

China Steel Chemical Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of the Corporation 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 parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only 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's parent company only financial statements for the year ended December 31, 2025 is stated as follows:

Appropriateness of the export sales cutoff

The Corporation's 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 of 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.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the Corporation's 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 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's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only 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's 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's 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 parent company only 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 to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. 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 parent company only 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

Notice to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

China Steel Chemical Corporation

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

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,070,820	10	\$ 1,088,557	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	10,155	-	19,605	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	163,983	1	158,038	1
Financial assets for hedging - current (Notes 4, 9 and 25)	-	-	33,374	-
Notes receivable (Notes 4 and 10)	870	-	875	-
Accounts receivable, net (Notes 4 and 10)	271,017	3	423,797	4
Accounts receivable - related parties (Notes 4, 10 and 26)	89,996	1	94,520	1
Other receivables (Note 26)	47,879	-	16,893	-
Inventories (Notes 4, 5 and 11)	1,163,149	10	1,164,445	10
Other current assets	41,699	-	41,897	-
Total current assets	2,859,568	25	3,042,001	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	25,144	-	26,228	-
Investments accounted for using the equity method (Notes 4 and 12)	2,781,460	25	2,762,391	24
Property, plant and equipment (Notes 4, 13 and 26)	4,542,566	40	4,421,550	39
Right-of-use assets (Notes 4, 14 and 26)	516,678	5	542,158	5
Investment properties (Notes 4 and 15)	533,013	5	533,013	5
Deferred tax assets (Notes 4 and 22)	51,747	-	59,263	1
Prepaid equipment	43,633	-	1,350	-
Refundable deposits	4,570	-	4,451	-
Other non-current assets	22,297	-	24,761	-
Total non-current assets	8,521,108	75	8,375,165	74
TOTAL	\$ 11,380,676	100	\$ 11,417,166	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,271,024	11	\$ 301,009	3
Short-term bills payable (Note 16)	-	-	100,000	1
Contract liabilities - current (Notes 4 and 20)	66,743	1	98,323	1
Accounts payable	24,870	-	30,180	-
Accounts payable - related parties (Note 26)	200,815	2	246,832	2
Other payables (Notes 17, 18 and 26)	243,543	2	337,461	3
Current tax liabilities (Notes 4 and 22)	117,418	1	106,203	1
Lease liabilities - current (Notes 4, 14 and 26)	30,883	-	34,725	-
Other current liabilities	9,842	-	10,196	-
Total current liabilities	1,965,138	17	1,264,929	11
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	1,000,000	9	1,300,000	11
Deferred tax liabilities (Notes 4 and 22)	-	-	3,489	-
Lease liabilities - non-current (Notes 4, 14 and 26)	509,614	4	529,605	5
Net defined benefit liabilities (Notes 4 and 18)	83,675	1	98,587	1
Guarantee deposit received	3,970	-	3,960	-
Total non-current liabilities	1,597,259	14	1,935,641	17
Total liabilities	3,562,397	31	3,200,570	28
EQUITY (Notes 4 and 19)				
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	3	193,150	2
Unappropriated earnings	1,474,798	13	2,027,539	18
Total retained earnings	4,885,235	43	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	69	8,216,596	72
TOTAL	\$ 11,380,676	100	\$ 11,417,166	100

The accompanying notes are an integral part of the parent company only financial statements.

China Steel Chemical Corporation

PARENT COMPANY ONLY 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, 20 and 26)				
Sales	\$ 5,702,701	99	\$ 7,436,439	99
Other operating revenue	<u>61,533</u>	<u>1</u>	<u>53,485</u>	<u>1</u>
Total operating revenue	5,764,234	100	7,489,924	100
OPERATING COSTS (Notes 11, 21 and 26)	<u>4,707,459</u>	<u>82</u>	<u>5,752,855</u>	<u>77</u>
GROSS PROFIT	<u>1,056,775</u>	<u>18</u>	<u>1,737,069</u>	<u>23</u>
OPERATING EXPENSES (Notes 21 and 26)				
Selling and marketing expenses	155,542	3	171,955	2
General and administrative expenses	126,960	2	147,440	2
Research and development expenses	<u>265,731</u>	<u>5</u>	<u>246,449</u>	<u>3</u>
Total operating expenses	<u>548,233</u>	<u>10</u>	<u>565,844</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>508,542</u>	<u>8</u>	<u>1,171,225</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 26)				
Interest income	9,321	-	12,612	-
Other income	108,792	2	95,000	1
Other gains and losses	(4,546)	-	36,862	-
Share of profit of subsidiaries and associates	111,997	2	142,300	2
Interest expense	<u>(26,167)</u>	<u>-</u>	<u>(12,847)</u>	<u>-</u>
Total non-operating income and expenses	<u>199,397</u>	<u>4</u>	<u>273,927</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	707,939	12	1,445,152	19
INCOME TAX EXPENSE (Notes 4 and 22)	<u>92,115</u>	<u>2</u>	<u>238,951</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>615,824</u>	<u>10</u>	<u>1,206,201</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18, 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	9,767	-	7,911	-

(Continued)

China Steel Chemical Corporation

PARENT COMPANY ONLY 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	%
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (3,943)	-	\$ (26,488)	-
Gain (loss) on hedging instruments	1,104	-	(1,104)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	34,186	1	(263,417)	(4)
Income tax related to items that will not be reclassified subsequently	(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	(1,020)	-	1,953	-
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	<u>(2,425)</u>	<u>-</u>	<u>(6,113)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>35,820</u>	<u>1</u>	<u>(281,973)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 651,644</u>	<u>11</u>	<u>\$ 924,228</u>	<u>12</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 2.65</u>		<u>\$ 5.20</u>	
Diluted	<u>\$ 2.65</u>		<u>\$ 5.18</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

China Steel Chemical Corporation

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

	Ordinary Shares Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity			Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total other 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 19)												
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
Disposal 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 subsidiaries and associates accounted for using the equity method	-	24,045	-	-	(17,543)	(17,543)	-	-	-	-	-	6,502
BALANCE AT 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 19)												
Legal reserve	-	-	120,650	-	(120,650)	-	-	-	-	-	-	-
Special Reserve	-	-	-	124,711	(124,711)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(947,618)	(947,618)	-	-	-	-	-	(947,618)
Cash dividends from 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
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	17,539	17,539	-	(17,539)	-	(17,539)	-	-
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	21,390	-	-	-	-	-	-	-	-	-	21,390
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	(4,368)	-	-	(913)	(913)	-	-	-	-	-	(5,281)
BALANCE AT 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 parent company only financial statements.

China Steel Chemical Corporation

PARENT COMPANY ONLY 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		
Income before income tax	\$ 707,939	\$ 1,445,152
Adjustments for:		
Depreciation expense	420,069	432,540
Amortization expense	3,363	5,085
Net loss (gain) on financial assets at fair value through profit or loss	108	(4,680)
Interest expense	26,167	12,847
Interest income	(9,321)	(12,612)
Dividends income	(1,557)	(1,632)
Share of profit of subsidiaries and associates	(111,997)	(142,300)
Loss on disposal of property, plant and equipment	532	951
Impairment loss on non-financial assets	9,620	8,944
Gain on lease modification	(21)	-
Changes in operating assets and liabilities		
Notes receivable	5	(382)
Accounts receivable	152,780	106,670
Accounts receivable - related parties	4,524	130,763
Other receivables	(31,057)	(1,807)
Inventories	(8,324)	(201,926)
Other current assets	198	96,875
Contract liabilities	(31,580)	56,687
Accounts payable	(5,310)	(10,373)
Accounts payable - related parties	(46,017)	(8,354)
Other payables	(69,028)	(78,428)
Other current liabilities	(354)	1,153
Net defined benefit liabilities	(5,146)	(4,698)
Cash generated from operations	1,005,593	1,830,475
Income taxes paid	(79,047)	(411,721)
Net cash generated from operating activities	926,546	1,418,754
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(9,823)	(62,858)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	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	442,930
Acquisition of financial assets for hedging	-	(34,478)
Acquisition of property, plant and equipment	(527,576)	(853,594)
Increase in refundable deposits	(119)	-
Decrease in refundable deposits	-	70

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China Steel Chemical Corporation

PARENT COMPANY ONLY 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
Increase in other non-current assets	\$ (899)	\$ (9,524)
Interest received	9,392	10,802
Dividends received from subsidiaries and associates	141,123	98,555
Other dividends received	<u>1,557</u>	<u>1,632</u>
Net cash used in investing activities	<u>(377,003)</u>	<u>(790,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,262,065	5,431,809
Repayments of short-term borrowings	(5,292,050)	(5,565,546)
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 portion of lease liabilities	(37,604)	(34,505)
Cash dividends paid	(1,066,070)	(947,618)
Interest paid	<u>(33,631)</u>	<u>(24,633)</u>
Net cash used in financing activities	<u>(567,280)</u>	<u>(690,443)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,737)	(61,892)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,088,557</u>	<u>1,150,449</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,070,820</u>	<u>\$ 1,088,557</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

China Steel Chemical Corporation

NOTES TO PARENT COMPANY ONLY 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 parent company only financial statements are presented in the Corporation’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only 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’s 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 parent company only financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation’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 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 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 shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation labels 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 as a whole, the Corporation 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 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 shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Corporation 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 parent company only financial statements were authorized by the board of directors for issue, the Corporation is continuously assessing the other impacts of the above amended standards and interpretations on the Corporation's 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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only 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.

