an increase in total liabilities.

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) Significant transactions with related parties

The following is a summary of significant transactions between the Company and other related parties:

Operating revenue- revenue from sale of goods

1. Transaction amount

	2025	2024
Everlight Chemical	$ 32,239,515	$ 40,449,589
TYS	—	292,800
Total	$ 32,239,515	$ 40,742,389

2. Outstanding balance (accounts receivable due from related parties, net)

	December 31, 2025	December 31, 2024
Everlight Chemical	$ 8,833,305	$ 14,784,159
Less: loss allowances	(57,072)	(117,408)
Net value	$ 8,776,233	$ 14,666,751

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

	2025	2024
Short-term benefits	$ 2,827,633	$ 7,706,667
Post-employment benefits	321,624	321,624
Other long-term employee benefits	—	—
Post-employment benefit	—	—
Share-based payment	—	—
Total	$ 8,028,291	$ 8,028,291

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, 2025	December 31, 2024
Land	$ 237,920,762	$ 237,920,762
Property and building	28,641,397	33,330,205
Other	1,981,559	2,862,311
Total	$ 268,543,718	$ 274,113,278

IX. Material contingent liabilities and unrecognized contractual commitments

The major commitments and contingencies of the Company at the end of 2025 and 2024 are as follows:

(I) The unused letter of credit issued for domestic and overseas purchases is NTD 40,000,000; The amounts in U.S. dollars are USD 110,172.5 and USD 328,850, respectively.

(II) The guaranteed notes issued for obtaining the loan commitments from financial institutions are NTD 1,300,000,000 and NTD 650,000,000, and USD3,000,000 for both.

(III) The guarantee notes issued for the sale of goods are NTD 5,404,892 and NTD 3,651,300.

(IV) To expand the production scale, the total prices of outstanding major equipment purchase contracts signed with various manufacturers are NTD 1,292,958,836 and NTD 1,014,412,956, and the unpaid amounts are NTD 209,908,373 and 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, 2025 and 2024.

(VI) The Company entered into a technology transfer license agreement with SPCI HELM Singapore Pte. Ltd. and acquired the technology and design package from third-party, Smart SCOPE GmbH, at the price of USD2,250,000. None of them were paid by the end of 2025.

X. Losses due to major disasters: None.

XI. Major subsequent events: None.

XII. Other

In order to repay bank loans and enrich operating funds, the Company’s Board of Directors resolved to issue the second domestic unsecured convertible corporate bonds on December 10, 2025. The expected upper limit of the total face value of the issue is NTD 600,000,000. Relevant details are described below:

(I) The Company intends to issue the second domestic unsecured convertible corporate bonds with a total face value of NTD 600,000,000, with a term for three years, and a coupon rate for 0.00%. The public offering will be conducted via a tender offer, with an issue price ranging from 100.50% to

101.00% of the face value, and the actual total amount raised will be up to NTD 600,000,000.

(II) The Company intends to issue the second batch of domestic unsecured convertible corporate bonds in a paperless form, which has been submitted to the Financial Supervisory Commission and became effective on January 14, 2026. The Chairman has been authorized by the Board of Directors to set another issue date and apply for over-the-counter trading with the Taipei Exchange. No issue date has been set as of March 11, 2026.

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. The purchase and sale of goods with related parties reaching NTD100 million or 20% of paid-in capital or more: None.
5. Receivables from related parties reaching NTD100 million or 20% of paid-in capital or more: 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.

XIV. Operating segments information

(I) Profit and loss of operating segments information

The Company's disclosures of department information in 2025 and 2024 are as follows:

2025	Basic chemicals	Specialty chemicals	Electronic chemicals	Total
Income				
Income from external customers	$ 901,238,004	$ 488,660,887	$ 579,379,164	$ 1,969,278,055
Segment profit (loss) before tax				$ 6,508,527

2024	Basic chemicals	Specialty chemicals	Electronic chemicals	Total
Income				
Income from external customers	$ 971,076,144	$ 649,426,566	$ 462,579,928	$ 2,083,082,638
				$ 75,128,703

The Company is primarily engaged in the production and sales of basic chemicals, specialty chemicals, and electronic chemicals. As all these products fall under the category of chemical products, it is a single operating and reportable segment. The operating decision maker utilizes this segment for evaluating the overall operational performance of the Company and making decisions.

