# Oriental Union Chemical Corporation

**Financial Statements for the**
**Years Ended December 31, 2024 and 2023 and**
**Independent Auditors' Report**

Deloitte.

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# INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

## Opinion

We have audited the accompanying financial statements of Oriental Union Chemical Corporation (collectively referred to as the "Corporation"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2024 and 2023, and its financial performance and its 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 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 ROC, 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 financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2024 are as follow:

The Impairment Loss of Property, Plant and Equipment in Subsidiaries Accounted for Using the Equity Method in Mainland China

As of December 31, 2024, the balances of property, plant and equipment in Subsidiaries Accounted for Using the Equity Method in mainland China amounted to $6,895,742 thousand. Management considers the subsidiary in mainland China as a cash-generating unit and, in accordance with the International Accounting Standard No. 36 'Impairment of Assets,' the management assesses property, plant and equipment for signs of impairment at the end of each reporting period. If any impairment indicators are identified, the recoverable amount of the asset should be estimated to assess the amount of impairment. Management evaluates the recoverable amount of property, plant and equipment using the value-in-use model. Since this calculation involves various assumptions and uncertainties in estimates, we deem the review of impairment of the property, plant and equipment of the mainland China subsidiary a key audit matter.

Corresponding audit procedures:

1. We obtained an understanding of the internal controls relevant to management's assessment and oversight of the impairment evaluation of property, plant and equipment.

2. We obtained the impairment evaluation report for property, plant and equipment issued by a professional valuation firm commissioned by management, and evaluated the professional capacity, competence, and objectivity of independent valuers.

3. We evaluated the valuation model used by management to calculate the recoverable amount.

4. We assessed the assumptions used in the valuation model, including the classification of cash-generating units, cash flow forecasts, discount rates, etc., and considered the company's past operational performance, industry conditions, and future prospects, to comprehensively evaluate the reasonableness of the impairment assessment.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision, and performance of the Corporation 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 financial statements for the year ended December 31, 2024 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 Wen-Ling Liu and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2025

*Notice to Readers*

*The accompanying 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 ROC and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the ROC.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.*