When preparing the parent company only financial statements, the Corporation account for subsidiaries and associates by using the equity method. In order to agree with the amount of the net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

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 parent company only financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does 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. Foreign currencies

In preparing the financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of 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 from 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 stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Corporation's currencies) 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.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. 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 the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

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

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

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records 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's 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's 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's net investment in the associate), the Corporation discontinues recognizing its share of further loss. Additional losses and liabilities are recognized only to the extent that the Corporation has 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 discontinues the use of the equity method from the date on which its 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 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 transacts with its associates, profits or losses resulting from the transactions with the associate are recognized in the Corporation's parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

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 reviews the carrying amounts of its 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 estimates 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 becomes 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 assets classified as at FVTPL are financial assets 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 25.

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 such financial assets; 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 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 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 Corporations' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes 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.

The Corporation always recognizes lifetime Expected Credit Losses (ECLs) for notes and accounts receivable. For all other financial instruments, the Corporation 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 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 considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- 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 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 derecognizes 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 profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation 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

All financial liabilities are measured at amortized cost using the effective interest method.

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.

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. When the Corporation distributes dividends to its subsidiaries, it will write off investment income in its account and also adjust additional paid-in capital - treasury shares.

m. Hedge accounting

The Corporation designates 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 discontinues 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 identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Corporation transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation 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 does 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 revenue is recognized when services are provided.

p. Leases

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

1) The Corporation 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 as lessee

The Corporation recognizes 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 parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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 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 accounts for the remeasurement of the lease liability by (a) 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; (b) 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 parent company only 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 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 recognizes 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 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 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's 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 is based on taxable profit 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 is 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 expects, 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's 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 sales experience of similar products. 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	2024
Cash on hand	\$ 500	\$ 500
Checking accounts and demand deposits	<u>1,070,320</u>	<u>1,088,057</u>
	<u>\$ 1,070,820</u>	<u>\$ 1,088,557</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2025	2024
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ -	\$ 3,000
Financial bonds	<u>10,155</u>	<u>16,605</u>
	<u>\$ 10,155</u>	<u>\$ 19,605</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Current

	December 31	
	2025	2024
Domestic investments in equity investment - listed shares		
Ordinary shares	\$ 71,191	\$ 73,627
Preference shares	8,920	9,343
Foreign investments in debt investment		
Financial bonds	<u>83,872</u>	<u>75,068</u>
	<u>\$ 163,983</u>	<u>\$ 158,038</u>

Non-Current

	December 31	
	2025	2024
Foreign equity investments		
Unlisted shares	<u>\$ 25,144</u>	<u>\$ 26,228</u>

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

9. FINANCIAL INSTRUMENTS FOR HEDGING

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

The Corporation plans to pay for production equipment in foreign currency. For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation designated foreign currency time deposits as hedging instruments. The Corporation 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 25 for information relating to gain (loss) arising from changes in the fair value of financial instruments for hedging.

10. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2025	2024
Notes receivable (operating)		
At amortized cost	\$ 870	\$ 875
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	\$ 361,013	\$ 518,317

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. The Corporation 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, the management of the Corporation 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 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, management believes that the Corporation's credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix prepared by reference to past default experience of the customer's and an analysis of the customer's current financial position, 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's 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's different customer base. As of December 31, 2025 and 2024, the Corporation have no allowance for impairment loss.

The following table details the loss allowance of notes and accounts receivable based on the Corporation's provision matrix.

December 31, 2025

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	\$ 349,500	\$ 12,383	\$ -	\$ -	\$ -	\$ -	\$ 361,883
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	\$ 349,500	\$ 12,383	\$ -	\$ -	\$ -	\$ -	\$ 361,883

December 31, 2024

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	\$ 512,293	\$ 6,899	\$ -	\$ -	\$ -	\$ -	\$ 519,192
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	\$ 512,293	\$ 6,899	\$ -	\$ -	\$ -	\$ -	\$ 519,192

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

11. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 670,879	\$ 688,034
Work in progress	260,505	255,038
Supplies	187,496	170,802
Raw materials	<u>44,269</u>	<u>50,571</u>
	<u>\$ 1,163,149</u>	<u>\$ 1,164,445</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 were NT\$4,648,389 thousand and NT\$5,696,950 thousand, respectively. The cost of goods sold included inventory write-downs NT\$9,620 thousand and NT\$8,944 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in subsidiaries	\$ 1,252,330	\$ 1,243,315
Investments in associates	<u>1,529,130</u>	<u>1,519,076</u>
	<u>\$ 2,781,460</u>	<u>\$ 2,762,391</u>

a. Investments in subsidiaries

	December 31	
	2025	2024
Name of subsidiary		
Ever Wealthy Investment Corporation (EWI)	\$ 1,369,968	\$ 1,360,953
Less: Shares held by subsidiaries accounted for as treasury shares	<u>117,638</u>	<u>117,638</u>
	<u>\$ 1,252,330</u>	<u>\$ 1,243,315</u>
	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2025	2024
EWI	100	100

The above investments accounted for using the equity method and the Corporation's share of profit or loss and other comprehensive income were based on the audited financial statements of the subsidiaries for the same reporting period.

b. Investments in associates

	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)	<u>310,201</u>	<u>306,795</u>
	1,237,331	1,239,000
Associates that are not individually material	<u>291,799</u>	<u>280,076</u>
	<u>\$ 1,529,130</u>	<u>\$ 1,519,076</u>

1) Material associates

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

Refer to Table 4 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of 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	<u>\$ 1,055,860</u>	<u>\$ 1,007,798</u>

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation 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	<u>(2,406,906)</u>	<u>(2,790,903)</u>
Equity	6,826,978	6,654,043
Non-controlling interests	<u>(232,771)</u>	<u>(240,103)</u>
	<u>\$ 6,594,207</u>	<u>\$ 6,413,940</u>

(Continued)

	December 31	
	2025	2024
Proportion of the Corporation's ownership (%)	6	6
Equity attributable to the Corporation	<u>\$ 398,290</u>	<u>\$ 387,402</u>
Carrying amount	<u>\$ 398,290</u>	<u>\$ 387,402</u> (Concluded)

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

TIC

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

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

CSCSC

	December 31	
	2025	2024
Current assets	\$ 171,352	\$ 151,655
Non-current assets	3,755,236	4,005,941
		(Continued)

	December 31	
	2025	2024
Current liabilities	\$ (736,892)	\$ (1,121,796)
Non-current liabilities	<u>(1,121,687)</u>	<u>(990,499)</u>
Equity	<u>\$ 2,068,009</u>	<u>\$ 2,045,301</u>
Proportion of the Corporation's ownership (%)	15	15
Equity attributable to the Corporation	<u>\$ 310,201</u>	<u>\$ 306,795</u>
Carrying amount	<u>\$ 310,201</u>	<u>\$ 306,795</u> (Concluded)

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

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2025	2024
The Corporation's share of		
Net loss for the year	\$ (1,153)	\$ (10,743)
Other comprehensive income (loss)	<u>20,712</u>	<u>1,265</u>
Total comprehensive income (loss)	<u>\$ 19,559</u>	<u>\$ (9,478)</u>

The Corporation held more than 20% of the 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 share of income (loss) and other comprehensive income (loss) were based on the associates' financial statement audited by auditors for the same year.

