China Steel Chemical Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors’ Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

China Steel Chemical Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Steel Chemical Corporation (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2025 is stated as follows:

Appropriateness of the export sales cutoff

The Corporation and its subsidiaries' export transaction procedures are complex and need to be confirmed manually to ensure that the control of the goods is transferred to the customer according to the trade terms of the sale and revenue is recognized at the time of the transfer of the control. The management is under pressure to achieve the expected target and market expectations, which may lead to the manipulation of operating revenue. As a result, we considered the timing of revenue recognition of the operating revenue from export sales within a certain period before and after the financial reporting date as a key audit matter.

Our audit procedures for the above export sales included the following:

1. We obtained an understanding of and tested the operating effectiveness of the design and implementation of internal control of sales.

2. We performed cutoff procedures for export sales that took place within a certain period of the financial reporting date and verified the related documents to confirm the appropriateness of the revenue recognition.

Other Matter

We have also audited the parent company only financial statements of China Steel Chemical Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion with emphasis of matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. 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 the Corporation and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use 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 Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Corporation and its subsidiaries. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2026

<u>*Notice to Readers*</u>

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

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,113,759	10	$ 1,151,306	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	444,490	4	378,329	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	257,234	2	247,711	2
Financial assets for hedging - current (Notes 4 and 10)	-	-	33,374	-
Notes receivable (Notes 4 and 11)	22,935	-	44,903	-
Accounts receivable, net (Notes 4 and 11)	280,665	2	431,260	4
Accounts receivable - related parties (Notes 4, 11 and 28)	80,676	1	92,465	1
Other receivables (Note 28)	47,660	-	16,930	-
Current tax assets (Notes 4 and 24)	-	-	879	-
Inventories (Notes 4, 5 and 12)	1,321,222	12	1,333,369	12
Other current assets	49,072	-	41,324	-
Total current assets	3,617,713	31	3,771,850	32
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	79,250	1	80,867	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	148,924	1	128,238	1
Financial assets at amortized cost - non-current (Notes 4 and 9)	20,000	-	20,000	-
Investments accounted for using the equity method (Notes 4 and 14)	1,782,033	16	1,792,062	16
Property, plant and equipment (Notes 4, 15 and 28)	4,545,290	40	4,441,619	39
Right-of-use assets (Notes 4, 16 and 28)	573,696	5	601,907	5
Investment properties (Notes 4 and 17)	533,013	5	533,013	5
Deferred tax assets (Notes 4 and 24)	51,747	-	59,263	1
Prepaid equipment	59,151	1	1,350	-
Refundable deposits	4,570	-	4,451	-
Other non-current assets	27,572	-	30,840	-
Total non-current assets	7,825,246	69	7,693,610	68
TOTAL	$ 11,442,959	100	$ 11,465,460	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 1,271,024	11	$ 301,009	3
Short-term bills payable (Note 18)	-	-	100,000	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,610	-	-	-
Contract liabilities - current (Notes 4 and 22)	67,788	1	98,399	1
Accounts payable	31,650	-	30,180	-
Accounts payable - related parties (Note 28)	200,086	2	240,524	2
Other payables (Notes 19, 20 and 28)	245,635	2	341,917	3
Current tax liabilities (Notes 4 and 24)	119,502	1	106,867	1
Lease liabilities - current (Notes 4, 16 and 28)	31,699	-	36,050	-
Other current liabilities	9,842	-	10,196	-
Total current liabilities	1,979,836	17	1,265,142	11
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,000,000	9	1,300,000	11
Deferred tax liabilities (Notes 4 and 24)	-	-	3,489	-
Lease liabilities - non-current (Notes 4, 16 and 28)	557,199	5	577,686	5
Net defined benefit liabilities (Notes 4 and 20)	83,675	1	98,587	1
Guarantee deposit received	3,970	-	3,960	-
Total non-current liabilities	1,644,844	15	1,983,722	17
Total liabilities	3,624,680	32	3,248,864	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 21)				
Ordinary shares capital	2,369,044	21	2,369,044	21
Capital surplus	989,006	9	971,984	8
Retained earnings				
Legal reserve	3,092,576	27	3,090,378	27
Special reserve	317,861	2	193,150	2
Unappropriated earnings	1,474,798	13	2,027,539	18
Total retained earnings	4,885,235	42	5,311,067	47
Other equity	(307,368)	(3)	(317,861)	(3)
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity	7,818,279	68	8,216,596	72
TOTAL	$ 11,442,959	100	$ 11,465,460	100

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)				
Sales	$ 5,755,953	98	$ 7,544,496	99
Other operating revenue	102,182	2	102,974	1
Total operating revenue	5,858,135	100	7,647,470	100
OPERATING COSTS (Notes 12, 20, 23 and 28)	4,749,358	81	5,826,594	76
GROSS PROFIT	1,108,777	19	1,820,876	24
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	162,164	3	179,379	2
General and administrative expenses	145,043	2	153,886	2
Research and development expenses	265,731	5	246,449	3
Total operating expenses	572,938	10	579,714	7
PROFIT FROM OPERATIONS	535,839	9	1,241,162	17
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)				
Interest income	10,983	-	14,579	-
Other income	101,671	2	80,113	1
Other gains and losses	(10,110)	-	38,425	-
Share of profit of associates	99,859	2	88,475	1
Interest expense	(27,033)	-	(14,401)	-
Total non-operating income and expenses	175,370	4	207,191	2
PROFIT BEFORE INCOME TAX	711,209	13	1,448,353	19
INCOME TAX EXPENSES (Notes 4 and 24)	95,385	2	242,152	3
NET PROFIT FOR THE YEAR	615,824	11	1,206,201	16
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	9,767	-	7,911	-
Unrealized gain (loss) on financial assets in equity instruments at fair value through other comprehensive income	25,086	-	(84,021)	(1)

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Gain (loss) on hedging instruments	$ 1,104	-	$ (1,104)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	5,156	-	(205,884)	(3)
Income tax related to items that will not be reclassified subsequently to profit or loss	(2,174)	-	(1,361)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	325	-	6,646	-
Unrealized gain (loss) on financial assets in debt instruments at fair value through other comprehensive income	(1,241)	-	2,212	-
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(2,203)	-	(6,372)	-
Other comprehensive income (loss) for the year, net of income tax	35,820	-	(281,973)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 651,644	11	$ 924,228	12
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 615,824	11	$ 1,206,201	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 651,644	11	$ 924,228	12
EARNINGS PER SHARE (Note 25)				
Basic	$ 2.65		$ 5.20	
Diluted	$ 2.65		$ 5.18	

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
			Retained Earnings				Other equity					
	Ordinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2024	$ 2,369,044	$ 928,925	$ 2,948,165	$ 193,150	$ 1,910,865	$ 5,052,180	$ (26,929)	$ 8,873	$ 15	$ (18,041)	$ (117,638)	$ 8,214,470
Appropriation of 2023 earnings (Note 21)												
Legal reserve	-	-	142,213	-	(142,213)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(947,618)	(947,618)	-	-	-	-	-	(947,618)
	-	-	142,213	-	(1,089,831)	(947,618)	-	-	-	-	-	(947,618)
Net profit for the year ended December 31, 2024	-	-	-	-	1,206,201	1,206,201	-	-	-	-	-	1,206,201
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	8,616	8,616	285	(289,980)	(894)	(290,589)	-	(281,973)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,214,817	1,214,817	285	(289,980)	(894)	(290,589)	-	924,228
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	9,231	9,231	-	(9,231)	-	(9,231)	-	-
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	19,014	-	-	-	-	-	-	-	-	-	19,014
Changes in capital surplus from investments in associates accounted for using the equity method	-	24,045	-	-	(17,543)	(17,543)	-	-	-	-	-	6,502
BALANCE ON DECEMBER 31, 2024	2,369,044	971,984	3,090,378	193,150	2,027,539	5,311,067	(26,644)	(290,338)	(879)	(317,861)	(117,638)	8,216,596
Appropriation of 2024 earnings (Note 21)												
Legal reserve	-	-	120,650	-	(120,650)	-	-	-	-	-	-	-
Special reserve	-	-	-	124,711	(124,711)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(947,618)	(947,618)	-	-	-	-	-	(947,618)
Cash dividends distributed by legal reserve	-	-	(118,452)	-	-	(118,452)	-	-	-	-	-	(118,452)
	-	-	2,198	124,711	(1,192,979)	(1,066,070)	-	-	-	-	-	(1,066,070)
Net profit for the year ended December 31, 2025	-	-	-	-	615,824	615,824	-	-	-	-	-	615,824
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	7,788	7,788	(1,878)	29,031	879	28,032	-	35,820
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	623,612	623,612	(1,878)	29,031	879	28,032	-	651,644
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	17,539	17,539	-	(17,539)	-	(17,539)	-	-
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	21,390	-	-	-	-	-	-	-	-	-	21,390
Changes in capital surplus from investments in associates accounted for using the equity method	-	(4,368)	-	-	(913)	(913)	-	-	-	-	-	(5,281)
BALANCE ON DECEMBER 31, 2025	$ 2,369,044	$ 989,006	$ 3,092,576	$ 317,861	$ 1,474,798	$ 4,885,235	$ (28,522)	$ (278,846)	$ -	$ (307,368)	$ (117,638)	$ 7,818,279