# ORIENTAL UNION CHEMICAL CORPORATION

**BALANCE SHEETS**
**DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 6 and 27) | $ 251,579 | 1 | $ 356,473 | 2 |
| Notes receivable, net (Note 9) | 71,621 | - | 77,743 | - |
| Trade receivables, net (Note 9) | 517,376 | 3 | 704,106 | 3 |
| Trade receivables from related parties (Notes 9 and 27) | 174,405 | 1 | 53,192 | - |
| Other receivables | 1,523 | - | 1,842 | - |
| Inventories (Note 10) | 709,422 | 3 | 784,494 | 4 |
| Prepayments for purchases | 16,946 | - | 99,593 | 1 |
| Other prepayments | 23,575 | - | 21,680 | - |
| Other current assets (Note 16) | 141,746 | 1 | 98,761 | - |
| Total current assets | 1,908,193 | 9 | 2,197,884 | 10 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income (Note 7) | 3,042,018 | 14 | 4,326,158 | 19 |
| Financial assets at amortized cost (Notes 8, 27 and 28) | 102,887 | - | 64,942 | - |
| Investments accounted for using the equity method (Note 12) | 5,262,012 | 25 | 5,697,426 | 25 |
| Property, plant and equipment (Note 13) | 4,983,071 | 24 | 4,513,098 | 20 |
| Construction in progress (Note 13) | 2,581,473 | 12 | 2,805,814 | 12 |
| Right-of-use assets (Note 14) | 25,562 | - | 21,350 | - |
| Investment properties (Notes 15 and 28) | 1,682,742 | 8 | 1,682,742 | 8 |
| Intangible assets | 2,007 | - | 5,311 | - |
| Deferred tax assets (Note 23) | 326,468 | 2 | 239,808 | 1 |
| Other non-current assets (Note 16) | 1,177,921 | 6 | 1,200,547 | 5 |
| Total non-current assets | 19,186,161 | 91 | 20,557,196 | 90 |
| TOTAL | $ 21,094,354 | 100 | $ 22,755,080 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Trade payables (Note 27) | $ 737,563 | 3 | $ 782,049 | 3 |
| Other payables (Notes 18 and 27) | 329,837 | 2 | 350,860 | 2 |
| Current tax liabilities (Note 23) | 10,237 | - | - | - |
| Lease liabilities (Note 14) | 9,668 | - | 6,629 | - |
| Other current liabilities (Note 19) | 141,233 | 1 | 175,589 | 1 |
| Total current liabilities | 1,228,538 | 6 | 1,315,127 | 6 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 17 and 28) | 8,200,000 | 39 | 8,700,000 | 38 |
| Deferred tax liabilities (Note 23) | 661,768 | 3 | 698,046 | 3 |
| Lease liabilities (Note 14) | 15,993 | - | 14,998 | - |
| Net defined benefit liabilities (Note 20) | 155,150 | 1 | 158,090 | 1 |
| Guarantee deposits | 16,249 | - | 32,823 | - |
| Other non-current liabilities (Note 19) | 20,326 | - | 53,250 | - |
| Total non-current liabilities | 9,069,486 | 43 | 9,657,207 | 42 |
| Total liabilities | 10,298,024 | 49 | 10,972,334 | 48 |
| EQUITY (Note 21) | | | | |
| Ordinary shares | 8,857,031 | 42 | 8,857,031 | 39 |
| Capital surplus | 1,091,942 | 5 | 1,087,752 | 5 |
| Retained earnings | | | | |
| Legal reserve | 1,645,947 | 8 | 1,619,080 | 7 |
| Special reserve | 1,911,129 | 9 | 1,911,129 | 9 |
| Unappropriated earnings | 483,138 | 2 | 301,938 | 1 |
| Total retained earnings | 4,040,214 | 19 | 3,832,147 | 17 |
| Other equity | | | | |
| Exchange differences on translating foreign operations | (324,402) | (2) | (545,606) | (2) |
| Unrealized loss on financial assets at fair value through other comprehensive income | (2,749,995) | (13) | (1,324,205) | (6) |
| Total other equity | (3,074,397) | (15) | (1,869,811) | (8) |
| Treasury shares | (118,460) | - | (124,373) | (1) |
| Total equity | 10,796,330 | 51 | 11,782,746 | 52 |
| TOTAL | $ 21,094,354 | 100 | $ 22,755,080 | 100 |

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

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OPERATING REVENUE | | | | |
| Sales revenue (Note 27) | $ 11,468,163 | 100 | $ 10,347,248 | 100 |
| OPERATING COST | | | | |
| Cost of goods sold (Notes 10, 22 and 27) | 10,397,555 | 91 | 9,345,111 | 90 |
| GROSS PROFIT | 1,070,608 | 9 | 1,002,137 | 10 |
| OPERATING EXPENSES (Notes 22 and 27) | | | | |
| Selling and marketing expenses | 639,593 | 5 | 494,204 | 5 |
| General and administrative expenses | 114,629 | 1 | 139,349 | 1 |
| Research and development expenses | 185,307 | 2 | 168,427 | 2 |
| Expected credit (gain) loss (Note 9) | (410) | - | 402 | - |
| Total operating expenses | 939,119 | 8 | 802,382 | 8 |
| PROFIT FROM OPERATIONS | 131,489 | 1 | 199,755 | 2 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 2,922 | - | 8,978 | - |
| Rental income (Note 27) | 35,050 | - | 33,739 | - |
| Dividend income | 44,466 | - | 67,886 | 1 |
| Other income (Notes 22 and 27) | 58,438 | 1 | 27,687 | - |
| Gain on disposal of property, plant and equipment | 159 | - | 5,553 | - |
| Gain on disposal of non-current assets held for sale (Note 11) | - | - | 743,178 | 7 |
| Foreign currency exchange gain | 8,521 | - | 5,876 | - |
| Interest expense (Note 22) | (144,167) | (1) | (147,455) | (1) |
| Other expenses | (24,915) | - | (30,480) | - |
| Share of loss of subsidiaries accounted for using equity method (Note 12) | (204,521) | (2) | (619,149) | (6) |
| Total non-operating income and expenses | (224,047) | (2) | 95,813 | 1 |
| (LOSS) PROFIT BEFORE INCOME TAX | (92,558) | (1) | 295,568 | 3 |
| INCOME TAX (BENEFIT) EXPENSE (Note 23) | (112,547) | (1) | 29,844 | - |
| NET PROFIT FOR THE YEAR | 19,989 | - | 265,724 | 3 |