13. 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 at January 1, 2025	\$ 1,145,237	\$ 1,612,156	\$ 6,057,039	\$ 164,185	\$ 179,365	\$ 1,174,556	\$ 10,332,538
Additions	-	507,291	465,437	2,773	6,500	(479,656)	502,345
Disposals	-	-	(50,605)	(1,549)	(2,172)	-	(54,326)
Balance at December 31, 2025	<u>\$ 1,145,237</u>	<u>\$ 2,119,447</u>	<u>\$ 6,471,871</u>	<u>\$ 165,409</u>	<u>\$ 183,693</u>	<u>\$ 694,900</u>	<u>\$ 10,780,557</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Accumulated depreciation</u>							
Balance at January 1, 2025	\$ -	\$ 747,918	\$ 4,861,381	\$ 152,980	\$ 148,709	\$ -	\$ 5,910,988
Depreciation expense	-	82,228	287,172	3,258	8,139	-	380,797
Disposals	-	-	(50,240)	(1,414)	(2,140)	-	(53,794)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 830,146</u>	<u>\$ 5,098,313</u>	<u>\$ 154,824</u>	<u>\$ 154,708</u>	<u>\$ -</u>	<u>\$ 6,237,991</u>
Carrying amount at December 31, 2025	<u>\$ 1,145,237</u>	<u>\$ 1,289,301</u>	<u>\$ 1,373,558</u>	<u>\$ 10,585</u>	<u>\$ 28,985</u>	<u>\$ 694,900</u>	<u>\$ 4,542,566</u>

(Concluded)

For the year ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 1,145,237	\$ 1,595,918	\$ 5,918,311	\$ 163,375	\$ 175,933	\$ 440,978	\$ 9,439,752
Additions	-	16,238	183,372	1,330	7,680	733,578	942,198
Disposals	-	-	(44,644)	(520)	(4,248)	-	(49,412)
Balance at December 31, 2024	<u>\$ 1,145,237</u>	<u>\$ 1,612,156</u>	<u>\$ 6,057,039</u>	<u>\$ 164,185</u>	<u>\$ 179,365</u>	<u>\$ 1,174,556</u>	<u>\$ 10,332,538</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 671,526	\$ 4,603,370	\$ 145,938	\$ 144,535	\$ -	\$ 5,565,369
Depreciation expense	-	76,392	301,806	7,562	8,320	-	394,080
Disposals	-	-	(43,795)	(520)	(4,146)	-	(48,461)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 747,918</u>	<u>\$ 4,861,381</u>	<u>\$ 152,980</u>	<u>\$ 148,709</u>	<u>\$ -</u>	<u>\$ 5,910,988</u>
Carrying amount at December 31, 2024	<u>\$ 1,145,237</u>	<u>\$ 864,238</u>	<u>\$ 1,195,658</u>	<u>\$ 11,205</u>	<u>\$ 30,656</u>	<u>\$ 1,174,556</u>	<u>\$ 4,421,550</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

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

14. LEASE AGREEMENT

a. Right-of-use assets

	<u>December 31</u>	
	2025	2024
<u>Carrying amounts</u>		
Land	\$ 298,441	\$ 305,667
Machinery	211,865	218,392
Buildings	<u>6,372</u>	<u>18,099</u>
	<u>\$ 516,678</u>	<u>\$ 542,158</u>

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>9,730</u>
Depreciation charge for right-of-use assets		
Land	\$ 16,580	\$ 16,125
Machinery	11,798	11,507
Buildings	<u>10,894</u>	<u>10,828</u>
	\$ <u>39,272</u>	\$ <u>38,460</u>

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Current	\$ <u>30,883</u>	\$ <u>34,725</u>
Non-current	\$ <u>509,614</u>	\$ <u>529,605</u>

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	0.6253-1.6879	0.6253-1.6879

c. Material lease activities and terms

The Corporation leases 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 will be adjusted according to Consumer Price Index every year.

The Corporation also leases land and buildings use of factories. The contracts were signed for periods of 3 to 25 years. The rents were calculated according to 3%-4.5% of the announced total present value. The Corporation does not have renewal or purchase option to the right-of-use assets. The Corporation 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	\$ <u>3,088</u>	\$ <u>884</u>
Total cash outflow for all lease agreements (including short-term lease agreements)	\$ <u>(49,109)</u>	\$ <u>(43,744)</u>

Refer to Note 15 for the Corporation leasing its own investment properties in operating leases.

15. INVESTMENT PROPERTIES

For the year ended December 31, 2025 and 2024

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and December 31, 2025 and 2024	<u>\$ 533,013</u>	<u>\$ 29,199</u>	<u>\$ 562,212</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1 and December 31, 2025 and 2024	<u>\$ -</u>	<u>\$ 29,199</u>	<u>\$ 29,199</u>
Carrying amount at December 31, 2025 and 2024	<u>\$ 533,013</u>	<u>\$ -</u>	<u>\$ 533,013</u>

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 do not have renewal or purchase option at the end of the lease periods.

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

	December 31	
	2025	2024
Total lease payment charged in the future	<u>\$ 99,397</u>	<u>\$ 19,127</u>

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 were 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 26 for the lease transactions conducted with related parties.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Unsecured loans	\$ 1,000,000	\$ 250,000
Letters of credit borrowings	<u>271,024</u>	<u>51,009</u>
	<u>\$ 1,271,024</u>	<u>\$ 301,009</u>

(Continued)

	December 31	
	2025	2024
Interest rate of unsecured loans (%)	1.78-2.10	1.78
Interest rate of letter of credit borrowings (%)	1.80-4.97	5.48
		(Concluded)

b. Short-term bills payable

	December 31	
	2025	2024
Commercial paper	\$ -	\$ 100,000
Less: Unamortized discounts	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 100,000</u>
Interest rate (%)	-	2.14

The guaranteed institution of the commercial paper was China Bills Finance Corporation.

c. Long-term bank borrowings

	December 31	
	2025	2024
Unsecured loans		
Due on various dates through March, 2028	<u>\$ 1,000,000</u>	<u>\$ 1,300,000</u>
Interest rate (%)	1.77-1.80	1.78-2.10

The Corporation entered into credit facility agreements with Taipei Fubon Bank and KGI Bank for a NT\$500,000 thousand credit line used for long-term borrowings and the agreements are valid until October 2027 and December 2027, respectively. Under the agreements, 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.

17. OTHER PAYABLES

	December 31	
	2025	2024
Salaries and incentive bonus	\$ 99,335	\$ 131,211
Employees' compensation and remuneration of directors	33,646	64,654
Outsourced repair and construction	24,451	20,750
Purchase of equipment	9,920	35,859
Soil remediation expense	-	20,253
Others (the amount of individual vendor in others does not exceed 5% of the account balance)	<u>76,191</u>	<u>64,734</u>
	<u>\$ 243,543</u>	<u>\$ 337,461</u>

18. 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.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act (LSA) 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 a specific amount 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 parent company only balance sheets in respect of the Corporation's 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	<u>(315,639)</u>	<u>(289,264)</u>
Net defined benefit liabilities	<u>\$ 84,414</u>	<u>\$ 99,286</u>
Current (recognized as other payables)	\$ 739	\$ 699
Non-current	<u>83,675</u>	<u>98,587</u>
	<u>\$ 84,414</u>	<u>\$ 99,286</u>

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 at January 1, 2024	<u>\$ 377,102</u>	<u>\$ (265,180)</u>	<u>\$ 111,922</u>
Service cost			
Current service cost	2,503	-	2,503
Interest expense (income)	<u>4,714</u>	<u>(3,366)</u>	<u>1,348</u>
Recognized in profit or loss	<u>7,217</u>	<u>(3,366)</u>	<u>3,851</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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	<u>15,514</u>	<u>-</u>	<u>15,514</u>
Recognized in other comprehensive income	<u>15,269</u>	<u>(23,180)</u>	<u>(7,911)</u>
Contributions from the employer	-	(8,576)	(8,576)
Benefits paid	<u>(11,038)</u>	<u>11,038</u>	<u>-</u>
	<u>(11,038)</u>	<u>2,462</u>	<u>(8,576)</u>
Balance at December 31, 2024	<u>388,550</u>	<u>(289,264)</u>	<u>99,286</u>
Service cost			
Current service cost	2,095	-	2,095
Interest expense (income)	<u>5,828</u>	<u>(4,402)</u>	<u>1,426</u>
Recognized in profit or loss	<u>7,923</u>	<u>(4,402)</u>	<u>3,521</u>
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	<u>6,878</u>	<u>-</u>	<u>6,878</u>
Recognized in other comprehensive income	<u>10,656</u>	<u>(20,423)</u>	<u>(9,767)</u>
Contributions from the employer	-	(8,626)	(8,626)
Benefits paid	<u>(7,076)</u>	<u>7,076</u>	<u>-</u>
	<u>(7,076)</u>	<u>(1,550)</u>	<u>(8,626)</u>
Balance at December 31, 2025	<u>\$ 400,053</u>	<u>\$ (315,639)</u>	<u>\$ 84,414</u>