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	**2024**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 711,209	$ 1,448,353
Adjustments for:		
Depreciation expense	425,839	438,764
Amortization expense	4,162	6,004
Net gain on fair value change of financial assets at fair value through profit or loss	(3,301)	(21,294)
Interest expense	27,033	14,401
Interest income	(10,983)	(14,579)
Dividends income	(9,082)	(9,597)
Share of profit of associates	(92,714)	(78,216)
Loss on disposal of property, plant and equipment	584	962
Gain on disposal of investments accounted for using the equity method	(36,860)	(35,169)
Impairment loss on non-financial assets	12,194	9,772
Gain on lease modification	(21)	-
Changes in operating assets and liabilities		
Financial instruments mandatorily classified as at fair value through profit or loss	(67,975)	7,067
Notes receivable	21,968	128,209
Accounts receivable	150,595	151,241
Accounts receivable - related parties	11,789	6,433
Other receivables	(30,734)	(1,573)
Inventories	(159)	(215,846)
Other current assets	(7,748)	98,174
Contract liabilities	(30,611)	53,433
Accounts payable	1,470	(10,905)
Accounts payable - related parties	(40,438)	(14,662)
Other payables	(71,392)	(80,695)
Other current liabilities	(354)	1,153
Net defined benefit liabilities	(5,146)	(4,698)
Cash generated from operations	959,325	1,876,732
Income taxes paid	(80,040)	(418,630)
Net cash generated from operating activities	879,285	1,458,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(16,370)	(69,226)
Proceeds from sale of financial assets at fair value through other comprehensive income	10,006	49,262
Acquisition of financial assets at fair value through profit or loss	(430,000)	(433,000)
Proceeds from sale of financial assets at fair value through profit or loss	439,342	442,931
Acquisition of financial assets for hedging	-	(34,478)
Acquisition of investments accounted for using the equity method	(3,564)	(30,000)
Proceeds from investments accounted for using the equity method	47,700	40,645

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
Acquisition of property, plant and equipment	$ (528,733)	$ (854,148)
Proceeds from disposal of property, plant and equipment	2	-
Increase in refundable deposits	(119)	-
Decrease in refundable deposits	-	70
Increase in other non-current assets	(915)	(10,266)
Interest received	10,987	12,718
Dividends received from associates	93,139	74,736
Dividends received	9,082	9,597
Net cash used in investing activities	(369,443)	(801,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,262,065	5,443,092
Repayments of short-term borrowings	(5,292,050)	(5,589,795)
Increase in short-term bills payable	-	150,000
Decrease in short-term bills payable	(100,000)	(50,000)
Increase in long-term borrowings	1,150,000	1,300,000
Repayments of long-term borrowings	(1,450,000)	(950,000)
Increase in guarantee deposit received	10	50
Repayments of the principal of lease liabilities	(38,764)	(35,100)
Cash dividends paid	(1,044,680)	(928,604)
Interest paid	(34,497)	(26,187)
Net cash used in financing activities	(547,916)	(686,544)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	527	6,230
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,547)	(23,371)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,151,306	1,174,677
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,113,759	$ 1,151,306

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Chemical Corporation (the "Corporation") was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of December 31, 2025 and 2024, CSC owned 29.04% of the Corporation's voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products, coke products and refined carbon materials; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed and traded on the Taiwan Stock Exchange (TWSE) since November, 1998.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors and authorized for issue on February 24, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Corporation and its subsidiaries' accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

IFRS 18 will supersede IAS 1" Presentation of Financial Statements". The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Corporation and its subsidiaries shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries label items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Corporation and its subsidiaries shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Corporation and its subsidiaries shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Corporation and its subsidiaries has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the other impacts of the above amended standards and interpretations on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the balance sheet date; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the balance sheet date, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date

and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Corporation and its subsidiaries do not have the substantial right at the end of the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries).

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Refer to Note 13, Table 5 and Table 6 for the detail information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year.

Non-monetary items that are denominated in foreign currencies measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are not retranslated.

For the purpose of presenting consolidated financial statements, the financial statements of foreign subsidiaries are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income accumulated in equity attributed to the owners of the Corporation and non-controlling interests as appropriate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation and its subsidiaries are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

When the Corporation and its subsidiaries subscribe for additional new shares of an associate at a percentage different from their existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation and its subsidiaries' ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation and its subsidiaries' share of losses of an associate equals or exceeds their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation and its subsidiaries' net investment in the associate), the Corporation and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and its subsidiaries account for all amount previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation and its subsidiaries' transacts with its associates, profits or losses resulting from the transactions with the associate are recognized in the Corporation's consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries'.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each balance sheet date, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and investment properties

At the end of each balance sheet date, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment, right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit (net of depreciation) in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial asset classified as at FVTPL is financial asset mandatorily classified as at FVTPL.

Financial assets mandatorily classified as at FVTPL included investments in equity instruments which are not designated as at FVTOCI and debt investments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and short-term bills with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Bank balances used by the Corporation and its subsidiaries that are subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance that no longer meets the definition of cash.

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends are established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivable) and investments in debt instruments that are measured at FVTOCI at each balance sheet date.

The Corporation and its subsidiaries always recognizes lifetime Expected Credit Losses (ECLs) for notes and accounts receivable. For all other financial instruments, the Corporation and its subsidiaries recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instruments.

For internal credit risk management purposes, the Corporation and its subsidiaries considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii Financial asset is more than 90 days past due unless the Corporation and its subsidiaries has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling to through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL are financial liabilities held for trading and are stated at fair value, with any remeasurement gains or losses, excluding any dividends or interest paid on such financial liabilities recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Corporation and its subsidiaries enter into a variety of derivative financial instruments to manage their exposure to foreign exchange rate risk, including foreign exchange swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

l. Treasury shares

Shares of the Corporation held by subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost. The Corporation distributes dividends to its subsidiaries, it will write-off investment income in its accounts and also adjust additional paid-in capital treasury shares.

m. Hedge accounting

The Corporation and its subsidiaries designate certain hedging instruments, which are non-derivatives in respect of foreign currency risk, as either cash flow hedges.

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

n. Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year, and allocated according to actual emissions.

o. Revenue recognition

The Corporation and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

For contract where the period between the date on which the Corporation and its subsidiaries transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within twelve months, the Corporation and its subsidiaries does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from sale of goods

Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Accounts receivable are recognized concurrently. Advance received from customers is recognized as a contract liability.

The Corporation and its subsidiaries do not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from rendering of services

Service income is recognized when services are provided.

p. Leases

At the inception of a contract, the Corporation and its subsidiaries assesses whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated 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.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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 or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasures the lease liabilities with a corresponding adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation and its subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost), and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. 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. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represents the actual deficit in the Corporation and its subsidiaries' defined benefit plan.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation and its subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and its subsidiaries' accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key Sources of Estimation Uncertainty - Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31 2025	December 31 2024
Cash on hand	$ 500	$ 500
Checking accounts and demand deposits	1,095,275	1,150,806
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	17,984	-
	$ 1,113,759	$ 1,151,306

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL - current

	December 31 2025	December 31 2024
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 398,809	$ 321,610
Domestic listed shares	35,526	40,114
Financial bonds	10,155	16,605
	$ 444,490	$ 378,329

Financial assets at FVTPL - non-current

	December 31 2025	December 31 2024
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Emerging market shares	$ 24,291	$ 24,001
Domestic unlisted shares	54,959	56,866
	$ 79,250	$ 80,867

Financial liabilities at FVTPL - current

	December 31 2025	December 31 2024
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange swap contract	$ 2,610	$ -

At the end of the reporting period, outstanding foreign exchange swap contract not under hedge accounting was as follow:

	Currency	Maturity	National Amount (In thousand)
December 31, 2025			
Foreign exchange swap contract	RMB/NTD	September, 2026	RMB12,000/NTD51,245

The Corporation and its subsidiaries entered into foreign exchange swap contract to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Current

	December 31	
	2025	2024
Foreign investments in debt instrument		
Financial bonds	$ 96,824	$ 81,695
Domestic investments in equity instrument - listed shares		
Ordinary shares	151,490	156,673
Preference shares	8,920	9,343
	$ 257,234	$ 247,711

Non-Current

	December 31	
	2025	2024
Equity investments		
Domestic listed shares	$ 123,780	$ 102,010
Foreign unlisted shares	25,144	26,228
	$ 148,924	$ 128,238

These investments in equity instruments are held by the Corporation and its subsidiaries' strategy and are not for the purposes of trading and for short-term profit. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2025	2024
Domestic investments in financial bonds	$ 20,000	$ 20,000
Foreign investment in corporate bonds	4,046	4,030
Less: Allowance for impairment loss	(4,046)	(4,030)
	$ 20,000	$ 20,000

Impairment loss has been recognized fully since the Corporation and its subsidiaries are unable to reliably measure the recoverable amount of the foreign investments in corporate bonds.

10. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2025	2024
Financial assets for hedging - current		
Cash flow hedges		
Foreign currency time deposits	$ -	$ 33,374

The Corporation and its subsidiaries plan to pay for production equipment in foreign currency. For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation and its subsidiaries designated foreign currency time deposits as hedging instruments. The Corporation and its subsidiaries performed an assessment of effectiveness and it is expected that the value of the foreign currency time deposits and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates.

Refer to Note 27 for information relating to gain (loss) arising from changes in the fair value of financial instruments for hedging.

11. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2025	2024
Notes receivable (operating)		
At amortized cost		
Gross carrying amount	$ 22,935	$ 44,903
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 361,341	$ 523,725

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivables. The Corporation and its subsidiaries adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, management of the Corporation and its subsidiaries has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation and its subsidiaries reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Corporation and its subsidiaries' credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix by reference to past default experience of the customer's and an analysis of the customer's current financial position, adjusted for general economic conditions of the industry in which the customers operates, as well as an assessment of industry outlook at the reporting date. As the Corporation and its subsidiaries' historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation and its subsidiaries' different customer base. As of December 31, 2025 and 2024, the Corporation and its subsidiaries' have no allowance for impairment.

The following table details the loss allowance of notes and accounts receivables based on the Corporation and its subsidiaries' provision matrix.

December 31, 2025

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$ 371,634	$ 12,383	$ -	$ 259	$ -	$ -	$ 384,276
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$ 371,634	$ 12,383	$ -	$ 259	$ -	$ -	$ 384,276

December 31, 2024

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$ 558,628	$ 9,327	$ 673	$ -	$ -	$ -	$ 568,628
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$ 558,628	$ 9,327	$ 673	$ -	$ -	$ -	$ 568,628

As of December 31, 2025 and 2024, there were no movements of the loss allowance of notes and accounts receivable.

12. INVENTORIES

	December 31	
	2025	2024
Finished goods	$ 746,809	$ 709,400
Work in progress	308,582	341,110
Raw materials	76,181	109,094
Supplies	189,650	173,765
	$ 1,321,222	$ 1,333,369

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 were NT$4,690,288 thousand and NT$5,770,690 thousand, respectively. The cost of goods sold included write-down of inventories NT$12,194 thousand and NT$9,772 thousand, respectively.

13. SUBSIDIARIES

The consolidated entities were as follows:

			Percentage of Ownership (%)	
Investor	Investee	Main Businesses	December 31, 2025	December 31, 2024
China Steel Chemical Corporation (CSCC)	Ever Wealthy International Corporation (EWI)	General investment	100	100
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Processing and trading of asphalt mesocarbon microbeads product sorting	100	100

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Corporation and its subsidiaries' investments accounted for using equity method were as follows:

	December 31	
	2025	2024
Material associates		
CHC Resources Corporation (CHC)	$ 398,290	$ 387,402
Transglory Investment Corporation (TIC)	528,840	544,803
CSC Solar Corporation (CSCSC)	310,201	306,795
	1,237,331	1,239,000
Associates that are not individually material	544,702	553,062
	$ 1,782,033	$ 1,792,062

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights (%) December 31 2025	2024
CHC	6	6
TIC	9	9
CSCSC	15	15

Refer to Table 5 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation on the above associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2025	2024
CHC	$ 1,055,860	$ 1,007,798

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Corporation and its subsidiaries for equity accounting purposes.

CHC

	December 31	
	2025	2024
Current assets	$ 2,942,569	$ 2,846,985
Non-current assets	8,553,801	8,956,289
Current liabilities	(2,262,486)	(2,358,328)
Non-current liabilities	(2,406,906)	(2,790,903)
Equity	6,826,978	6,654,043
Non-controlling interests	(232,771)	(240,103)
	$ 6,594,207	$ 6,413,940

(Continued)

	December 31	
	2025	2024
Proportion of the Corporation and its subsidiaries' ownership (%)	6	6
Equity attributable to the Corporation and its subsidiaries	$ 398,290	$ 387,402
Carrying amount	$ 398,290	$ 387,402

(Concluded)

	For the Year Ended December 31	
	2025	2024
Operating revenue	$ 13,991,384	$ 13,290,553
Net profit for the year	$ 1,254,123	$ 1,183,189
Other comprehensive income (loss)	(67,489)	(56,452)
Total comprehensive income (loss)	$ 1,186,634	$ 1,126,737

TIC

	December 31	
	2025	2024
Current assets	$ 400,110	$ 517,995
Non-current assets	5,541,964	5,603,440
Current liabilities	(56)	(55)
Equity	$ 5,942,018	$ 6,121,380
Proportion of the Corporation and its subsidiaries' ownership (%)	9	9
Equity attributable to the Corporation and its subsidiaries	$ 528,840	$ 544,803
Carrying amount	$ 528,840	$ 544,803

	For the Year Ended December 31	
	2025	2024
Operating revenue	$ 111,496	$ 114,361
Net profit for the year	$ 102,354	$ 105,203
Other comprehensive income (loss)	(202,939)	(2,134,244)
Total comprehensive income (loss)	$ (100,585)	$ (2,029,041)

CSCSC

	December 31	
	2025	2024
Current assets	$ 171,352	$ 151,655
Non-current assets	3,755,236	4,005,941
Current liabilities	(736,892)	(1,121,796)

(Continued)

	December 31	
	2025	2024
Non-current liabilities	$ (1,121,687)	$ (990,499)
Equity	$ 2,068,009	$ 2,045,301
Proportion of the Corporation and its subsidiaries' ownership (%)	15	15
Equity attributable to the Corporation and its subsidiaries	$ 310,201	$ 306,795
Carrying amount	$ 310,201	$ 306,795

(Concluded)

	For the Year Ended December 31	
	2025	2024
Operating revenue	$ 583,820	$ 564,762
Net profit for the year	$ 115,936	$ 132,135
Other comprehensive income (loss)	(796)	3,343
Total comprehensive income (loss)	$ 115,140	$ 135,478

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2025	2024
The Corporation and its subsidiaries' share of		
Net loss for the year	$ (8,298)	$ (21,002)
Other comprehensive income (loss)	24,678	(19,286)
Total comprehensive income (loss)	$ 16,380	$ (40,288)

The Corporation and its subsidiaries held more than 20% of shares with its parent company CSC and fellow subsidiaries are accounted for using the equity method.

The investments accounted for using the equity method and the Corporation and its subsidiaries' share of profit or loss and comprehensive income (loss) were based on the associates' financial statement audited by auditors for the same year.

15. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2025

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance on January 1, 2025	$ 1,145,237	$ 1,612,156	$ 6,094,503	$ 168,475	$ 203,162	$ 1,174,556	$ 10,398,089
Additions	-	507,291	465,583	2,773	6,572	(494,235)	487,984
Disposals	-	-	(50,736)	(1,549)	(2,172)	-	(54,457)
Effect of foreign currency exchange differences	-	-	151	17	98	-	266
Balance on December 31, 2025	$ 1,145,237	$ 2,119,447	$ 6,509,501	$ 169,716	$ 207,660	$ 680,321	$ 10,831,882

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation							
Balance on January 1, 2025	$ -	$ 747,918	$ 4,881,725	$ 156,539	$ 170,288	$ -	$ 5,956,470
Depreciation expense	-	82,228	289,469	3,452	8,555	-	383,704
Disposals	-	-	(50,317)	(1,414)	(2,140)	-	(53,871)
Effect of foreign currency exchange differences	-	-	165	21	103	-	289
Balance on December 31, 2025	$ -	$ 830,146	$ 5,121,042	$ 158,598	$ 176,806	$ -	$ 6,286,592
Carrying amount on December 31, 2025	$ 1,145,237	$ 1,289,301	$ 1,388,459	$ 11,118	$ 30,854	$ 680,321	$ 4,545,290

(Concluded)