(Continued)

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OTHER COMPREHENSIVE LOSS | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Note 20) | $ 657 | - | $ 3,675 | - |
| Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income | (598,897) | (5) | 424,703 | 4 |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23) | (131) | - | (735) | - |
| Share of the other comprehensive loss of subsidiaries accounted for using equity method | (462,200) | (4) | (658,507) | (6) |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of the other comprehensive income (loss) of subsidiaries accounted for using equity method | 221,204 | 2 | (67,682) | (1) |
| Other comprehensive loss for the year, net of income tax | (839,367) | (7) | (298,546) | (3) |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | $ (819,378) | (7) | $ (32,822) | - |
| EARNINGS PER SHARE (Note 24) | | | | |
| Basic | $ 0.02 | | $ 0.30 | |
| Diluted | $ 0.02 | | $ 0.30 | |

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

## ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | | Capital Surplus | | | Retained Earnings | | | Other Equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary Shares | Paid-in Capital in Excess of Par Value | Treasury Shares | Other | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income | Treasury Shares | Total Equity |
| BALANCE AT JANUARY 1, 2023 | $ 8,857,031 | $ 470,767 | $ 379,705 | $ 235,458 | $ 1,615,037 | $ 1,911,129 | $ 214,458 | $ (477,924) | $ (1,090,401) | $ (124,373) | $ 11,990,887 |
| Legal reserve | - | - | - | - | 4,043 | - | (4,043) | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | - | (177,141) | - | - | - | (177,141) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | - | - | 265,724 | - | - | - | 265,724 |
| Other comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | - | 2,940 | (67,682) | (233,804) | - | (298,546) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | - | - | 268,664 | (67,682) | (233,804) | - | (32,822) |
| Change in capital surplus from dividends distributed to subsidiaries | - | - | 1,822 | - | - | - | - | - | - | - | 1,822 |
| BALANCE AT DECEMBER 31, 2023 | 8,857,031 | 470,767 | 381,527 | 235,458 | 1,619,080 | 1,911,129 | 301,938 | (545,606) | (1,324,205) | (124,373) | 11,782,746 |
| Legal reserve | - | - | - | - | 26,867 | - | (26,867) | - | - | - | - |
| Cash dividends distributed by the Corporation | - | - | - | - | - | - | (177,141) | - | - | - | (177,141) |
| Net profit for the year ended December 31, 2024 | - | - | - | - | - | - | 19,989 | - | - | - | 19,989 |
| Other comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | - | - | - | 526 | 221,204 | (1,061,097) | - | (839,367) |
| Total comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | - | - | - | 20,515 | 221,204 | (1,061,097) | - | (819,378) |
| Disposal of the Corporation's shares held by subsidiaries | - | - | 2,455 | - | - | - | - | - | - | 5,913 | 8,368 |
| Change in capital surplus from dividends distributed to subsidiaries | - | - | 1,735 | - | - | - | - | - | - | - | 1,735 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | - | - | 364,693 | - | (364,693) | - | - |
| BALANCE AT DECEMBER 31, 2024 | $ 8,857,031 | $ 470,767 | $ 385,717 | $ 235,458 | $ 1,645,947 | $ 1,911,129 | $ 483,138 | $ (324,402) | $ (2,749,995) | $ (118,460) | $ 10,796,330 |