Basic chemicals include sulfuric acid, liquid alkali, hydrochloric acid, polyaluminum chloride, and other inorganic chemicals; special chemicals include special dye pigments and intermediates, functional intermediates, toluene sulfonation series products, thermal paper coating raw materials, and other chemicals; electronic chemicals include electronic grade sulfuric acid, special developer for LCD, and other formula products for the electronic industry.

Accounting policies adopted by the operating segments are the same as the summary of significant accounting policies in Note 4. The Company has not allocated tax expense (gain) to reportable segment. The amounts reported are consistent with the reporting used by the operating decision maker.

(II) Product and service information

	Operating revenue in 2025	Operating revenue in 2024
Basic chemicals series	$ 901,238,004	$ 971,076,144
Specialty chemicals series	488,660,887	649,426,566
Electronic chemicals series	579,379,164	462,579,928
Total	$ 1,969,278,055	$ 2,083,082,638

(III) Geographic information

1. Income from external customers

	2025	2024
Taiwan	$ 1,848,604,610	$ 1,972,166,539
Japan	63,967,653	44,899,559
United States	30,301,658	40,167,078
Other	26,404,134	25,849,462
Total	$ 1,969,278,055	$ 2,083,082,638

2. Non-current assets

	December 31, 2025	December 31, 2024
Taiwan	$,445,898,020	$ 2,017,537,894

The regional income of the Company is calculated based on the receiving region. Non-current assets do not include financial instruments, deferred income tax assets, and post-retirement benefit assets.

(IV) Major customer information

Customers of the Company accounting for more than 10% of the operating revenue:

	2025			2024		
Customer name	Amount of sales	To operating revenue %	Sales department	Amount of sales	To operating revenue %	Sales department
Customer A	$ 355,961,387	18.08%	Electronic chemicals	$ 256,470,946	12.31%	Electronic chemicals
Customer B	Note 1	—	—	$ 288,271,800	13.84%	Specialty chemicals

Note 1: The amount of revenue is less than 10% of the total revenue of the Company.

Chung Hwa Chemical Industrial Works, Ltd.
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December 31, 2025

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Chung Hwa Chemical Industrial Works, Ltd.
CASH AND CASH EQUIVALENTS
December 31, 2025

LIST 1 Unit: NTD

Item	Summary	Amount
Cash on hand and petty cash		$ 351,147
Bank deposits		
Checkable deposits		21,569,336
Demand deposits	Include USD502,343.85, exchange rate 31.4315	104,453,999
Total		$ 126,374,482

Chung Hwa Chemical Industrial Works, Ltd.
NOTE RECEIVABLE AND ACCOUNTS RECEIVABLE
December 31, 2025

LIST 2 Unit: NTD

Customer name	Summary	Amount	Remark
Note receivable:			
Unrelated party			
10086	For goods	$ 53,248,068	
11136	For goods	13,080,366	
Other	For goods	51,516,491	The balance of various accounts does not exceed 5%.
Total		117,844,925	
Less: loss allowances		—	
Net value		$ 117,844,925	
Accounts receivable:			
Unrelated party			
10613	For goods	$ 166,611,681	
11277	For goods	40,896,937	
Other	For goods	254,215,014	The balance of various accounts does not exceed 5%.
Total		461,723,632	
Less: loss allowances		(3,980,980)	
Net value		$ 457,742,652	
Related party			
Everlight Chemical	For goods	8,833,305	
Less: loss allowances		(57,072)	
Net value		$ 8,776,233	

Chung Hwa Chemical Industrial Works, Ltd.
OTHER RECEIVABLES
December 31, 2025

LIST 3 Unit: NTD

Item	Summary	Amount	Remark
Unrelated party			
Tax refund receivable	Business tax refundable	$ 5,792,697	
Other receivables - others	Freight receivable and advance payment, etc.	1,969,454	
Total		7,762,151	
Less: loss allowances		—	
Net value		$ 7,762,151	