For the Year Ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance on January 1, 2024	$ 1,145,237	$ 1,595,918	$ 5,954,138	$ 167,520	$ 198,495	$ 441,459	$ 9,502,767
Additions	-	16,238	183,756	1,330	8,345	733,083	942,752
Disposals	-	-	(44,644)	(520)	(4,468)	-	(49,632)
Effect of foreign currency exchange differences	-	-	1,253	145	790	14	2,202
Balance on December 31, 2024	$ 1,145,237	$ 1,612,156	$ 6,094,503	$ 168,475	$ 203,162	$ 1,174,556	$ 10,398,089
Accumulated depreciation							
Balance on January 1, 2024	$ -	$ 671,525	$ 4,620,751	$ 149,183	$ 164,874	$ -	$ 5,606,333
Depreciation expense	-	76,393	304,150	7,761	9,056	-	397,360
Disposals	-	-	(43,796)	(520)	(4,354)	-	(48,670)
Effect of foreign currency exchange differences	-	-	620	115	712	-	1,447
Balance on December 31, 2024	$ -	$ 747,918	$ 4,881,725	$ 156,539	$ 170,288	$ -	$ 5,956,470
Carrying amount on December 31, 2024	$ 1,145,237	$ 864,238	$ 1,212,778	$ 11,936	$ 32,874	$ 1,174,556	$ 4,441,619

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main structure	2-50 years
Facility	5-25 years
Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-10 years
Telecommunication equipment	3-10 years
Other equipment	
Extinguishment equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years

16. LEASE AGREEMENT

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amounts		
Land	$ 298,441	$ 305,667
Machinery	211,865	218,392

(Continued)

	December 31	
	2025	2024
Buildings	$ 63,390	$ 77,848
	$ 573,696	$ 601,907

(Concluded)

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	$ -	$ 9,730
Depreciation charge for right-of-use assets		
Land	$ 16,580	$ 16,125
Machinery	11,798	11,507
Buildings	13,757	13,772
	$ 42,135	$ 41,404

b. Lease liabilities

	December 31	
	2025	2024
Carrying amounts		
Current	$ 31,699	$ 36,050
Non-current	$ 557,199	$ 577,686

Ranges of discount rate (%) for lease liabilities were as follows:

	December 31	
	2025	2024
Land	1.4703	1.4703
Machinery	1.4703	1.4703
Buildings	0.6253-3.0000	0.6253-3.0000

c. Material lease activities and terms

The Corporation and its subsidiaries lease machineries for the use of product manufacturing with lease terms of 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements were adjusted according to Consumer Price Index every year.

The Corporation and its subsidiaries lease land and buildings use of factories. The contracts were signed for periods of 3 to 40 years. The rents were calculated according to 3%-4.5% of the announced total present value. The Corporation and its subsidiaries do not have reneweal or purchase option to the right-of-use assets. The Corporation and its subsidiaries will not transfer all or parts of the lease premises or sublet it without lessors’ approval.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	$ 3,838	$ 1,821
Total cash outflow for all lease agreements (including short-term lease agreements)	$ (51,653)	$ (46,791)

Refer to Note 17 for the Corporation and its subsidiaries leasing their own investment properties in operating leases.

17. INVESTMENT PROPERTIES

For the Year Ended December 31, 2025 and 2024

	Land	Buildings	Total
Cost			
Balance on January 1 and December 31, 2025 and 2024	$ 533,013	$ 29,199	$ 562,212
Accumulated depreciation and impairment			
Balance on January 1 and December 31, 2025 and 2024	$ -	$ 29,199	$ 29,199
Carrying amount on December 31, 2025 and 2024	$ 533,013	$ -	$ 533,013

The lease term of investment properties is 3-5 years. The rent was calculated according to 3%-4.5% of the announced total present value. The leases not have renewal or purchase option at the end of the lease period.

The total lease payment charged in the future in leasing investment properties in operating lease are as follows:

	December 31	
	2025	2024
Total lease payment charged in the future	$ 99,397	$ 19,127

The Corporation's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

As of December 31, 2025 and 2024, the fair value of investment properties was NT$1,004,783 thousand and NT$995,769 thousand, respectively. The fair value was based on the Corporation's management have adopted the evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rates.

All of the Corporation's investment properties are held under freehold interests.

Refer to Note 28 for the lease transactions conducted with related party.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Unsecured loans	$ 1,000,000	$ 250,000
Letters of credit borrowings	271,024	51,009
	$ 1,271,024	$ 301,009
Range of interest rate of unsecured loans (%)	1.78-2.10	1.78
Range of interest rate of letters of credit borrowings (%)	1.80-4.97	5.48

b. Short-term bills payable

	December 31	
	2025	2024
Commercial paper	$ -	$ 100,000
Less: Unamortized discounts on bills payable	-	-
	$ -	$ 100,000
Range of Interest rate (%)	-	2.14

The above commercial papers were secured by China Bills Finance Corporation.

c. Long-term bank borrowings

	December 31	
	2025	2024
Unsecured loans		
Due on various dates through December, 2027	$ 1,000,000	$ 1,300,000
Range of interest rate (%)	1.77-1.80	1.78-2.10

The Corporation entered into a credit facility agreement with Taipei Fubon Bank and KGI Bank for a NT$500,000 thousand credit line used for long-term borrowings and the agreement are valid until October 2027 and December 2027, respectively. Under the agreement, the agreed financial ratio and amount of the Corporation's audited or reviewed consolidated financial statements should conform to a certain ratio and amount; The Corporation did not violate the provision.

19. OTHER PAYABLES

	December 31	
	2025	2024
Salaries and incentive bonus	$ 100,292	$ 132,173
Employees' compensation and remuneration of directors	33,646	64,654

(Continued)

	December 31	
	2025	2024
Outsourced repair and construction	$ 24,451	$ 20,750
Purchase of equipment	9,920	35,859
Soil remediation expense	-	20,253
Others (none of the balances exceed 5% of the total balance of other payables)	77,326	68,228
	$ 245,635	$ 341,917

(Concluded)

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of a subsidiary in China make contributions in accordance with the local regulations. The subsidiary is required to contribute a specified percentage of payroll costs to the government. The only obligation of the subsidiary in China with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law (the "LSL") is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts a specific amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	$ 400,053	$ 388,550
Fair value of plan assets	(315,639)	(289,264)
Net defined benefit liabilities	$ 84,414	$ 99,286
Current (recognized as other payables)	$ 739	$ 699
Non-current	83,675	98,587
	$ 84,414	$ 99,286

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2024	$ 377,102	$ (265,180)	$ 111,922
Service cost			
Current service cost	2,503	-	2,503
Interest expense (income)	4,714	(3,366)	1,348
Recognized in profit or loss	7,217	(3,366)	3,851
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(23,180)	(23,180)
Actuarial gain - changes in financial assumptions	(245)	-	(245)
Actuarial loss - experience adjustments	15,514	-	15,514
Recognized in other comprehensive income	15,269	(23,180)	(7,911)
Contributions from the employer	-	(8,576)	(8,576)
Benefits paid	(11,038)	11,038	-
	(11,038)	2,462	(8,576)
Balance on December 31, 2024	388,550	(289,264)	99,286
Service cost			
Current service cost	2,095	-	2,095
Interest expense (income)	5,828	(4,402)	1,426
Recognized in profit or loss	7,923	(4,402)	3,521
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(20,423)	(20,423)
Actuarial loss - changes in financial assumptions	3,778	-	3,778
Actuarial loss - experience adjustments	6,878	-	6,878
Recognized in other comprehensive income	10,656	(20,423)	(9,767)
Contributions from the employer	-	(8,626)	(8,626)
Benefits paid	(7,076)	7,076	-
	(7,076)	(1,550)	(8,626)
Balance on December 31, 2025	$ 400,053	$ (315,639)	$ 84,414

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
Operating costs	$ 2,552	$ 2,850
Selling and marketing expenses	277	300

(Continued)

	For the Year Ended December 31	
	2025	2024
General and administrative expenses	$ 500	$ 458
Research and development expenses	192	243
	$ 3,521	$ 3,851

(Concluded)

Through the defined benefit plans under the LSL, the Corporation is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate (%)	1.375	1.50
Expected rate of salary increase (%)	3.25	3.25

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	$ (7,507)	$ (7,739)
0.25% decrease	$ 7,712	$ 7,960
Expected rate of salary increase		
0.25% increase	$ 7,443	$ 7,691
0.25% decrease	$ (7,284)	$ (7,517)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plans for the next year	$ 9,081	$ 8,400
Average duration of the defined benefit obligation	7.7 years	8.3 years

21. EQUITY

a. Ordinary share capital

	December 31	
	2025	2024
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	236,904	236,904
Shares issued	$ 2,369,044	$ 2,369,044

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset deficits, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 218	$ 218
Treasury share transactions	964,620	943,230
May be used to offset deficits only		
Share of change in equity of associates	24,168	28,536
	$ 989,006	$ 971,984

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

To enhance the flexibility of the Corporation's dividend policy and in consideration of its future development, the Annual Shareholders' Meeting for fiscal year 2025 approved amendments to the Articles of Incorporation. When the Corporation has distributable earnings, except where funds are required, no less than 50% of such earnings shall be distributed, of which no less than 50% shall be in the form of cash dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2024 and 2023 had been approved in the shareholder's meeting in June 2025 and 2024, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividend Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2024	**2023**	**2024**	**2023**
Legal reserve	$ 120,650	$ 142,213		
Special reserve	124,711	-		
Cash dividends	947,618	947,618	$ 4	$ 4

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$118,452 thousand, NT$0.5 per share, total NT$4.5 per share.