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

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss) profit before income tax | $ (92,558) | $ 295,568 |
| Adjustments: | | |
| Depreciation expenses | 569,310 | 530,787 |
| Amortization expenses | 7,346 | 7,491 |
| Expected credit loss (reversed) recognized on trade receivables | (410) | 402 |
| Interest expense | 144,167 | 147,455 |
| Interest income | (2,922) | (8,978) |
| Dividend income | (44,466) | (67,886) |
| Share of loss of subsidiaries accounted for using equity method | 204,521 | 619,149 |
| Gain on disposal of property, plant and equipment | (159) | (5,553) |
| Gain on disposal of non-current assets held for sale | - | (743,178) |
| Write-downs of inventories | 28,880 | 27,023 |
| Net (gain) loss on foreign currency exchange | (9,080) | 372 |
| Changes in operating assets and liabilities | | |
| Notes receivable | 6,159 | (22,172) |
| Trade receivables | 65,890 | (44,814) |
| Other receivables | 349 | (362) |
| Inventories | 46,192 | (155,361) |
| Prepayments | 80,752 | (95,161) |
| Other current assets | (42,985) | 86,514 |
| Trade payables | (44,486) | 287,788 |
| Other payables | (12,771) | 21,745 |
| Other current liabilities | (34,356) | 52,732 |
| Net defined benefit liabilities | (2,283) | (6,819) |
| Other non-current liabilities | (32,924) | (16,788) |
| Cash generated from operations | 834,166 | 909,954 |
| Interest received | 2,895 | 8,892 |
| Interest paid | (141,349) | (152,256) |
| Income tax paid | (288) | (23,246) |
| Net cash generated from operating activities | 695,424 | 743,344 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 685,243 | - |
| Proceeds from the capital reduction of financial assets at fair value through other comprehensive income | - | 19,350 |
| Increase in financial assets at amortized cost | (37,945) | (419) |
| Acquisition of subsidiaries | - | (720,741) |
| Proceeds from disposal of non-current assets held for sale | - | 1,051,800 |
| Proceeds from disposal of property, plant and equipment | 159 | 5,553 |
| Acquisition of right-of-use assets | (512) | - |
| Decrease (increase) in other non-current assets | 18,584 | (24,201) |

(Continued)

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | 2023 |
|---|---|---|
| Increase in construction in progress | $ (817,656) | $ (632,567) |
| Dividends received | 44,466 | 67,886 |
| Net cash used in investing activities | (107,661) | (233,339) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings | 14,700,000 | 21,490,000 |
| Repayments of long-term borrowings | (15,200,000) | (21,789,258) |
| Decrease in guarantee deposits | (16,574) | (16,297) |
| Repayment of the principal portion of lease liabilities | (8,022) | (5,340) |
| Dividends paid to owners of the Corporation | (177,141) | (177,141) |
| Net cash used in financing activities | (701,737) | (498,036) |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | 9,080 | (372) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (104,894) | 11,597 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 356,473 | 344,876 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 251,579 | $ 356,473 |

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

# ORIENTAL UNION CHEMICAL CORPORATION

**NOTES TO FINANCIAL STATEMENTS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

## 1. GENERAL INFORMATION

Oriental Union Chemical Corporation (the "Corporation") was incorporated in December 1975. It manufactures and markets ethylene glycols, ethylene oxide, gas oxygen, gas nitrogen, liquid nitrogen, liquid argon, monoethanolamine, ethylene carbonate, polyethylene glycol, polyoxyethylene lauryl ether and methoxy polyethylene glycols. Its shares were listed on the Taiwan Stock Exchange ("TWSE") on October 21, 1987.

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

## 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors on March 3, 2025.

## 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)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the 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 2025

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 (Note 1) |
| Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets | January 1, 2026 (Note 2) |

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Corporation shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of above 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)** |
|---|---|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity" | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| IFRS 18 "Presentation and Disclosure in Financial Statements" | January 1, 2027 |
| IFRS 19 "Subsidiaries without Public Accountability: Disclosures" | 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.

As of the date the financial statements were authorized 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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, and net defined benefit liabilities measured at the present value of the defined benefit obligation less the fair value of 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 these parent Corporation only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent Corporation only financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent Corporation only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent Corporation 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 reporting period; 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 reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

At the end of each reporting period, 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 period.

Non-monetary items denominated in foreign currencies that are 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 period 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 cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Corporation and its foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, 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 and associates

1) Investments in subsidiaries

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

A subsidiary is an entity controlled by the Corporation.