(Concluded)

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
General and administrative expenses	500	458
Research and development expenses	<u>192</u>	<u>243</u>
	<u>\$ 3,521</u>	<u>\$ 3,851</u>

Through the defined benefit plans under the LSA, 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	<u>\$ (7,507)</u>	<u>\$ (7,739)</u>
0.25% decrease	<u>\$ 7,712</u>	<u>\$ 7,960</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 7,443</u>	<u>\$ 7,691</u>
0.25% decrease	<u>\$ (7,284)</u>	<u>\$ (7,517)</u>

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	<u>\$ 9,081</u>	<u>\$ 8,400</u>
Average duration of the defined benefit obligation	7.7 years	8.3 years

19. EQUITY

a. Ordinary share capital

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

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 (Note)		
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	<u>24,168</u>	<u>28,536</u>
	<u>\$ 989,006</u>	<u>\$ 971,984</u>

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 that had been approved in the shareholder's meeting in June, 2025 and 2024, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		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 and dividends per share for 2025 had been proposed by the Corporation's board of directors in February 2026 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 the translation of the financial statements 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 the net assets of foreign operations	325	6,646
Share of exchange difference of subsidiaries and associates accounted for using the equity method	<u>(2,203)</u>	<u>(6,361)</u>
Balance, end of the year	<u>\$ (28,522)</u>	<u>\$ (26,644)</u>

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	(1,020)	1,953
Equity instruments	(3,943)	(26,488)
Share from subsidiaries and associates accounted for using the equity method	<u>33,994</u>	<u>(265,445)</u>
Other comprehensive income (loss) recognized for the year	<u>29,031</u>	<u>(289,980)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(17,539)</u>	<u>(9,231)</u>
Balance, end of the year	<u>\$ (278,846)</u>	<u>\$ (290,338)</u>

3) Gains and losses on hedging 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 from associates accounted for using the equity method	<u>(4)</u>	<u>(11)</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ (879)</u>

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.

20. OPERATING REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 5,702,701	\$ 7,436,439
Other revenue	<u>61,533</u>	<u>53,485</u>
	<u>\$ 5,764,234</u>	<u>\$ 7,489,924</u>

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable (including related parties)	<u>\$ 361,883</u>	<u>\$ 519,192</u>	<u>\$ 756,243</u>
Contract liabilities			
Sale of goods	<u>\$ 66,743</u>	<u>\$ 98,323</u>	<u>\$ 41,636</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation satisfaction performance of obligations and the respective customer's payment.

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

	For the Year Ended December 31	
	2025	2024
From contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 96,015</u>	<u>\$ 41,412</u>

b. Disaggregation of revenue

For the year ended December 31, 2025

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 5,652,369	\$ 50,332	\$ 5,702,701
Rendering of services	<u>61,533</u>	<u>-</u>	<u>61,533</u>
	<u>\$ 5,713,902</u>	<u>\$ 50,332</u>	<u>\$ 5,764,234</u>

For the year ended December 31, 2024

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 7,388,234	\$ 48,205	\$ 7,436,439
Rendering of services	<u>53,485</u>	<u>-</u>	<u>53,485</u>
	<u>\$ 7,441,719</u>	<u>\$ 48,205</u>	<u>\$ 7,489,924</u>

21. 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	\$ 4,124	\$ 5,216
Investment in debt instruments at FVTOCI	5,172	6,751
Others	<u>25</u>	<u>645</u>
	<u>\$ 9,321</u>	<u>\$ 12,612</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Income from sale of prototype products trials	\$ 43,456	\$ 46,712
Subsidy income	28,941	20,783
Rental income (Note 26)	16,649	16,651
Dividends income	1,557	1,632
Others	<u>18,189</u>	<u>9,222</u>
	<u>\$ 108,792</u>	<u>\$ 95,000</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net foreign exchange gain (loss)	\$ (2,748)	\$ 33,469
Gain (loss) on financial assets at FVTPL	(108)	4,680
Loss on disposal of property, plant and equipment	(532)	(951)
Others	<u>(1,158)</u>	<u>(336)</u>
	<u>\$ (4,546)</u>	<u>\$ 36,862</u>

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

	For the Year Ended December 31	
	2025	2024
Foreign exchange gain	\$ 19,907	\$ 42,460
Foreign exchange loss	<u>(22,655)</u>	<u>(8,991)</u>
Net foreign exchange gain (loss)	<u>\$ (2,748)</u>	<u>\$ 33,469</u>

d. Interest expenses

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 26,519	\$ 16,610
Interest on lease liabilities	<u>8,161</u>	<u>8,355</u>
	34,680	24,965
Less: Amounts included in the cost of qualifying assets	<u>8,513</u>	<u>12,118</u>
	<u>\$ 26,167</u>	<u>\$ 12,847</u>

Information relating to the capitalized interest is as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	<u>\$ 8,513</u>	<u>\$ 12,118</u>
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	\$ 380,797	\$ 394,080
Right-of-use assets	39,272	38,460
Other non-current assets	<u>3,363</u>	<u>5,085</u>
	<u>\$ 423,432</u>	<u>\$ 437,625</u>
An analysis of depreciation by function		
Operating costs	\$ 337,664	\$ 353,745
Operating expenses	<u>82,405</u>	<u>78,795</u>
	<u>\$ 420,069</u>	<u>\$ 432,540</u>
An analysis of amortization by function		
Operating costs	<u>\$ 3,363</u>	<u>\$ 5,085</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits		
Salaries	\$ 452,660	\$ 538,770
Labor and health insurance	37,881	32,820
Others	<u>20,080</u>	<u>28,104</u>
	<u>510,621</u>	<u>599,694</u>
Post-employment benefits		
Defined contribution plans	14,006	10,661
Defined benefit plans (Note 18)	<u>3,521</u>	<u>3,851</u>
	<u>17,527</u>	<u>14,512</u>
	<u>\$ 528,148</u>	<u>\$ 614,206</u>
An analysis by function		
Operating costs	\$ 341,059	\$ 395,025
Operating expenses	<u>187,089</u>	<u>219,181</u>
	<u>\$ 528,148</u>	<u>\$ 614,206</u>

g. Compensation of employees and remuneration of directors

The Articles of the Corporation stipulated the Corporation to distribute compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, 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 compensation of employees 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 parent company only financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be recognized in the next year.

The appropriations of employees' compensation and remuneration of directors (all in cash) for 2024 and 2023 which have been approved by the Corporation'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	<u>\$ 53,965</u>	<u>\$ 10,793</u>	<u>\$ 64,680</u>	<u>\$ 12,936</u>
Amounts recognized in the financial statements	<u>\$ 53,878</u>	<u>\$ 10,776</u>	<u>\$ 65,304</u>	<u>\$ 13,061</u>

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.