The appropriation of earnings for 2025 had been proposed by the Corporation's board of directors in February 2026. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 64,024	
Special reserve reversal	10,493	
Cash dividends	438,273	$ 1.85

The appropriations of earnings for 2025 are subject to the resolution in the shareholders' meeting to be held in May 2026.

d. Other equity items

1) Exchange differences on translating of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	$ (26,644)	$ (26,929)
Recognized for the year		
Exchange differences arising on translation of foreign operations	325	6,646
Share of exchange difference of associates accounted for using the equity method	(2,203)	(6,361)
Balance, end of the year	$ (28,522)	$ (26,644)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	$ (290,338)	$ 8,873
Recognized for the year		
Unrealized gains and losses		
Debt instruments	(1,241)	2,212
Equity instruments	25,086	(84,021)
Share from associates accounted for using the equity method	5,186	(208,171)
Other comprehensive income (loss) recognized for the year	29,031	(289,980)
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(17,539)	(9,231)
Balance, end of the year	$ (278,846)	$ (290,338)

3) Gains and losses on hedge instruments (cash flow hedges)

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	$ (879)	$ 15
Recognized for the year		
Fair value changes of hedging instruments	1,104	(1,104)
Tax effect	(221)	221
Share of fair value changes of hedging instruments of associates accounted for using the equity method	(4)	(11)
Balance, end the of year	$ -	$ (879)

e. Treasury shares

The Corporation's shares acquired and held by subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (in thousands of shares):

For the Year Ended December 31, 2025

Beginning of the Year		Decrease during the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 323,716

For the Year Ended December 31, 2024

Beginning of the Year		Decrease during the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 437,801

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

22. OPERATING REVENUES

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from chemical product production and sale	$ 5,663,715	$ 7,399,799
Revenue from trading	92,238	144,697
Revenue from the rendering of services	61,533	53,485
	5,817,486	7,597,981
Revenue from investment		
Gain on disposal of investments accounted for using the equity method	36,860	35,169
Gain on fair value change of financial assets at FVTPL	3,409	16,614
Share of profit of associates	(7,145)	(10,259)
Dividend income	7,525	7,965
	40,649	49,489
	$ 5,858,135	$ 7,647,470

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable (including related parties)	$ 384,276	$ 568,628	$ 854,511
Contract liabilities			
Sale of goods	$ 67,788	$ 98,399	$ 44,966

The changes in the contract liability balances primarily result from the timing difference between the Corporation and its subsidiaries' satisfaction performance of obligation and the respective customer's payment.

Revenue in the current year recognized from the balance at the beginning of the year contract liability was summarized as follows:

	For the Year Ended December 31	
	2025	2024
From contract liabilities at the beginning of the year		
Sale of goods	$ 96,015	$ 44,742

b. Disaggregation of revenue

For the year ended December 31, 2025

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	$ 5,663,715	$ 92,238	$ -	$ 5,755,953
Rendering of services	61,533	-	-	61,533
Others	-	-	40,649	40,649
	$ 5,725,248	$ 92,238	$ 40,649	$ 5,858,135

For the year ended December 31, 2024

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	$ 7,399,799	$ 144,697	$ -	$ 7,544,496
Rendering of services	53,485	-	-	53,485
Others	-	-	49,489	49,489
	$ 7,453,284	$ 144,697	$ 49,489	$ 7,647,470

23. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	$ 4,493	$ 6,219
Investment in debt instruments at FVTOCI	5,172	6,751
Others	1,318	1,609
	$ 10,983	$ 14,579

b. Other income

	For the Year Ended December 31	
	2025	2024
Income from sale of prototype product trials	$ 36,076	$ 33,022
Subsidy income	28,941	20,783
Rental income (Note 28)	16,599	16,601
Dividend income	1,557	1,632
Others	18,498	8,075
	$ 101,671	$ 80,113

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net foreign exchange gain (loss)	$ (7,218)	$ 36,797
Gain (loss) on fair value change of financial assets mandatorily at FVTPL	(108)	4,680
Loss on disposal of property, plant and equipment	(584)	(962)
Others	(2,200)	(2,090)
	$ (10,110)	$ 38,425

The components of net foreign exchange gain (loss) were as follows:

	For the Year Ended December 31	
	2025	2024
Foreign exchange gain	$ 27,764	$ 48,428
Foreign exchange loss	(34,982)	(11,631)
Net foreign exchange gain (loss)	$ (7,218)	$ 36,797

d. Interest expenses

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	$ 26,495	$ 16,649
Interest on lease liabilities	9,051	9,870
	35,546	26,519
Less: Amounts included in the cost of qualifying assets	8,513	12,118
	$ 27,033	$ 14,401

Information relating to the capitalized interest is as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	$ 8,513	$ 12,118
Capitalization rate (%)	1.79-1.91	1.59-1.78

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	$ 383,704	$ 397,360
Right-of-use assets	42,135	41,404
Other non-current assets	4,162	6,004
	$ 430,001	$ 444,768
An analysis of depreciation by function		
Operating costs	$ 340,155	$ 356,738
Operating expenses	85,684	82,026
	$ 425,839	$ 438,764
An analysis of amortization by function		
Operating costs	$ 4,162	$ 6,004

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits		
Salaries	$ 462,190	$ 550,286
Labor and health insurance	38,401	33,316
Others	23,099	31,083
	523,690	614,685
Post-employment benefits		
Defined contribution plans	14,882	11,489
Defined benefit plans (Note 20)	3,521	3,851
	18,403	15,340
	$ 542,093	$ 630,025
An analysis by function		
Operating costs	$ 348,048	$ 403,948
Operating expenses	194,045	226,077
	$ 542,093	$ 630,025

g. Compensation of employees and remuneration of directors

The Articles of the Corporation stipulated the Corporation to distribute employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at the shareholders' meeting in June 2025. The amendments explicitly stipulate that no less than 30% of the employee compensation shall be distributed to non-executive employees. The Corporation accrued compensation of employees and remuneration of directors of NT$28,038 thousand and NT$5,608 thousand, respectively for the years ended December 31, 2025.

The employees' compensation and the remuneration of directors for the years ended December 31, 2025 and 2024 which have been approved by the Corporation's board of directors in February 2026 and 2025, respectively, were as follows:

	Cash	
	For the Year Ended December 31	
	2025	2024
Compensation of employees	$ 28,115	$ 53,965
Remuneration of directors	5,623	10,793

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate and recognized in the next year.

The appropriations of employees' compensation and remuneration of directors (all paid in cash) for 2024 and 2023 which have been approved by the Corporations's board of directors in February 2025 and 2024, respectively, were as follows:

	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 53,965	$ 10,793	$ 64,680	$ 12,936
Amounts recognized in financial statements	$ 53,878	$ 10,776	$ 65,304	$ 13,061

The difference amounts above were recognized in profit and loss in 2025 and 2024.

Information on employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	$ 118,172	$ 255,157
Income basic tax	2,345	1,724
Adjustments for prior year	(26,985)	(12,212)
Tax refund adjustments for overseas funds repatriation	-	(8,427)
	93,532	236,242
Deferred tax		
In respect of the current year	1,853	5,910
	$ 95,385	$ 242,152

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2025	2024
Profit before income tax	$ 711,209	$ 1,448,353
Income tax expense calculated at the statutory rate	$ 148,886	$ 293,750
Deductible income in determining taxable income	(28,861)	(32,683)
Income basic tax	2,345	1,724
Tax refund adjustments for overseas funds repatriation	-	(8,427)
Adjustments for prior years	(26,985)	(12,212)
	$ 95,385	$ 242,152

The subsidiaries in China are subject to income tax rate of 25%.

b. Income tax expense recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2025	2024
Remeasurement of defined benefit plan	$ 1,953	$ 1,582
Cash flow hedges	221	(221)
	$ 2,174	$ 1,361

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Income tax refund receivable	$ -	$ 879
Current tax liabilities		
Income tax payable	$ 119,502	$ 106,867

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2025

Deferred tax assets	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Balance, End of the Year
Temporary differences				
Defined benefit plans	$ 19,858	$ (1,021)	$ (1,953)	$ 16,884
Write-down of inventories	28,019	1,924	-	29,943

(Continued)

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Balance, End of the Year
Difference between tax reporting and financial reporting - depreciation methods	$ 3,812	$ (251)	$ -	$ 3,561
Unrealized exchange losses, net	-	672	-	672
Others	7,574	(6,666)	(221)	687
	$ 59,263	$ (5,342)	$ (2,174)	$ 51,747
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 3,489	$ (3,489)	$ -	$ -

(Concluded)