Chung Hwa Chemical Industrial Works, Ltd.
INVENTORY
December 31, 2025

LIST 4 Unit: NTD

Item	Summary	Amount: Cost	Amount: Net realizable value	Remark
Raw material		$ 66,328,547	$ 61,544,435	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		23,765,665	30,475,533	
Finished goods		168,053,306	206,312,345	
Goods		40,328,792	57,793,531	
Goods in transit		882,650	882,650	
Materials in transit		578,120	578,120	
Total		299,937,080	$ 357,586,614	
Less: Allowance for inventory falling price losses		(50,941,697)		
Net value		$ 248,995,383		

Chung Hwa Chemical Industrial Works, Ltd.
ADVANCES TO SUPPLIERS, OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS
December 31, 2025

LIST 5 Unit: NTD

Item	Summary	Amount	Remark
Advances to suppliers:			
Supplies inventory		$ 357,748	
Other prepaid expenses		18,899,708	
Advance payment		619,168	
Total		$ 19,876,624	
Other current assets:			
Refundable deposits paid	Performance bond etc.	$ 48,670,249	Amount due within one year
Other non-current assets:			
Prepayments for equipment		$ 44,697,201	
Refundable deposits paid	Performance bond etc.	51,000	
Overdue receivables		15,637,536	The overdue receivables refer to the receivables which are overdue for more than one year and expected to be recovered more than one year later, are fully provided with a 100% allowance for losses.
Less: loss allowances		(15,637,536)	
Other long-term prepaid expenses		5,837,238	
Total		$ 50,585,439	

Chung Hwa Chemical Industrial Works, Ltd.
CHANGES IN PROPERTY, PLANT AND EQUIPMENT COST
2025

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	475,145,023	3,801,000	(2,696,757)	—	476,249,266		
Equipment	1,723,833,700	64,396,663	(54,821,438)	15,769,963	1,749,178,888		
Water and electricity equipment	250,745,354	3,881,000	(539,333)	791,000	254,878,021		
Computer and communication equipment	63,435,027	630,000	—	—	64,065,027		
Testing equipment	86,568,400	2,211,800	(3,359,762)	—	85,420,438		
Pollution prevention equipment	84,925,067	443,700	—	77,000	85,445,767		
Transport equipment	80,869,720	3,520,000	(920,002)	—	83,469,718		
Office equipment	4,112,741	157,143	—	—	4,269,884		
Other	268,098,293	46,640,456	(3,159,366)	(15,845,289)	295,734,094		
Unfinished works and equipment to be inspected	515,342,877	489,156,538	—	104,123,396	1,108,622,811		
Total	$ 3,847,382,748	$ 614,838,300	$ (65,496,658)	$ 104,916,070	$ 4,501,640,460		

Chung Hwa Chemical Industrial Works, Ltd.
CHANGES IN DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
2025

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	$ 316,326,825	$ 23,936,962	$ (2,696,757)	$ —	$ 337,567,030	Useful life: 2-36 Years
Equipment	1,190,332,270	145,905,754	(54,179,424)	—	1,282,058,600	Useful life: 2-31 Years
Water and electricity equipment	145,417,087	17,632,479	(539,333)	—	162,510,233	Useful life: 2-24 Years
Computer and communication equipment	46,171,700	5,008,962	—	—	51,180,662	Useful life: 2-15 Years
Testing equipment	58,810,134	10,373,243	(3,359,762)	—	65,823,615	Useful life: 2-12 Years
Pollution prevention equipment	57,825,556	3,444,400	—	—	61,269,956	Useful life: 2-51 Years
Transport equipment	50,063,760	6,849,153	(920,002)	—	55,992,911	Useful life: 5-16 Years
Office equipment	3,639,982	197,641	—	—	3,837,623	Useful life: 3-13 Years
Other	115,176,101	12,612,134	(2,780,008)	—	125,008,227	Useful life: 2-21 Years
Total	$ 1,983,763,415	$ 225,960,728	$ (64,475,286)	$ —	$ 2,145,248,857	

Chung Hwa Chemical Industrial Works, Ltd.
CHANGES IN RIGHT-TO-USE ASSETS AND ACCUMULATED DEPRECIATION
2025