22. 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	\$ 117,911	\$ 254,016
Adjustments for prior years	(27,649)	(12,548)
Tax refund adjustments for overseas funds repatriation	<u>-</u>	<u>(8,427)</u>
	<u>90,262</u>	<u>233,041</u>
Deferred tax		
In respect of the current year	<u>1,853</u>	<u>5,910</u>
	<u>\$ 92,115</u>	<u>\$ 238,951</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before income tax	<u>\$ 707,939</u>	<u>\$ 1,445,152</u>
Income tax expense calculated at the statutory rate	\$ 141,588	\$ 289,030
Deductible income in determining taxable income	(21,824)	(29,104)
Adjustments for prior years	(27,649)	(12,548)
Tax refund adjustments for overseas funds repatriation	<u>-</u>	<u>(8,427)</u>
	<u>\$ 92,115</u>	<u>\$ 238,951</u>

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

	For the Year Ended December 31	
	2025	2024
Remeasurement of defined benefit plans	\$ 1,953	\$ 1,582
Cash flow hedges	<u>221</u>	<u>(221)</u>
	<u>\$ 2,174</u>	<u>\$ 1,361</u>

c. Current tax liabilities

	December 31	
	2025	2024
Current tax liabilities		
Income tax payable	<u>\$ 117,418</u>	<u>\$ 106,203</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2025

	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income or Loss	Balance, End of the Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 19,858	\$ (1,021)	\$ (1,953)	\$ 16,884
Write-down of inventories	28,019	1,924	-	29,943
Difference between tax reporting and financial reporting - depreciation methods	3,812	(251)	-	3,561
Unrealized exchange losses, net	-	672	-	672
Others	<u>7,574</u>	<u>(6,666)</u>	<u>(221)</u>	<u>687</u>
	<u>\$ 59,263</u>	<u>\$ (5,342)</u>	<u>\$ (2,174)</u>	<u>\$ 51,747</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains, net	<u>\$ 3,489</u>	<u>\$ (3,489)</u>	<u>\$ -</u>	<u>\$ -</u>

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
<u>Deferred tax assets</u>				
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	<u>12,010</u>	<u>(4,657)</u>	<u>221</u>	<u>7,574</u>
	<u>\$ 64,688</u>	<u>\$ (4,064)</u>	<u>\$ (1,361)</u>	<u>\$ 59,263</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized exchange gains, net	\$ 1,235	\$ 2,254	\$ -	\$ 3,489
Others	<u>408</u>	<u>(408)</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,643</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ 3,489</u>

e. Income tax assessments

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

23. 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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Net profit for the year	<u>\$ 615,824</u>	<u>\$ 1,206,201</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	<u>4,754</u>	<u>4,754</u>
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 - compensation of employees	<u>495</u>	<u>670</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>232,645</u>	<u>232,820</u>

The Corporation may settle the compensation of employees in 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 effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The capital management of the Corporation 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 have not significantly changed for the year ended December 31, 2025. The capital structure of the Corporation consists of net liabilities and equity. Except for the description of Note 16, without any need for complying with other external capital requirements. The Corporation reviews 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 has invested in financial instruments as part of capital and fund management.

25. 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
<u>December 31, 2025</u>				
Financial assets at FVTPL				
Financial bonds	<u>\$ 10,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,155</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 80,111	\$ -	\$ -	\$ 80,111
Unlisted shares	-	-	25,144	25,144
Financial bonds	<u>83,872</u>	<u>-</u>	<u>-</u>	<u>83,872</u>
	<u>\$ 163,983</u>	<u>\$ -</u>	<u>\$ 25,144</u>	<u>\$ 189,127</u>
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Mutual funds	\$ 3,000	\$ -	\$ -	\$ 3,000
Financial bonds	<u>16,605</u>	<u>-</u>	<u>-</u>	<u>16,605</u>
	<u>\$ 19,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,605</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 82,970	\$ -	\$ -	\$ 82,970
Unlisted shares	-	-	26,228	26,228
Financial bonds	<u>75,068</u>	<u>-</u>	<u>-</u>	<u>75,068</u>
	<u>\$ 158,038</u>	<u>\$ -</u>	<u>\$ 26,228</u>	<u>\$ 184,266</u>

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

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

	Equity Instrument Financial Assets at FVTOCI For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 26,228	\$ -
Purchase	-	24,512
Recognized in other comprehensive income	<u>(1,084)</u>	<u>1,716</u>
Balance, end of the year	<u>\$ 25,144</u>	<u>\$ 26,228</u>

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

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	\$ 10,155	\$ 19,605
Financial assets for hedging	-	33,374
Financial assets at FVTOCI		
Investments in equity instruments	105,255	109,198
Investments in debt instruments	83,872	75,068
Financial assets at amortized cost 1)	1,485,152	1,629,093
Financial liabilities		
Measured at amortized cost 2)	2,737,399	2,312,619

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables 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's major financial instruments include equity and debt investments, accounts receivable, accounts payable and short-term and long-term borrowings. The Corporation's treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and

liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Corporation 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's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 28.

Sensitivity analysis

The Corporation was mainly exposed to the currency USD and RMB. The following table details the Corporation's sensitivity to a 3% increase and decrease in the New Taiwan dollar (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 when the functional currency against the USD and RMB appreciated by 3%. Scenario 2 in the following table indicates the profit and loss of the Corporation when the functional currency against the USD and 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	\$ (548)	\$ (6,539)	\$ (662)	\$ 287
Profit or loss in Scenario 2	548	6,539	662	(287)

Note: The result was mainly attributable to the exposure on outstanding cash and cash equivalents, receivables, other receivables, payables, and other payables denominated in foreign currencies that were not hedged at the balance sheet date.

Changes in the exchange rate sensitivity of the Corporation 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 mitigates the exchange rate risk arising from capital expenditures on foreign procurement projects by purchasing foreign currency deposits. These deposits are designated as hedges for the foreign currency positions of the specified procurement projects and are designated 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's 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	\$ 540,497	\$ 564,330
Cash flow interest rate risk		
Financial assets	1,063,002	1,057,629
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's 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 was exposed to equity price risk through its investments in listed shares and mutual funds. The risk is managed by maintaining a portfolio of investments with different risks. The Corporation's equity price risk was primarily concentrated in the share and fund market in Taiwan and they were evaluated by the closing price of the equity securities and net value of mutual funds, respectively 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's 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\$0 thousand and NT\$180 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\$4,807 thousand and NT\$4,978 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default resulting in financial loss to the Corporation. The Corporation's maximum exposure to credit risk is the carrying amount of accounts receivable from customers could not be recovered. The main customers of the Corporation 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 sales department also understands the credit status of customers through external credit investigation industry reports. The credit risk was immaterial to the Corporation.

The Corporation's concentration of credit risk in notes and accounts receivable were as follows:

	December 31	
	2025	2024
Customer A	\$ 73,617	\$ 84,361
Customer B	<u>37,323</u>	<u>51,120</u>
	<u>\$ 110,940</u>	<u>\$ 135,481</u>

3) Liquidity risk

The Corporation managed liquidity risk by monitoring and maintaining a level of cash and cash equivalents and financial instruments, which are readily convertible to a known amount of cash deemed adequate to finance the Corporation's operations. In addition, the Corporation entered into credit agreements with financial institutions and maintained at a level of credit deemed adequate to finance the Corporation's operations.

The Corporation relied on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Corporation had available unutilized short-term and long-term bank loan facilities amounted to NT\$5.5 billion and NT\$6.1 billion, respectively.

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

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon 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 can be required to pay. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2025

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 467,039	\$ 3,970	\$ -	\$ 471,009
Lease liabilities	38,581	136,876	439,277	614,734
Variable interest rate liabilities	288,844	1,021,214	-	1,310,058
Fixed interest rate liabilities	<u>1,000,549</u>	<u>-</u>	<u>-</u>	<u>1,000,549</u>
	<u>\$ 1,795,013</u>	<u>\$ 1,162,060</u>	<u>\$ 439,277</u>	<u>\$ 3,396,350</u>

December 31, 2024

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 613,333	\$ 3,960	\$ -	\$ 617,293
Lease liabilities	43,772	138,920	460,805	643,497

(Continued)

	Less than 1 Year	1-5 Years	5+ Years	Total
Variable interest rate liabilities	\$ 326,825	\$ 1,319,573	\$ -	\$ 1,646,398
Fixed interest rate liabilities	<u>100,059</u>	<u>-</u>	<u>-</u>	<u>100,059</u>
	<u>\$ 1,083,989</u>	<u>\$ 1,462,453</u>	<u>\$ 460,805</u>	<u>\$ 3,007,247</u> (Concluded)

26. 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 of other related parties
Linyuan Advanced Materials Technology Co., Ltd. (Linyuan Advanced)	Subsidiary of the Corporation's key management personnel
Ever Wealthy International Corporation	Subsidiary
Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Subsidiary
China Steel Structure Corporation (CSSC)	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
Chung Hung Steel Corporation	Fellow subsidiary
China Ecotek Corporation (CEC)	Fellow subsidiary
China Steel Machinery Corporation (CSMC)	Fellow subsidiary
InfoChamp Systems Corporation (ICSC)	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
United Steel Engineering & Construction Corporation (USEC)	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
Betacera Inc.	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 other related parties were as follows:

a. Operating revenue

Account Items	Related Parties Category/Name	For the Year Ended December 31	
		2025	2024
Revenue from sale of goods	Subsidiary of the Corporation's key management personnel		
	Linyuan Advanced	\$ 802,601	\$ 959,547
	Subsidiaries	46,224	135,142