For the Year Ended December 31, 2024

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Balance, End of the Year
Deferred tax assets				
Temporary differences				
Defined benefit plans	$ 22,385	$ (945)	$ (1,582)	$ 19,858
Write-down of inventories	26,230	1,789	-	28,019
Difference between tax reporting and financial reporting - depreciation methods	4,063	(251)	-	3,812
Others	12,010	(4,657)	221	7,574
	$ 64,688	$ (4,064)	$ (1,361)	$ 59,263
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains, net	$ 1,235	$ 2,254	$ -	$ 3,489
Others	408	(408)	-	-
	$ 1,643	$ 1,846	$ -	$ 3,489

e. Income tax assessments

The Corporation's income tax returns through 2023 and the subsidiary EWI's income tax returns through 2022 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2025	2024
Net profit attributable to owners of the Corporation	$ 615,824	$ 1,206,201

The weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	4,754	4,754
Weighted average number of ordinary shares used in the computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - employees' compensation	495	670
Weighted average number of ordinary shares used in the computation of diluted earnings per share	232,645	232,820

The Corporation may settle compensation paid to employees by cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. CAPITAL MANAGEMENT

The capital management of the Corporation and its subsidiaries is aimed at ensuring effective use of capital and ensuring a smooth operation and ensuring optimized debt and equity balance. The overall strategies of the Corporation and its subsidiaries have not significantly changed for the year ended December 31, 2025. The capital structure of the Corporation and its subsidiaries consist of net liabilities and equity. Except for the description of Note 18, without any need for complying with other external capital requirements. The Corporation and its subsidiaries review capital structure on a quarterly basis, including the consideration of capital costs and related risks. Currently, the equity in the capital structure is greater than liabilities and it will be used to pay for dividends or debts; also, the Corporation and its subsidiaries have invested in financial instruments as part of capital and fund management.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2025				
Financial assets at FVTPL				
Mutual funds	$ 398,809	$ -	$ -	$ 398,809

(Continued)

	Level 1	Level 2	Level 3	Total
Domestic listed shares	$ 35,526	$ -	$ -	$ 35,526
Emerging market shares	-	-	24,291	24,291
Domestic unlisted shares	-	-	54,959	54,959
Financial bonds	10,155	-	-	10,155
	$ 444,490	$ -	$ 79,250	$ 523,740
Financial liabilities at FVTPL				
Foreign exchange swap contract	$ -	$ 2,610	$ -	$ 2,610
Financial assets at FVTOCI				
Domestic listed shares	$ 284,190	$ -	$ -	$ 284,190
Unlisted shares	-	-	25,144	25,144
Financial bonds	96,824	-	-	96,824
	$ 381,014	$ -	$ 25,144	$ 406,158
December 31, 2024				
Financial assets at FVTPL				
Mutual funds	$ 321,610	$ -	$ -	$ 321,610
Domestic listed shares	40,114	-	-	40,114
Emerging market shares	-	-	24,001	24,001
Domestic unlisted shares	-	-	56,866	56,866
Financial bonds	16,605	-	-	16,605
	$ 378,329	$ -	$ 80,867	$ 459,196
Financial assets at FVTOCI				
Domestic listed shares	$ 268,026	$ -	$ -	$ 268,026
Unlisted shares	-	-	26,228	26,228
Financial bonds	81,695	-	-	81,695
	$ 349,721	$ -	$ 26,228	$ 375,949

(Concluded)

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2025 and 2024.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives-Foreign exchange swap contract	The Corporation and its subsidiaries apply valuation methodologies that incorporate estimates and assumptions consistent with those that market participants would use in pricing financial instruments, based on information available to the Corporation and its subsidiaries. The fair value of the foreign exchange swap contract is determined individually using the spot and forward exchange rates quoted by the interbank quotation system as of the respective contract maturity dates.

3) Reconciliation of Level 3 fair value measurements of financial assets

For the Year Ended December 31, 2025

	Equity Instrument		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance, beginning of the year	$ 80,867	$ 26,228	$ 107,095
Recognized in profit or loss	(1,617)	-	(1,617)
Recognized in other comprehensive loss	-	(1,084)	(1,084)
Balance, end of the year	$ 79,250	$ 25,144	$ 104,394

For the Year Ended December 31, 2024

	Equity Instrument		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance, beginning of the year	$ 81,543	$ 41,680	$ 123,223
Purchase	-	24,512	24,512
Recognized in profit or loss	(676)	-	(676)
Recognized in other comprehensive loss	-	(7,964)	(7,964)
Transfers out of level 3 (Note)	-	(32,000)	(32,000)
Balance, end of the year	$ 80,867	$ 26,228	$ 107,095

Note: Fair value measurements transfers out of level 3 into level 1 due quoted prices (unadjusted) in active markets of equity instruments are observable for the year ended December 31, 2024.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) The fair value of emerging market shares was based on the closing price adjusted for liquidity risk premium.

b) The fair value of unlisted shares was based on the current net value or trading price.

b. Categories of financial instruments

	December 31	
	2025	2024
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL (including non-current)	$ 523,740	$ 459,196
Financial assets for hedging	-	33,374
Financial assets at FVTOCI (including non-current)		
Investments in equity instruments	309,334	294,254
Investments in debt instruments	96,824	81,695
Financial assets at amortized cost 1)	1,570,265	1,761,315
Financial liabilities		
Financial liabilities at FVTPL		
Derivates	2,610	-
Measured at amortized cost 2)	2,745,542	2,310,767

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, financial asset at amortized cost - non-current and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, accounts payable (including related parties), other payables (excluding dividends payable), long-term borrowings and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity and debt investments, accounts receivable, accounts payable, short-term and long-term borrowings. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation and its subsidiaries foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 30.

Sensitivity analysis

The Corporation and its subsidiaries were mainly exposed to the currencies USD and RMB. The following table details the Corporation and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB appreciated by 3%. Scenario 2 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB depreciated by 3%:

	USD (Note)		RMB (Note)	
	For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024
Profit or loss in Scenario 1	$ (553)	$ (6,691)	$ (2,292)	$ (2,598)
Profit or loss in Scenario 2	553	6,691	2,292	2,598

Note: It was mainly derived from the cash and cash equivalents, receivables, other receivables, payables, and other payables denominated in foreign currency without cash flow hedging arranged at each balance sheet date by the Corporation and its subsidiaries.

Changes in the exchange rate sensitivity of the Corporation and its subsidiaries in 2025 and 2024 were mainly due to the variation of USD and RMB assets. The management believes that the sensitivity analysis is not representative of the inherent risk of exchange rate since the foreign currency risk exposure at balance sheet date does not reflect the interim risk exposure; also, the sales denominated in USD and RMB will be affected by customer orders and shipping schedule.

Hedge accounting

The Corporation and its subsidiaries mitigate the exchange rate risk arising from capital expenditures on foreign procurement projects by purchasing foreign currently deposits. These deposits are designated as hedges for the foreign currency positions of the specified procurement projects and are designate as cash flow hedges.

The following tables summarize the information relating to the hedges of foreign currency risk:

December 31, 2025

Hedging Instrument /Hedged Item	Line Item in Balance Sheet	Carrying Amount Asset
Cash flow hedge		
Foreign currency time deposits/Forecast purchases	Financial assets for hedging - current	$ -

Hedging Instrument / Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity Continuing Hedges
Cash flow hedge			
Foreign currency time deposits/Forecast purchases	$ 1,104	$ (1,104)	$ -

December 31, 2024

Hedging Instrument /Hedged Item	Line Item in Balance Sheet	Carrying Amount Asset
Cash flow hedge		
Foreign currency time deposits/Forecast purchases	Financial assets for hedging - current	$ 33,374

Hedging Instrument /Hedged Item	Change in Fair Value of Hedging Instruments Used for Calculating Hedge Ineffectiveness	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity Continuing Hedges
Cash flow hedge			
Foreign currency time deposits/Forecast purchases	$ (1,104)	$ 1,104	$ (1,104)

b) Interest rate risk

The carrying amounts of the Corporation and its subsidiaries' financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial liabilities	$ 588,898	$ 613,736
Cash flow interest rate risk		
Financial assets	1,087,957	1,120,378
Financial liabilities	1,000,000	1,300,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by NT$10,000 thousand and NT$13,000 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries are exposed to equity price risk through their investments in listed shares and mutual funds. The risk is managed by maintaining a portfolio of investments with different risks. The equity price risk of the Corporation and its subsidiaries was primarily concentrated on the share and fund market in Taiwan and it was evaluated by the closing price of the equity securities and net value of the mutual funds on a monthly basis.

Sensitivity analysis

The sensitivity analysis measures the exposure to equity price risk at the balance sheet date. Considering the market price fluctuation of the Corporation and its subsidiaries' main investment targets, the fluctuation of 6% was used for the sensitivity analysis of equity securities.

If equity prices had been 6% higher/lower, the pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by NT$26,060 thousand and NT$21,703 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT$17,051 thousand and NT$16,082 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default resulting in financial loss to the Corporation and its subsidiaries. The Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of accounts receivables from customers could not be recovered. The main customers of the Corporation and its subsidiaries were creditworthy and continuously to evaluate the customers' financial condition. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The business department also understands the credit status of customers through industry reports. The credit risk was immaterial to the Corporation and its subsidiaries.