LIST 8 Unit: NTD

Item	Opening balance	Current increases	Current decreases	Ending balance	Remark
Cost:					
Property and building	$ 4,161,019	$ 4,792,927	$ (4,161,019)	$ 4,792,927	
Transport equipment	12,906,127	6,836,032	(2,325,316)	17,416,843	
Office equipment	1,233,176	100,176	—	1,333,352	
Total cost	18,300,322	$ 11,729,135	$ (6,486,335)	23,543,122	
Accumulated depreciation:					Depreciation method: straight-line method
Property and building	(3,530,113)	$ 1,562,865	$ (4,161,019)	(931,959)	Useful life: 3 Years
Transport equipment	(5,781,355)	4,139,684	(2,325,316)	(7,595,723)	Useful life: 2-10 Years
Office equipment	(446,484)	460,997	—	(907,481)	Useful life: 2-3 Years
Total accumulated depreciation	(9,757,952)	$ 6,163,546	$ (6,486,335)	(9,435,163)	
Net value	$ 8,542,370			$ 14,107,959	

Chung Hwa Chemical Industrial Works, Ltd.
CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION
2025

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	(3,180,767)	$ 108,480	$ —	(3,289,247)	Depreciation adopts the straight-line method with the useful life is 12-51 years.
Net value	$ 15,456,346			$ 15,347,866	

Chung Hwa Chemical Industrial Works, Ltd.
List of changes in intangible assets
2025

LIST 10 Unit: NTD

Item	Opening balance	Current increases	Current decreases	Ending balance	Remark
Computer software:					
Cost	$ 3,074,148	$ 12,095,000	$ —	$ 15,169,148	
Accumulated amortization	(2,475,226)	$ 3,177,769	$ —	(5,652,995)	Amortization adopts the straight-line method with the useful life is 3~8 years.
Net value	$ 598,922			$ 9,516,153	

Chung Hwa Chemical Industrial Works, Ltd.
DEFERRED INCOME TAX ASSETS (LIABILITIES)
December 31, 2025

LIST 11 Unit: NTD

Item	Summary	Amount		Remark
Deferred income tax assets:				
Bad debt loss exceeding limit		$	1,643,049	
Unrealized loss on inventory falling price losses			10,188,339	
Unrealized employee leave payment			987,315	
Actuarial profit and loss of defined benefits			3,342,268	
Total		$	16,160,971	
Deferred income tax liabilities:				
Prepaid pension expenses		$	5,405,303	
Unrealized exchange gain			427,464	
Unrealized gain of financial assets and liabilities			600,716	
Total		$	6,433,483	

Chung Hwa Chemical Industrial Works, Ltd.
SHORT-TERM LOANS
December 31, 2025

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	$ 120,000,000	October 22, 2025 ~ February 4, 2026	1.860%	NTD 390,000,000	None	
Credit loan	First Bank	80,000,000	October 9, 2025 ~ February 10, 2026	1.960%	NTD 1,320,000,000	None	
Credit loan	Taishin International Bank	60,000,000	October 14, 2025 ~ February 9, 2026	2.020%	NTD 60,000,000	None	
Credit loan	Yuanta Commercial Bank Co., Ltd.	80,000,000	October 9, 2025 ~ March 5, 2026	1.920~2.020%	NTD 140,000,000	None	
	Total	$ 340,000,000					

Chung Hwa Chemical Industrial Works, Ltd.
SHORT-TERM NOTES PAYABLE
December 31, 2025

LIST 13

Unit: NTD

Item	Guarantee or acceptance institution	Term of contract	Interest rate range	Amount: Issuance amount	Amount: Discount of unamortized short-term notes payable	Amount: Carrying amount	Remark
Financing commercial papers	Taiwan Finance Corporation	November 11, 2025 ~ February 9, 2026	1.55%	$ 60,000,000	$ 76,972	$ 59,923,028	
	China Bills Finance Corporation	November 18, 2025 ~ January 15, 2026	1.56%	100,000,000	264,359	99,735,641	
	Total			$ 160,000,000	$ 341,331	$ 159,658,669	

Chung Hwa Chemical Industrial Works, Ltd.
NOTE PAYABLE AND ACCOUNTS PAYABLE
December 31, 2025

LIST 14 Unit: NTD

Name of suppliers	Summary	Amount	Remark
Note payable:			
Unrelated party			
0028	Expenses	$ 694,207	
0371	Expenses	283,500	
0022	Expenses	138,816	
0166	Expenses	127,732	
Other		56,340	The balance of various accounts does not exceed 5%.
Total		$ 1,300,595	
Accounts payable:			
Unrelated party			
0012	For goods	$ 48,625,092	
0008	For goods	29,005,871	
0379	For goods	11,629,508	
Other		58,579,704	The balance of various accounts does not exceed 5%.
Total		$ 147,840,175	