(Continued)

Account Items	Related Parties Category/Name	For the Year Ended December 31	
		2025	2024
	Parent entity	\$ 22,763	\$ 18,162
	Fellow subsidiaries	<u>13,202</u>	<u>12,150</u>
		<u>\$ 884,790</u>	<u>\$ 1,125,001</u>
Revenue from the rendering of services	Parent entity	\$ 52,011	\$ 42,900
	Fellow subsidiaries	<u>9,188</u>	<u>10,339</u>
		<u>\$ 61,199</u>	<u>\$ 53,239</u>

(Concluded)

Part of sales to the parent entity, subsidiaries 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 and fellow subsidiaries did not have similar transactions for comparison, but was not significantly different from regular trading. The credit term have no significant difference except for to CCSNM was 150 days after shipment.

b. Purchase of goods

Related Parties Category/Name	For the Year Ended December 31	
	2025	2024
Parent entity	<u>\$ 1,971,104</u>	<u>\$ 2,517,533</u>
Subsidiaries	<u>10,650</u>	<u>19,238</u>
Fellow subsidiaries		
DSC	832,980	1,136,052
Others	<u>1,024</u>	<u>1,536</u>
	<u>834,004</u>	<u>1,137,588</u>
	<u>\$ 2,815,758</u>	<u>\$ 3,674,359</u>

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. Purchase of goods from subsidiaries was calculated at cost plus an additional percentage. The terms of agreements were paid after inspection and acceptance or 30 days after shipment.

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
	Subsidiary	9,320	2,055
	Subsidiary of the Corporation's key management personnel		
	Linyuan Advanced	73,617	84,361
	Fellow subsidiaries	<u>616</u>	<u>767</u>
		<u>\$ 89,996</u>	<u>\$ 94,520</u>
Other receivables	Parent entity	\$ 43,358	\$ 11,980
	Subsidiaries	888	1,120
	Fellow subsidiaries	<u>1,562</u>	<u>1,437</u>
		<u>\$ 45,808</u>	<u>\$ 14,537</u>

The outstanding receivables from related parties were unsecured. For the years ended December 31, 2025 and 2024, no impairment loss was recognized for receivables from related parties.

d. Payables to related parties

Account Items	Related Parties Category/Name	December 31	
		2025	2024
Accounts payable - related parties	Parent entity	\$ 199,967	\$ 240,346
	Subsidiaries	729	6,308
	Fellow subsidiaries	<u>119</u>	<u>178</u>
		<u>\$ 200,815</u>	<u>\$ 246,832</u>
Other payables	Parent entity	\$ 9,937	\$ 12,605
	The Corporation's key management personnel of other related parties	1,869	3,592
	Fellow subsidiaries	<u>338</u>	<u>2,937</u>
		<u>\$ 12,144</u>	<u>\$ 19,134</u>

The outstanding payables to related parties were unsecured.

e. Acquisition of property, plant and equipment

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

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 arrangements

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

Account Items	Related Parties Category/Name	December 31	
		2025	2024
Lease liabilities	Parent entity	\$ 534,505	\$ 551,827
	Fellow subsidiaries	<u>4,025</u>	<u>5,702</u>
		<u>\$ 538,530</u>	<u>\$ 557,529</u>

Account Items	Related Parties Category/Name	For the Year Ended December 31	
		2025	2024
Interest expenses	Parent entity	\$ 8,029	\$ 8,233
	Fellow subsidiaries	<u>86</u>	<u>39</u>
		<u>\$ 8,115</u>	<u>\$ 8,272</u>

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 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 year, which was ended in December 2026. The rental was paid every half year.

The Corporation leased plants from its fellow subsidiary. The lease term will end in August 2026. The rental was paid quarterly.

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 15, 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 collected in advance 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 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 transactions with related parties

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 fluid, 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.

3) Technical service revenue

The Corporation signed technical service contract with its subsidiaries. Technical service revenue amounted to NT\$1,715 thousand and NT\$1,883 thousand for the years ended December 31, 2025 and 2024, respectively.

4) Revenue from sale of prototype trial products

The Corporation's revenue from sale of trial products to its subsidiary - CCSNM was NT\$7,344 thousand and NT\$13,690 thousand for the years ended December 31, 2025 and 2024, respectively. Amounts were recognized as other revenue. The selling price of Corporation to its subsidiaries had no similar transaction available for comparison. The credit terms were 150 days after shipment.

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	<u>876</u>	<u>836</u>
	<u>\$ 28,116</u>	<u>\$ 36,561</u>

The compensation of directors and other key management personnel was determined by the remuneration committee based on the personal performance evaluation and market trends.

27. SIGNIFICANT CONTINGENT COMMITMENTS AND UNRECOGNIZED CONTINGENCIES

Significant commitments and contingencies of the Corporation as of December 31, 2025 were as follows:

- 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 agreements amounted to NT\$35,000 thousand.
- 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.
- 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.

28. 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 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:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
December 31, 2025				
Financial assets				
Monetary items				
USD	\$ 3,792	31.430	(USD:NTD)	\$ 119,178
RMB	4,911	4.496	(RMB:NTD)	22,082
JPY	36,078	0.2008	(JPY:NTD)	7,244
Non-monetary items				
Financial assets at FVTPL				
USD	323	31.430	(USD:NTD)	10,155
Financial assets at FVTOCI				
USD	3,469	31.430	(USD:NTD)	109,016

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
Financial liabilities				
Monetary items				
USD	\$ 3,211	31.430	(USD:NTD)	\$ 100,918
December 31, 2024				
Financial assets				
Monetary items				
USD	8,453	32.785	(USD:NTD)	277,147
RMB	2,112	4.478	(RMB:NTD)	9,459
JPY	308,073	0.2099	(JPY:NTD)	64,665
Non-monetary items				
Financial assets at FVTPL				
USD	506	32.785	(USD:NTD)	16,605
Financial assets at FVTOCI				
USD	3,090	32.785	(USD:NTD)	101,296
Financial liabilities				
Monetary items				
USD	1,805	32.785	(USD:NTD)	59,175
RMB	4,248	4.478	(RMB:NTD)	19,020
				(Concluded)

For the years ended December 31, 2025 and 2024 realized and unrealized net foreign exchange gains and losses were loss of NT\$2,748 thousand and gain of NT\$33,469 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.

29. 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) Information on investees (Table 4)

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 5)
- 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 year (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (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 year and the purposes (None)
 - e) The highest balance, the end of year 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)

30. SEGMENT INFORMATION

Disclosure of the segment information in parent company only financial statements is waived.

TABLE 1**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	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	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 corporation.

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	<u>\$ 71,191</u>	-	<u>\$ 71,191</u>	Note
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	<u>\$ 8,920</u>	-	<u>\$ 8,920</u>	
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	
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	
						<u>\$ 404,015</u>		<u>\$ 404,015</u>	

Note: The Corporation has classified the shares as treasury shares.

TABLE 3

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)

[illegible]

Note: Refer to Note 26.

TABLE 4**CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES
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	Subsidiary
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	33,529	12,138	
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	561	

TABLE 5**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 (Loss) Income of the Investee	% Ownership of Direct or Indirect Investment	Investment (Loss) Income (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	\$ -	

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024 (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 based 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.

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STATEMENT 1**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Maturity Date	Interest Rates (%)	Amount
Cash on hand			\$ 500
Bank deposits			
Checking accounts			7,318
Demand deposits			1,036,255
Foreign currency deposits - including USD473 thousand, RMB2,641 thousand (Note)			26,747
			<u>\$ 1,070,820</u>

Note: USD1=NT\$31.43.

RMB1=NT\$4.496.