Under the equity method, an investment in a subsidiary 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 Corporation's share of 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 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.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary, the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

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. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. 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 the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, 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 if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent Corporation's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent Corporation's financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

2) Investments in associates

An associate is an entity over which the Corporation has significant influence and which is not a subsidiary. The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate 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 associate. The Corporation also recognizes the changes in the Corporation's share of the 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 its 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 if the investee had 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 its interest in that associate, the Corporation discontinues recognizing its share of further losses. 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.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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 the investment's 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 accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associates directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation' financial statements only to the extent that interests in the associate are not related to the Corporation.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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 reporting period, with the effects 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.

h. Investment properties

Investment properties are properties held to earn rentals 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.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

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

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

l. 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 amortized cost and investments in equity instruments at FVTOCI. Fair value is determined in the manner described in Note 26.

i. Financial assets at amortized cost

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

i) The financial assets are 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables and other receivables, 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 assets, 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 assets that are not credit impaired on purchase or origination but have 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.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds 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.

ii. 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, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's 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 receivable and trade receivables).

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables. 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 a 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. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent 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.

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 shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is overdue 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 amounts through a loss allowance account.

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 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 through profit or loss.

2) 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 a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

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

Revenue from the sale of goods

When the goods delivered to the customer, they have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer. Revenue is recognized when the goods are delivered to the customer.

n. Leases

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

1) The Corporation as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the 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. 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 future lease payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an 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 period in which they are incurred.

p. 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 in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

q. 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 (assets)) is 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 it occurs. 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 represent the actual deficit in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain 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 are only recognized 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 they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period 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 liabilities and assets 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 end of the reporting period. 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 end of the reporting period, 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, estimates 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**

Impairment assessment of property, plant and equipment

Impairment of property, plant and equipment is evaluated based on the value in use of the assets. Any changes in the market prices, future cash flows or discount rates will affect the value in use of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses. Furthermore, the estimates of cash flows, growth rates and discount rates are subject to higher degree of estimation uncertainties due to the uncertain impact and caused by market changes.

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Cash on hand | $ 100 | $ 110 |
| Checking accounts and demand deposits | 251,479 | 356,363 |
| | $ 251,579 | $ 356,473 |

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Bank balance | 0.04%-0.80% | 0.04%-1.45% |

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

**Investments in Equity Instruments at FVTOCI**

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Non-current | | |
| Domestic investments | | |
| Listed shares | $ 410,669 | $ 1,041,877 |
| Unlisted shares | 2,631,349 | 3,284,281 |
| | $ 3,042,018 | $ 4,326,158 |

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Non-current | | |
| Pledged certificates of deposits | $ 102,887 | $ 64,942 |

The ranges of interest rates for the pledged certificates of deposits were 0.90%-1.70% and 0.90%-1.58% per annum as of December 31, 2024 and 2023, respectively. The Corporation assesses there has not been a significant expected credit losses and an increase in credit risk since the original recognize.

Refer to Note 28 for information relating to financial assets at amortized cost as security.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Notes receivable | | |
| Notes receivable | $ 72,053 | $ 78,212 |
| Less: Allowance for impairment loss | (432) | (469) |
| | $ 71,621 | $ 77,743 |
| Trade receivables | | |
| Trade receivables | $ 695,979 | $ 761,869 |
| Less: Allowance for impairment loss | (4,198) | (4,571) |
| | $ 691,781 | $ 757,298 |

The Corporation applies for expected credit losses, which permits the use of lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted GDP and industry outlook at the reporting date.

The following table details the loss allowance of notes receivable and trade receivables:

December 31, 2024

| | 0 to 60 Days | 61 to 90 Days | 91 to 120 Days | Over 121 Days | Total |
|---|---|---|---|---|---|
| Carrying amount | $ 753,816 | $ 12,124 | $ 2,092 | $ - | $ 768,032 |
| Loss allowance (Lifetime ECLs) | (432) | (2,106) | (2,092) | - | (4,630) |
| Amortized cost | $ 753,384 | $ 10,018 | $ - | $ - | $ 763,402 |

December 31, 2023

| | 0 to 60 Days | 61 to 90 Days | 91 to 120 Days | Over 121 Days | Total |
|---|---|---|---|---|---|
| Carrying amount | $ 808,049 | $ 19,698 | $ 12,278 | $ 56 | $ 840,081 |
| Loss allowance (Lifetime ECLs) | (469) | - | (4,515) | (56) | (5,040) |
| Amortized cost | $ 807,580 | $ 19,698 | $ 7,763 | $ - | $ 835,041 |