The Corporation and its subsidiaries' concentrations of credit risk in total of notes and accounts receivable were as follows:

	December 31	
	2025	2024
Customer A	$ 73,617	$ 84,361

3) Liquidity risk

The Corporation and its subsidiaries have supported business operation through management and by maintaining sufficient cash and cash equivalents or easily realizable financial instruments. In addition, the Corporation and its subsidiaries signed line of credit contracts with financial institutions for a ready source of funds to support the business operation of the Corporation and its subsidiaries.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Corporation and its subsidiaries had available unutilized short-term and long-term bank loan facilities amounted to NT$5.5 billion and NT$6.2 billion, respectively.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Corporation and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table included both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2025

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$ 475,182	$ 3,970	$ -	$ 479,152
Lease liabilities	40,709	145,388	498,864	684,961
Variable interest rate liabilities	288,844	1,021,214	-	1,310,058
Fixed interest rate liabilities	1,000,549	-	-	1,000,549
	$ 1,805,284	$ 1,170,572	$ 498,864	$ 3,474,720

December 31, 2024

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$ 611,481	$ 3,960	$ -	$ 615,441
Lease liabilities	45,891	147,398	522,274	715,563
Variable interest rate liabilities	326,825	1,319,573	-	1,646,398
Fixed interest rate liabilities	100,059	-	-	100,059
	$ 1,084,256	$ 1,470,931	$ 522,274	$ 3,077,461

d. Transfers of financial assets

The Corporation's subsidiary, CCSNM entered into a notes receivable discount agreement of NT$11,282 thousand with the bank for the year ended in 2024. In accordance with the agreement, if the notes receivable recoverable are not recoverable at maturity, the bank has the right to request that CCSNM pay the unsettled balance. As of December 31, 2024, the Corporation's subsidiary, CCSNM, had fully settled the outstanding balance of the bank acceptance notes receivable.

28. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation's key management personnel
Linyuan Advanced Materials Technology Co., Ltd. (Linyuan Advanced)	Subsidiary of the Corporation's key management personnel
China Steel Structure Corporation (CSSC)	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
China Ecotek Corporation (CEC)	Fellow subsidiary
China Steel Machinery Corporation (CSMC)	Fellow subsidiary
China Steel Precision Materials Corporation (CSPM)	Fellow subsidiary
Infochamp Systems Corporation (ICSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation (USEC)	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Pro-Ascentek Investment Corporation	Fellow subsidiary
Eminent Venture Capital Corporation	Fellow subsidiary
Eminent III Venture Capital Corporation	Associate

Details of transactions between the Corporation and its subsidiaries and related parties were as follows:

a. Operating revenues

Account Items	Related Parties Category/Name	For the Year Ended December 31 2025	2024
Revenue from sales of goods	Subsidiary of the Corporation's key management personnel		
	Linyuan Advanced	$ 802,601	$ 959,547
	Parent entity	22,763	18,162
	Fellow subsidiaries	13,202	12,150
		$ 838,566	$ 989,859
Revenue from the rendering of services	Parent entity	$ 52,011	$ 42,900
	Fellow subsidiaries	9,188	10,339
		$ 61,199	$ 53,239

Part of sales to the parent entity and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity, did not have similar transactions for comparison; but not significantly different from regular trading.

b. Purchase of goods

Related Parties Category/Name	For the Year Ended December 31 2025	2024
Parent entity	$ 1,971,104	$ 2,517,533
Fellow subsidiaries		
DSC	832,980	1,136,052
Others	1,024	1,536
	834,004	1,137,588
	$ 2,805,108	$ 3,655,121

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

c. Receivables from related parties

Account Items	Related Parties Category/Name	December 31 2025	2024
Accounts receivable - related parties	Parent entity	$ 6,443	$ 7,337
	Fellow subsidiaries	616	767
	Subsidiary of the Corporation's key management personnel		
	Linyuan Advanced	73,617	84,361
		$ 80,676	$ 92,465
Other receivables	Parent entity	$ 43,358	$ 11,980
	Fellow subsidiaries	1,562	1,437
		$ 44,920	$ 13,417

No guarantee had been received for receivables from related parties. For the years ended December 31, 2025 and 2024, no impairment loss was recognized on receivables from related parties.

d. Payables to related parties

Account Items	Related Parties Category/Name	December 31 2025	December 31 2024
Accounts payable - related parties	Parent entity	$ 199,967	$ 240,346
	Fellow subsidiaries	119	178
		$ 200,086	$ 240,524
Other payables	Parent entity	$ 9,937	$ 12,605
	The Corporation's key management personnel	1,869	3,592
	Fellow subsidiaries	466	2,937
		$ 12,272	$ 19,134

The outstanding payables to related parties were unsecured.

e. Acquisitions of property, plant and equipment

Related Parties Category/Name	Purchase Price For the Year Ended December 31 2025	Purchase Price For the Year Ended December 31 2024
Fellow subsidiaries		
USEC	$ 71,320	$ -
CSMC	42,840	19,850
ICSC	24,265	14,575
CSSC	-	110,209
CEC	-	58,470
Others	1,375	-
	$ 139,800	$ 203,104

The price of property, plant and equipment acquired by the Corporation from related parties are determined and negotiated between two parties and paid in accordance with the terms of the contract.

f. Lease arrangement

Related Parties Category/Name	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Acquisition of right-of-use assets		
Fellow subsidiaries	$ -	$ 6,833

Account Items	Related Parties Category/Name	December 31 2025	December 31 2024
Lease liabilities	Parent entity	$ 534,505	$ 551,827
	Fellow subsidiaries		
	CSPM	48,401	49,406

(Continued)

Account Items	Related Parties Category/Name	December 31 2025	December 31 2024
	CHS	$ 4,025	$ 5,702
		52,426	55,108
		$ 586,931	$ 606,935

(Concluded)

Account Items	Related Parties Category/Name	For the Year Ended December 31 2025	For the Year Ended December 31 2024
Interest expenses	Parent entity	$ 8,029	$ 8,233
	Fellow subsidiaries		
	CSPM	890	1,515
	CHS	86	39
		976	1,554
		$ 9,005	$ 9,787

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The lease term of the contracts was all 5 years, which was ended in December 2030 and 2026, respectively. The rental was paid every half year.

The Corporation also leased the coke plant from its parent entity. The lease term of the contract was 5 years, which was ended December, 2026. The rental was paid every half year.

The Corporation and its subsidiaries leased land and plants from its fellow subsidiary. The lease term will end in December, 2058. The rental was paid annually or quarterly according to the contract.

Leases from related parties were without similar transactions with other non-related parties.

Leased of office building

The Corporation leased office buildings from its parent entity. The lease term of the contract will end in December 2028. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease agreements

As described in Note 17, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3%-4.5% based on the current land value. The rental was paid every half year. The lease term of the contract will end in December 2030. As of December 31, 2025 and 2024, the gross lease payments to be received were NT$96,847 thousand and NT$12,913 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2025 and 2024 were both NT$12,913 thousand.

h. Other related party transactions

1) Public fluid

The Corporation's factory was located inside the parent entity's plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expense on public, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market price or cost plus percentage. The expense mentioned above amounted to NT$354,890 thousand and NT$410,510 thousand for the years ended December 31, 2025 and 2024, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, the fees for technical services amounted to NT$10,260 thousand and NT$10,220 thousand for the years ended December 31, 2025 and 2024, respectively.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	$ 27,240	$ 35,725
Post-employment benefits	876	836
	$ 28,116	$ 36,561

The compensation of the directors and the other management was determined by the Remuneration Committee in accordance with the personal performance evaluation and market trends.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Significant commitments and contingencies of the Corporation and its subsidiaries' as of December 31, 2025 were as follow:

a. In order to obtain subsidy from the Government, the financial institution provided a guarantee amounted to NT$33,336 thousand. Guarantee notes provided to sellers for purchase of goods and performance amounted to NT$35,000 thousand.

b. Unused letter of credit issued by the Corporation for the purchase of raw materials and goods in the amount of NT$1,022,179 thousand.

c. Property, plant and equipment construction contract signed for total amount of NT$635,440 thousand, within which about NT$369,204 thousand were not yet completed.

30. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rate between foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

(In thousands of New Taiwan Dollars)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
December 31, 2025				
Financial assets				
Monetary items				
USD	$ 3,798	31.430	(USD:NTD)	$ 119,361
RMB	16,990	4.496	(RMB:NTD)	76,386
JPY	36,078	0.2008	(JPY:NTD)	7,244
Non-monetary items				
Financial assets mandatorily designated as FVTPL				
USD	323	31.430	(USD:NTD)	10,155
Financial assets mandatorily designated as FVTOCI				
USD	3,881	31.430	(USD:NTD)	121,968
Financial liabilities				
Monetary items				
USD	3,211	31.430	(USD:NTD)	100,918
December 31, 2024				
Financial assets				
Monetary items				
USD	8,471	32.785	(USD:NTD)	277,734
USD	136	7.321	(USD:RMB)	4,459
RMB	23,590	4.478	(RMB:NTD)	105,634
JPY	308,073	0.2099	(JPY:NTD)	64,665
Non-monetary items				
Financial assets mandatorily designated as FVTPL				
USD	1,097	32.785	(USD:NTD)	35,967
Financial assets mandatorily designated as FVTOCI				
USD	3,292	32.785	(USD:NTD)	107,923
Financial liabilities				
Monetary items				
USD	1,805	32.785	(USD:NTD)	59,175
RMB	4,248	4.478	(RMB:NTD)	19,020

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange gains and losses were losses of NT$7,218 thousand and gains of NT$36,797 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation and its subsidiaries.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Significant marketable securities held (excluding investments in subsidiaries and associates) (Table 2)

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

6) Intercompany relationships and significant intercompany transactions (Table 4)

7) Information on investees (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investees, investment gain (loss), carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (None)

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (None)

   c) The amount of property transactions and the amount of the resultant gains or losses (None)

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (None)

   e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1)

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

a. CSCC/CCSNM - Production and marketing of chemical products.

b. EWI - Investments.

The Corporation and its subsidiaries income and operating performance have the reporting segments analyzed as follows:

	CSCC/CCSCM	EWI	Adjustment and Write-off	Consolidated
For the year ended December 31, 2025				
Revenue from external customers	$ 5,817,486	$ 40,649	$ -	$ 5,858,135
Inter segment revenue	56,874	8,885	(65,759)	-
Segment revenue	$ 5,874,360	$ 49,534	$ (65,759)	$ 5,858,135
Segment income	$ 498,096	$ 37,040	$ 703	$ 535,839
Interest income	9,518	2,993	(1,528)	10,983
Share of profits of subsidiaries and associates	111,997	-	(12,138)	99,859
Other income	110,696	563	(9,588)	101,671
Interest expense	(28,561)	-	1,528	(27,033)
Other gains and losses	(5,635)	(4,475)	-	(10,110)
Profit before income tax	696,111	36,121	(21,023)	711,209
Income tax expense	92,792	2,593	-	95,385
Net profit for the year	$ 603,319	$ 33,528	$ (21,023)	$ 615,824
For the year ended December 31, 2024				
Revenue from external customers	$ 7,597,981	$ 49,489	$ -	$ 7,647,470
Inter segment revenue	154,381	19,597	(173,978)	-
Segment revenue	$ 7,752,362	$ 69,086	$ (173,978)	$ 7,647,470
Segment income	$ 1,176,892	$ 67,763	$ (3,493)	$ 1,241,162
Interest income	12,706	3,704	(1,831)	14,579
Share of profit of subsidiaries and associates	142,300	-	(53,825)	88,475
Other income	95,762	455	(16,104)	80,113
Interest expense	(16,231)	(1)	1,831	(14,401)
Other gains and losses	35,223	3,202	-	38,425
Profit before income tax	1,446,652	75,123	(73,422)	1,448,353
Income tax expense	239,868	2,284	-	242,152
Net profit for the year	$ 1,206,784	$ 72,839	$ (73,422)	$ 1,206,201

Department interests refers to the profits earned by each department, excluding the administrative cost of the headquarters to be amortized and remuneration of directors, rent revenue, interest income, gain (loss) from disposal of property, plant, and equipment, net foreign currency exchange gains and losses, financial instruments valuation gains and losses, interest expense, income tax expense, etc. These measurements and amount are provided to the chief operating decision-maker for allocating resources to each segment and for assessing their performance.

c. Segment total assets and liabilities

	December 31	
	2025	2024
Segment assets		
Chemicals segment		
Production and sales	$ 11,703,208	$ 11,766,317
Investment segment	1,581,025	1,681,919

(Continued)

	December 31	
	2025	2024
Adjustment and write-off	$ (1,841,274)	$ (1,982,776)
	$ 11,442,959	$ 11,465,460

Segment liabilities		
Chemicals segment		
Production and sales	$ 3,699,520	$ 3,352,133
Investment segment	4,979	804
Adjustment and write-off	(79,819)	(104,073)
	$ 3,624,680	$ 3,248,864

(Concluded)

d. Revenue from major products and services

The main products and services revenue of the Corporation and its subsidiaries are analyzed as follows:

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Chemical product production and sales revenue	$ 5,663,715	$ 7,399,799
Trading revenue	92,238	144,697
Service revenue	61,533	53,485
Investment income	40,649	49,489
	$ 5,858,135	$ 7,647,470

e. Geographical information

The Corporation and its subsidiaries are operating business mainly in Taiwan and mainland China.

The revenue of the Corporation and its subsidiaries generated from external customers by the country of operation and information on its non-current assets by country of assets were as follows:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	$ 2,960,255	$ 3,916,022	$ 5,658,187	$ 5,522,831
Australia	1,092,308	1,289,378	-	-
China	717,257	937,073	80,536	85,898
Others	1,088,315	1,504,997	-	-
	$ 5,858,135	$ 7,647,470	$ 5,738,723	$ 5,608,729

Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred income tax assets and refundable deposits.

f. Information about major customers

The external customers that accounted for more than 10% of the consolidated operating revenue of the Corporation and its subsidiaries in 2025 and 2024 were customers of the Corporation. The main customers were as follows:

	For the Year Ended December 31			
	2025		2024	
	Amount	**Percentage of Operating Revenue (%)**	**Amount**	**Percentage of Operating Revenue (%)**
Company A	$ 1,092,308	19	$ 1,289,378	17
Company B	802,601	14	959,547	13
	$ 1,894,909	33	$ 2,248,925	30

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 3)	Interest Rate (%)	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	$ 145,928	$ 94,416	$ 53,952	2	Note 1	$ -	Operating capital	$ -	-	$ -	$ 315,209	$ 472,813	Note 2

Note 1: The need for short-term financing.

Note 2: According to "The Process of Financing Others" established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 3: The transaction had been eliminated when preparing consolidated financial statements.

TABLE 2

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2025				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	3,746,915	$ 71,191	-	$ 71,191	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	$ 8,920	-	$ 8,920	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	$ 323,716	-	$ 323,716	Note
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	80,299	-	80,299	
						$ 404,015		$ 404,015	

Note: Listed as treasury shares when preparing consolidated financial statement.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	$ (802,601)	(14)	Receivables are collected as the end of every month of when invoice is issued	Note	Note	$ 73,617	20	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,971,104	67	Letter of credit at sight	Note	Note	(199,967)	(89)	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	832,980	28	Letter of credit at sight	Note	Note	-	-	

Note: Refer to Note 28.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenue or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Sales	$ 55,274 (Note)	Charged at the cost plus additional percentage, receivables were collected within 150 days after shipment date	1
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries to subsidiaries	Other receivables	54,304	According to the contract and the resolution approved in the board of director.	1

Note: Sales amount includes sales of trial product NT$7,344 thousand and sale of supplies NT$1,706 thousand, the Corporation recognizes them as other income and manufacturing expense deduction, respectively.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement, Air-cooled Blast-Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	$ 91,338	$ 91,338	15,019,341	6	$ 398,290	$ 1,233,105	$ 74,510	
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	17,030	638,401	1,915	
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	107,712,232	100	1,369,968	33,528	12,138	Subsidiary (Note)
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	75,911,726	9	528,840	102,354	9,112	
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15	310,201	115,936	17,390	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9	121,542	(62,293)	(5,502)	
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	60,000	6,000,000	5	66,172	22,215	1,116	
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	3,133,744	8	41,459	16,916	1,324	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40	24,331	113	45	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35	11,003	527	184	
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5	6,615	3,477	175	
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	3,375	3,375	337,500	5	3,647	(8,207)	(410)	
Ever Wealthy International Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	29,281	29,281	532,000	-	15,327	638,401	1,707	
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	34,176	42,396	4,815,748	4	83,629	(8,207)	(248)	
Ever Wealthy International Corporation	Honley Auto. Parts Co., Ltd.	Republic of China	Manufacture of automotive components	104,549	100,985	8,183,029	7	80,036	(121,415)	(11,452)	
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	2,297,860	6	30,393	16,916	971	
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35	15,264	3,079	1,078	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45	14,148	527	237	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30	14,106	1,872	562	

Note: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 6

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	$ 179,615	Direct investment	$ 204,484	$ -	$ -	$ 204,484	$ (12,505)	100	$ (12,505)	$ 185,408	$ -	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
China Steel Chemical Corporation	$ 204,484	$ 204,484	$ 4,690,967

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2025.

Note 2: The basis for recognition of investment income is bases on the financial statements audited and attested by R.O.C. parent company's CPA.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is applicable; investments shall not exceed 60% of their net worth.

Note 4: The transaction had been eliminated when preparing consolidated financial statement.