CHINA STEEL CHEMICAL CORPORATION**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS -
CURRENT****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Marketable Securities	Units	Interest Rates (%)	Cost	Fair Value (Note)	
				Unit Price (NT\$)	Total Amount
Financial Bonds					
BACR 6.224 05/09/34	-	6.224	<u>\$ 9,259</u>	\$ -	<u>\$ 10,155</u>

Note: The above fair value are calculated on the basis of the net value of financial bonds at the balance sheet date.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Shares/Units	Par Value (NT\$)	Carrying Value	Interest Rates (%)	Cost	Accumulated Impairment	Fair Value (Note)		Note
							Unit Price (NT\$)	Total Amount	
Financial bonds									
CATLIF 5.95 07/05/34	-	\$ -	\$ 22,649	5.950	\$ 22,649	\$ -	\$ -	\$ 23,393	
CATLIF 5.3 09/05/39	-	-	12,772	5.300	12,772	-	-	12,758	
C 6.174 05/25/34	-	-	10,218	6.174	10,218	-	-	10,060	
JPM V5.572 04/22/36	-	-	9,823	5.572	9,823	-	-	9,945	
BPCEGP 6.508 01/18/2035	-	-	7,878	6.508	7,878	-	-	8,349	
BACR 6.224 05/09/34	-	-	6,176	6.224	6,176	-	-	6,791	
SOCGEN 6.447 01/12/27	-	-	6,139	6.447	6,139	-	-	6,289	
STANLN 6.17 01/09/27	-	-	6,142	6.170	6,142	-	-	6,287	
Domestic listed Preferred stock									
China Steel Corporation	229,000	10	2,290		5,758	-	38.95	8,920	
Domestic listed Common stock									
China Steel Corporation	3,746,915	10	37,469		92,626	-	19.00	71,191	
			<u>\$ 121,556</u>		<u>\$ 180,181</u>	<u>\$ -</u>		<u>\$ 163,983</u>	

Note: The above fair value are calculated on the basis of the closing price of stocks and net value of financial bonds at the balance sheet date.

STATEMENT 4**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF RECEIVABLES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Customer Name	Amount
Notes Receivable	
Non-Related Parties	
Talent Sky Enerprise CO.	\$ <u>870</u>
Accounts Receivable	
Related Parties	
Linyuan Advanced Materials Technology Co., Ltd.	\$ 73,617
Changzhou China Steel New Materials Technology Co., Ltd.	9,320
China Steel Corporation	6,443
Others (Note)	<u>616</u>
	\$ <u>89,996</u>
Non-Related Parties	
Taiwan Styrene Monomer CO.	\$ 37,323
Formosan Union Chemical CO.	28,877
Pt Suryamas Mentari	28,393
Chang Chun Plastics Co., Ltd.	22,040
Sino United Chemicals International Co., Ltd.	18,349
E-One Moli Energy Corporation	18,263
Others (Note)	<u>117,772</u>
	\$ <u>271,017</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 5**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Amount
Receivable for price difference of raw material	\$ 43,358
Others (Note)	<u>4,521</u>
	<u>\$ 47,879</u>

Note: The amount of individual item included in others does not exceed 5% of the account balance.

STATEMENT 6**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Carrying Amount (Note 1)	Net Realizable Value (Note 2)
Finished goods	\$ 670,879	\$ 745,914
Work in progress	260,505	357,901
Supplies	187,496	187,496
Raw materials	<u>44,269</u>	<u>44,281</u>
	<u>\$ 1,163,149</u>	<u>\$ 1,335,592</u>

Note 1: Carrying amount was net value of deduction of allowance for loss on inventory value decline and idleness amounted to NT\$149,714 thousand.

Note 2: Refer to Note 4.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2025		Additions		Decrease (Note)		Balance, December 31, 2025		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Foreign unlisted preference shares SiLican Inc.	400,000	\$ 26,228	-	\$ -	-	\$ (1,084)	400,000	\$ 25,144	None

Note: Decrease in valuation adjustments.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2025		Additions (Note 1)		Decrease (Note 1)		Gain and Loss from Investment Amount	Balance, December 31, 2025			Market Value or Net Assets Value (Note 2)		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	% of Ownership	Amount	Unit Price (NT\$)	Total Amount		
Listed companies														
CHC Resources Corporation	15,019,341	\$ 387,402	-	\$ -	-	\$ 63,622	\$ 74,510	15,019,341	6	\$ 398,290	\$ 70.30	\$ 1,055,860	None	
China Steel Structure Co., Ltd.	600,069	16,286	-	-	-	1,171	1,915	600,069	-	17,030	41.90	25,143	None	
Unlisted companies														
Ever Wealthy International Corporation	107,712,232	1,360,953	-	-	-	3,123	12,138	107,712,232	100	1,369,968	14.63	1,576,046	None	
Transglory Investment Corporation	75,911,726	544,803	-	-	-	25,075	9,112	75,911,726	9	528,840	6.97	528,840	None	
Eminent Venture Capital Corporation	337,500	4,057	-	-	-	-	(410)	337,500	5	3,647	10.81	3,647	None	
Gau Ruei Investment Corporation	1,196,000	25,177	-	-	-	891	45	1,196,000	40	24,331	20.34	24,331	None	
HIMAG Magnetic Corporation	3,133,744	40,138	-	-	-	3	1,324	3,133,744	8	41,459	13.23	41,459	None	
Li-Ching-Long Investment Corporation	700,000	11,361	-	-	-	542	184	700,000	35	11,003	15.72	11,003	None	
TaiAn Technologies Corporation	499,998	6,773	-	-	-	333	175	499,998	5	6,615	13.23	6,615	None	
CSC Solar Corporation	26,160,000	306,795	-	-	-	13,984	17,390	26,160,000	15	310,201	11.86	310,201	None	
Eminent III Venture Capital Corporation	16,000,000	104,166	-	22,878	-	-	(5,502)	16,000,000	9	121,542	7.60	121,542	None	
Pro-Ascentek Investment Corporation	6,000,000	<u>72,118</u>	-	-	-	<u>7,062</u>	<u>1,116</u>	6,000,000	5	<u>66,172</u>	11.03	<u>66,172</u>	None	
		2,880,029		22,878		115,806	111,997			2,899,098		<u>\$ 3,770,859</u>		
Less: Shares held by subsidiaries accounted for as treasury shares		<u>117,638</u>		-		-	-			<u>117,638</u>				
		<u>\$ 2,762,391</u>		<u>\$ 22,878</u>		<u>\$ 115,806</u>	<u>\$ 111,997</u>			<u>\$ 2,781,460</u>				

Note 1: Changes for the year ended December 31, 2025 consisted of dividends received from investees amounted to NT\$141,123 thousand, unrealized gain of financial instruments of investees amounted to NT\$33,994 thousand, increase in additional paid-in capital amounted to NT\$17,022 thousand, decrease in exchange differences on translation of the financial statements of foreign operation amounted to NT\$1,878 thousand, loss on remeasurement of defined benefit plans amounted to NT\$26 thousand, loss on hedging instrument amounted to NT\$4 thousand and recognized the difference between the investment cost and net equity value by reducing NT\$913 thousand.

Note 2: Market value of listed companies is the closing price at the balance sheet date. Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

STATEMENT 9**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Balance, January 1, 2025	Additions (Note)	Decrease (Note)	Balance, December 31, 2025
Cost				
Land	\$ 399,404	\$ 9,354	\$ -	\$ 408,758
Machinery	283,383	5,271	-	288,654
Buildings	<u>37,226</u>	<u>938</u>	<u>7,589</u>	<u>30,575</u>
Total	<u>720,013</u>	<u>\$ 15,563</u>	<u>\$ 7,589</u>	<u>727,987</u>
Accumulated depreciation				
Land	93,737	\$ 16,580	\$ -	110,317
Machinery	64,991	11,798	-	76,789
Buildings	<u>19,127</u>	<u>10,894</u>	<u>5,818</u>	<u>24,203</u>
Total	<u>177,855</u>	<u>\$ 39,272</u>	<u>\$ 5,818</u>	<u>211,309</u>
	<u>\$ 542,158</u>			<u>\$ 516,678</u>

Note: Increase and decrease in right-of-use assets resulted from amendments.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars and US Dollars, Unless Stated Otherwise)

Type	Contract Period	Range of Interest Rates (%)	Amount	Loan Commitments	Collateral
Letters of credit					
Taiwan Cooperative Bank	2025.08.07-2026.06.01	1.80-4.97	\$ 238,261	\$ 900,000	None
Mega Bank	2025.09.15-2026.04.05	4.36-4.97	32,763	600,000	None
Unsecured loans					
Mizuho Bank	2025.12.12-2026.01.12	1.78	350,000	2,828,700	None
Yunta Commercial Bank	2025.11.03-2026.01.02	1.78	300,000	300,000	None
Taipei Fubon Commercial Bank Co., Ltd	2025.12.19-2026.01.19	1.80	300,000	300,000	
KGI Bank	2025.12.12-2026.01.12	2.10	<u>50,000</u>	500,000	None
			<u>\$ 1,271,024</u>		