Chung Hwa Chemical Industrial Works, Ltd.
OTHER PAYABLES
December 31, 2025

LIST 15 Unit: NTD

Item	Summary	Amount
Salary and bonus payable		$ 23,318,426
Interest payable		533,564
Pension expenses payable		2,378,993
Remuneration to the employees payable		140,000
Remuneration to the directors payable		140,000
Freight payable		14,121,238
Water, electricity and gas fee payable		7,773,947
Payable pollution prevention fee		10,792,297
Payable parts and consumables		6,681,215
Insurance premium payable		4,379,728
Export expenses payable		1,133,691
Repair payable		15,288,764
Sundry purchases payable		1,934,579
Meal payable		1,048,210
Service fee payable		752,500
Other expenses payable		7,967,651
Payables to equipment suppliers		179,648,069
Total		$ 278,032,8725

Chung Hwa Chemical Industrial Works, Ltd.
OTHER CURRENT LIABILITIES, OTHER NON-CURRENT LIABILITIES
December 31, 2025

LIST 16 Unit: NTD

Item	Summary	Amount	Remark
Other current liabilities:			
Prepayments	Other advances	$ 2,657,091	
Temporary receipts	Overpayment etc.	165,886	
Collection for others	Withholding tax etc.	851,879	
Total		$ 3,674,856	
Other non-current liabilities:			
Guarantee deposits and margins received	Rental house deposit	$ 282,644	

Chung Hwa Chemical Industrial Works, Ltd.
LONG-TERM LOANS
December 31, 2025

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.
Fubon Bank	Principal NTD 95,000 thousand, starting September 16, 2026, with quarterly repayments of NTD 11,875 thousand and monthly interest payments.	$ 95,000,000	June 16, 2025 ~ June 16, 2028	2.068%	Yes	
Fubon Bank	Principal NTD 30,000 thousand, starting September 16, 2026, with quarterly repayments of NTD 3,750 thousand and monthly interest payments.	30,000,000	June 23, 2025 ~ June 16, 2028	2.068%	Yes	
Fubon Bank	Principal NTD 30,000 thousand, starting March 5, 2027, with quarterly repayments of NTD 3,750 thousand and monthly interest payments.	30,000,000	December 5, 2025 ~ December 5, 2028	2.068%	Yes	
First Bank	The principal, NTD 250,000 thousand, will be repaid in a lump sum with interest payable on a monthly basis.	250,000,000	December 30, 2025 ~ December 30, 2027	2.100%	Yes	
	Subtotal	405,000,000				
Credit loan						
Yuanta Commercial Bank Co., Ltd.	Principal NTD 60,000 thousand, starting March 25, 2027, with monthly repayments of NTD 8,000 thousand, residual principal repaid in a lump sum at maturity, and monthly interest payments.	60,000,000	August 25, 2025 ~ August 25, 2027	2.140%	None	
	Total	465,000,000				
	Less: Amount due within one year	(31,250,000)				
	Total long-term loans	$ 433,750,000				

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, 2025 ~ May 31, 2028	1.30%~2.04%	$ 1,584,132	$ 2,295,575	$ 3,879,707	
Transport equipment	Business vehicle and stacker	May 3, 2021 ~ September 30, 2030	0.95%~2.05%	4,128,473	5,103,190	9,231,663	
Office equipment	Photocopier	October 1, 2023 ~ November 29, 2027	1.78%~2.01%	378,089	53,932	432,021	
Total				$ 6,090,694	$ 7,452,697	$ 13,543,391	

Chung Hwa Chemical Industrial Works, Ltd.
OPERATING REVENUE
2025

LIST 19 Unit: NTD

Item	Quantities	Amount	Remark
Sales Revenue			
Basic chemicals series	149,098.79 metric tons	$ 901,187,816	
Specialty chemicals series	8,881.22 metric tons	488,654,987	
Electronic chemicals series	47,500.94 metric tons and 80.00 liters	579,321,179	
Subtotal		1,969,163,982	
Other operating revenues		114,073	
Total		$ 1,969,278,055	