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance at January 1 | $ 5,040 | $ 4,638 |
| Net remeasurement of loss allowance | (410) | 402 |
| Balance at December 31 | $ 4,630 | $ 5,040 |

## 10. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Finished goods | $ 598,393 | $ 658,733 |
| Work in progress | 25,319 | 43,368 |
| Raw materials | 85,710 | 82,393 |
| | $ 709,422 | $ 784,494 |

The nature of the cost of goods sold is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Cost of inventories sold | $ 10,368,675 | $ 9,318,088 |
| Inventory write-downs | 28,880 | 27,023 |
| | $ 10,397,555 | $ 9,345,111 |

## 11. NON-CURRENT ASSETS HELD FOR SALE

In order to revitalize assets and realize value-added benefits, on March 7, 2023, the Company's board of directors resolved to dispose of the land located in No. 1099-6 and No. 1099-7, Zhonglinzi Section, Xiaogang District, Kaohsiung to Fu-Ming Transport Corporation at the amount of $1,052,000 thousand. The transfer was completed on March 22, 2023, and the gain on the disposal was $743,178 thousand.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in subsidiaries

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Pacific Petrochemical (Holding) Ltd. (PPL) | $ 3,358,987 | $ 3,682,430 |
| Tong Fu Investment Co., Ltd. (TFIC) | 1,290,880 | 1,394,938 |
| OUCC (Bermuda) Holding Ltd. (OUCC (Bermuda)) | 612,145 | 620,058 |
| | $ 5,262,012 | $ 5,697,426 |

Proportion of ownership and voting rights held by the Corporation were as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| PPL | 100% | 100% |
| TFIC | 100% | 100% |
| OUCC (Bermuda) | 100% | 100% |

Investments of subsidiaries were accounted for using the equity method; the share of profit or loss and other comprehensive income of those investments were calculated based on subsidiaries' financial statements which have been audited.

The Company's subsidiary, FUPY, plans to increase capital in cash by US$60,000 thousand in response to capital expenditures such as future capacity expansion plans, environmental protection and carbon reduction projects, and also enrich the working capital, which was approved by the Company's board of directors on March 7, 2023. In June 2023, the Corporation increased the capital of PPL through a subsidiary in the third region, by US$23,480 thousand, after which PPL increased the capital of FUPY by US$33,480 thousand.

Refer to Note 28 for information relating to investment of TFIC pledged as loans security.

Refer to Tables 7 and 8 for information relating to the detailed information of subsidiaries, including percentage of ownership and main businesses.

## 13. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

| | Land | Land Improvements | Buildings | Machinery and Equipment | Other Equipment | Construction in Progress and Equipment to Be Inspected | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance at January 1, 2023 | $ 1,591,461 | $ 413,350 | $ 613,578 | $ 15,048,455 | $ 704,839 | $ 2,232,242 | $ 20,603,925 |
| Additions | - | - | - | - | - | 664,894 | 664,894 |
| Disposals | - | - | - | (94,272) | (15,405) | - | (109,677) |
| Reclassification | - | - | 4,098 | 83,998 | 1,406 | (91,322) | (1,820) |
| Balance at December 31, 2023 | $ 1,591,461 | $ 413,350 | $ 617,676 | $ 15,038,181 | $ 690,840 | $ 2,805,814 | $ 21,157,322 |
| Accumulated depreciation | | | | | | | |
| Balance at January 1, 2023 | $ - | $ 326,992 | $ 460,395 | $ 12,024,397 | $ 611,181 | $ - | $ 13,422,965 |
| Disposals | - | - | - | (94,272) | (15,405) | - | (109,677) |
| Depreciation expenses | - | 5,211 | 18,390 | 476,723 | 24,798 | - | 525,122 |
| Balance at December 31, 2023 | $ - | $ 332,203 | $ 478,785 | $ 12,406,848 | $ 620,574 | $ - | $ 13,838,410 |
| Carrying amounts at December 31, 2023 | $ 1,591,461 | $ 81,147 | $ 138,891 | $ 2,631,333 | $ 70,266 | $ 2,805,814 | $ 7,318,912 |
| Cost | | | | | | | |
| Balance at January 1, 2024 | $ 1,591,461 | $ 413,350 | $ 617,676 | $ 15,038,181 | $ 690,840 | $ 2,805,814 | $ 21,157,322 |
| Additions | - | - | - | - | - | 806,586 | 806,586 |
| Disposals | - | - | - | (14,204) | (2,064) | - | (16,268) |
| Reclassification | - | 13,684 | 193,171 | 783,341 | 40,731 | (1,030,927) | - |
| Balance at December 31, 2024 | $ 1,591,461 | $ 427,034 | $ 810,847 | $ 15,807,318 | $ 729,507 | $ 2,581,473 | $ 21,947,640 |
| Accumulated depreciation | | | | | | | |
| Balance at January 1, 2024 | $ - | $ 332,203 | $ 478,785 | $ 12,406,848 | $ 620,574 | $ - | $ 13,838,410 |
| Disposals | - | - | - | (14,204) | (2,064) | - | (16,268) |
| Depreciation expenses | - | 5,896 | 21,682 | 510,733 | 22,643 | - | 560,954 |
| Balance at December 31, 2024 | $ - | $ 338,099 | $ 500,467 | $ 12,903,377 | $ 641,153 | $ - | $ 14,383,096 |
| Carrying amounts at December 31, 2024 | $ 1,591,461 | $ 88,935 | $ 310,380 | $ 2,903,941 | $ 88,354 | $ 2,581,473 | $ 7,564,544 |