STATEMENT 11**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related Parties	
China Steel Corporation	\$ 199,967
Others (Note)	<u>848</u>
	<u>\$ 200,815</u>
Non-related Parties	
CPC Corporation	\$ 9,284
Taiwan Pulp & Paper Corporation	1,920
Others (Note)	<u>13,666</u>
	<u>\$ 24,870</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bank Name	Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31, 2024			Collateral
			Current	Over 1 Year	Total	
Bank of Taiwan	The amount of borrowings use in NT\$500,000 thousand, form March 2025 to March 2028, repaid on due.	1.79-1.80	\$ -	\$ 500,000	\$ 500,000	None
Yuanta Commercial Bank	The amount of borrowings use in NT\$500,000 thousand, from March 2025 to March 2028, repaid on due.	1.77-1.78	-	500,000	500,000	None
			<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	

CHINA STEEL CHEMICAL CORPORATION**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Object	Period	Discount Rates (%)	Amount
Land	Lease of land	2022.01.01-2030.12.31	1.4703	\$ 313,572
Machinery	Lease of reservoir and relating facilities, etc	2022.01.01-2027.12.31	1.4703	220,933
Buildings	Lease of plants and office	2022.01.01-2028.12.31	0.6253-1.6879	5,992
				540,497
Less: Current portion				30,883
				<u>\$ 509,614</u>

CHINA STEEL CHEMICAL CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Quantities (Metric Tons)	Amount
Sale of goods		
Creosote oils products	121,348	\$ 1,797,793
Pure benzene products	58,681	1,354,932
Pitch products	69,098	1,141,098
Others (Note 1)		<u>1,420,450</u>
		5,714,273
Sales allowance		<u>(11,572)</u>
Net of revenue from the sale of goods		5,702,701
Rendering of services (Note 2)		<u>61,533</u>
		<u>\$ 5,764,234</u>

Note 1: The amount of each item included in others does not exceed 10% of the account balance.

Note 2: Coke processing revenue.

STATEMENT 15**CHINA STEEL CHEMICAL CORPORATION****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Raw materials, beginning of the year	\$ 50,571
Raw material purchased	2,787,315
Raw materials, end of the year	(44,269)
Others	<u>(30,033)</u>
	2,763,584
Direct labor	171,031
Manufacturing expenses	<u>1,573,162</u>
Manufacturing cost	4,507,777
Work in progress, beginning of the year	255,038
Work in progress purchased	55,128
Work in progress, end of the year	(260,505)
Others	<u>(6,961)</u>
	4,550,477
Finished goods, beginning of the year	688,034
Finished goods, end of the year	(670,879)
Others	<u>(31,803)</u>
	4,535,829
Merchandise purchased	<u>94,649</u>
Total Cost of goods sold	4,630,478
Others	<u>76,981</u>
	<u>\$ 4,707,459</u>

CHINA STEEL CHEMICAL CORPORATION
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense and pension	\$ 38,556	\$ 63,761	\$ 58,329	\$ 160,646
Depreciation	14	8,645	73,746	82,405
Packing and processing fee	72,010	58	940	73,008
Consumables	535	1,513	53,900	55,948
Inspection fee	917	153	19,818	20,888
Repairs and maintenance fee	129	1,104	19,131	20,364
Import/export fee	15,875	1,371	477	17,723
Professional fee	571	13,197	2,347	16,115
Remuneration of directors	-	8,635	-	8,635
Others	<u>26,935</u>	<u>28,523</u>	<u>37,043</u>	<u>92,501</u>
Total	<u>\$ 155,542</u>	<u>\$ 126,960</u>	<u>\$ 265,731</u>	<u>\$ 548,233</u>

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 288,894	\$ 155,131	\$ 444,025	\$ 342,604	\$ 182,707	\$ 525,311
Labor and health insurance	25,733	12,148	37,881	22,228	10,592	32,820
Post-employment benefits	12,012	5,515	17,527	10,232	4,280	14,512
Remuneration of directors	-	8,635	8,635	-	13,459	13,459
Others	14,420	5,660	20,080	19,961	8,143	28,104
	<u>\$ 341,059</u>	<u>\$ 187,089</u>	<u>\$ 528,148</u>	<u>\$ 395,025</u>	<u>\$ 219,181</u>	<u>\$ 614,206</u>
Depreciation	\$ 337,664	\$ 82,405	\$ 420,069	\$ 353,745	\$ 78,795	\$ 432,540
Amortization	3,363	-	3,363	5,085	-	5,085

Note 1: As of December 31, 2025 and 2024, the Corporation had 344 and 334 employees, respectively. Among them 7 directors did not serve concurrently as employees in 2025 and 2024.

Note 2: Additional disclosures are as follows:

- 1) Average employee benefits for the year ended December 31, 2025 was NT\$1,542 thousand (Amounts of employee benefits for the year ended December 31, 2025 less amounts of remuneration of directors for the year ended December 31, 2025/number of employees for the year ended December 31, 2025 less number of directors not serving concurrently as employees for the year ended December 31, 2025)

Average employee benefits for the year ended December 31, 2024 was NT\$1,837 thousand (Amounts of employee benefits for the year ended December 31, 2024 less amounts of remuneration of directors for the year ended December 31, 2024/number of employees for the year ended December 31, 2024 less number of directors not serving concurrently as employees for the year ended December 31, 2024)

- 2) Average salaries for the year ended December 31, 2025 was NT\$1,318 thousand (Amounts of salaries for the year ended December 31, 2025/number of employees for the year ended December 31, 2025 less number of directors not serving concurrently as employees for the year ended December 31, 2025)

Average salaries for the year ended December 31, 2024 was NT\$1,606 thousand (Amounts of salaries for the year ended December 31, 2024/number of employees for the year ended December 31, 2024 less number of directors not serving concurrently as employees for the year ended December 31, 2024)

Note 3: Change of adjustments of average salaries was -17.93% (Average salaries for the year ended December 31, 2025 less average salaries for the year ended December 31, 2024/average salaries for the year ended December 31, 2024)

Note 4: The Corporation did not have supervisors in 2025 and 2024.

(Continued)

Note 5: The compensation policies were summarized as follows:

- 1) The policies of remuneration of directors: The remuneration for directors included the compensation and allowances (mainly transportation reimbursement) of directors. The Corporation established regulation governing performance assessment of board of directors on December 24, 2019 and assessed performance of board of directors every year. The result was presented to the board of directors and was in the use of evaluation of remuneration of individual director and nomination of continuance in board. The remuneration for directors shall be distributed in accordance with Article 26 of the Corporations' Articles of Incorporation: If the Corporation is profitable in the current fiscal year, no less than 0.1% shall be allocated as employee compensation to employees of controlling or subordinate company, and no more than 1% shall be allocated as the compensation for directors by resolution of the board of directors. However, the Corporation's accumulated losses shall have been covered before the employee compensation and remuneration for directors based on the aforementioned proportion. Directors of the Corporation acting as managers or employees shall be paid in accordance with the "Regulations Governing the Treatment of Salary and Wages".
- 2) The policies of remuneration of managerial personnel: The remuneration of managerial personnel included salary, bonus, severance pay, and employee compensation. The salary and bonus were paid to managerial personnel based on their duties and the economic environment, with reference to the industrial level and the Corporation's operating performance in the past. Pension costs of 6% of a worker's monthly wages are deposited into the labor pension account managed by the Bureau of Labor Insurance. Employees' compensation shall be distributed in accordance with Article 26 of the Corporation's Articles of Incorporation. In addition, the Corporation's remuneration committee would also carry out the duties, which included review and evaluation of the salary and compensation of the managerial personnel on a regular basis, and submitting proposals to the board of directors for discussion, in order to balance between sustainability and risk management.
- 3) The policies of employees' compensation: The compensation included salary, bonus and employees' compensation. Salary took into account individual's obligation of their positions and was determined in reference to the general pay levels in the industry and financial position of the Corporation. Bonus and employees' compensation were related to the profit for the year of the Corporation and individual's performance. In every year, employees had opportunities of annual raise based on their level of position and individual's performance. Raise was highly correlated to individual's performance. Besides, the Corporation adjusted employees' salaries, which was approved by the board of directors, based on Consumer Price Index, general pay levels in the industry, operation and financial position of the Corporation and performance review annually.

(Concluded)