Chung Hwa Chemical Industrial Works, Ltd.
OPERATING COSTS
2025

LIST 20 Unit: NTD

Item	Amount Subtotal	Amount Total
Cost of sales of purchased goods		
Beginning goods	$ 63,942,756	
Add: current purchase	635,803,644	
Other	71,909	
Less: goods at end of the period	(40,328,792)	
Inventory shortage	(5,297,431)	
Total cost of sales of purchased goods Total		$ 654,192,086
Cost of sales of self-made products		
Raw material at beginning of the period	79,388,840	
Add: incoming materials in current period	546,883,325	
Other	26	
Less: Raw material at end of the period	(66,328,547)	
Inventory losses of raw materials	(2,226,671)	
Consumed materials in current period	557,716,973	
Direct employee	85,962,395	
Manufacturing expenses	484,054,574	
Manufacturing cost	1,127,733,942	
Add: beginning balance Goods-in-process and semi-finished goods	10,900,111	
Other	136,469	
Less: end of the period Goods-in-process and semi-finished goods	(23,765,665)	
Unallocated manufacturing expenses	(150,722,366)	
Goods-in-process and semi-finished goods inventory shortage	(336,171)	
Transfer for used by the Company	(17,625,414)	
Other	(31)	
Finished goods costs	946,320,875	
Add: beginning finished goods	157,154,568	
Other	252,748	
Less: finished goods at end of the period	(168,053,306)	
Transfer for used by the Company	(599,936)	
Scrapped finished goods	(61,999)	
Finished goods inventory shortage	(160,986)	
Other	(150,798)	
Total sales cost of self-made products		934,701,166
Other operating costs		
Inventory losses	8,021,259	
Inventory obsolescence	61,999	
Loss on inventory falling price losses	4,763,009	
Unallocated manufacturing expenses	150,722,366	
Purchase discounts and allowances	(144,432)	
Other	925,909	
Total other operating costs		164,350,110
Total operating costs		$ 1,753,243,362

Chung Hwa Chemical Industrial Works, Ltd.
OPERATING EXPENSES
2025

List 21 Unit: NTD

Item	Summary	Amount	Remark
Selling expenses:			
Salary expenditure	Salary, bonus, overtime pay and pension expense	$ 25,340,339	
Traveling expense		1,290,288	
Freight fee		42,773,749	
Repair fee		2,711,814	
Water, electricity and gas fee		1,471,638	
Insurance premium fee		5,773,844	
Entertainment fee		1,166,431	
Taxation		1,368,118	
Depreciation		15,070,577	
Meal fee		1,050,539	
Export expenses		7,611,498	
Inspection fee		2,779,318	
Other expenses	The amount of items less than NTD1,000,000	16,734,261	
Total		$ 125,142,414	
Administrative expenses:			
Salary expenditure	Salary, bonus, overtime pay and pension expense	$ 29,524,052	
Postage expenses		623,028	
Water, electricity and gas fee		768,936	
Insurance premium fee		3,079,383	
Taxation		599,390	
Depreciation		7,970,793	
Various amortizations		2,446,778	
Meal fee		843,336	
Employee benefits		754,502	
Remunerations to directors	Compensation to directors and travel fees	5,467,400	
Computer costs		5,960,848	
Sundry purchases		563,016	
Service fees		3,224,391	
Other expenses	The amount of items less than NTD500,000	6,986,942	
Total		$ 68,812,795	
Research and development expenses:			
Salary expenditure	Salary, bonus, overtime pay and pension expense	$ 8,033,927	
Repair fee		1,192,512	
Water, electricity and gas fee		1,681,745	
Insurance premium fee		1,135,931	
Depreciation		3,584,574	
Research materials		626,240	
Other expenses	The amount of items less than NTD500,000	4,181,651	
Total		$ 20,436,580	

Chung Hwa Chemical Industrial Works, Ltd.
FINANCE COSTS
2025

LIST 22 Unit: NTD

Item	Summary	Amount	Remark
Bank loans interest		$ 11,945,337	
Commercial paper interest payable		1,446,792	
Corporate bonds interest		1,289,857	
Imputed interest of guarantee deposits and margins received		3,918	
Interest on lease liabilities		293,178	
Less: capitalization of borrowing costs		(14,235,938)	Capitalized interest rate 2.110%
Total		$ 743,144	