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

| | |
|---|---|
| Land improvements | 15-25 years |
| Buildings | 7-60 years |
| Machinery and equipment | 2-20 years |
| Other equipment | 3-20 years |

## 14. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amounts | | |
| Land | $ 922 | $ 1,151 |
| Buildings | 256 | - |
| Transportation equipment | 24,384 | 20,199 |
| | $ 25,562 | $ 21,350 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Additions to right-of-use assets | $ 12,568 | $ 12,969 |
| Depreciation charge for right-of-use assets | | |
| Land | $ 229 | $ 164 |
| Buildings | 256 | 165 |
| Transportation equipment | 7,871 | 5,336 |
| | $ 8,356 | $ 5,665 |

Except for depreciation and addition, the Corporation had no significant disposal and impairment of right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amounts | | |
| Current | $ 9,668 | $ 6,629 |
| Non-current | $ 15,993 | $ 14,998 |

Ranges of discount rates for lease liabilities were 0.82%-2.13% and 0.82%-1.92% per annum as of December 31, 2024 and 2023, respectively.

c. Other lease information

The Corporation leases certain assets which qualify as short-term or low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The Corporation as lessor

Operating leases relate to leasing the investment properties owned by the Corporation with lease terms of 2 years. According to the agreement, the lease can be terminated by either party by giving 2 months formal notice in writing to the other party.

## 15. INVESTMENT PROPERTIES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Cost | | |
| Balance at January 1 and December 31 | $ 1,713,377 | $ 1,713,377 |
| Accumulated depreciation and impairment | | |
| Balance at January 1 and December 31 | $ 30,635 | $ 30,635 |

The investment properties of land improvements held by the Corporation which are depreciated over their estimated useful lives of 16 years using the straight-line method.

The fair values of investment properties were $3,332,039 thousand and $3,279,381 thousand as of December 31, 2024 and 2023, respectively. The fair values were arrived at on the basis of a valuation carried out by independent qualified professional valuer, Mr. Chia-ho Tsai from Debenham Tie Leung Real Estate Appraiser Office.

The information of investment properties pledged, please refer to Note 28.

## 16. OTHER ASSETS

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Other assets | | |
| Silver and catalysts | $ 941,240 | $ 957,245 |
| Materials | 267,199 | 257,814 |
| Input tax | 26,197 | 27,728 |
| Others | 85,031 | 56,521 |
| | $ 1,319,667 | $ 1,299,308 |
| Current | $ 141,746 | $ 98,761 |
| Non-current | 1,177,921 | 1,200,547 |
| | $ 1,319,667 | $ 1,299,308 |

Other assets include silver and catalysts used in the production, parts and components for the maintenance of equipment and input tax.

## 17. BORROWINGS

Long-term borrowings

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Secured borrowings (Note 28) | | |
| Bank loans | $ 2,200,000 | $ 2,200,000 |
| Unsecured borrowings | | |
| Bank loans | 6,000,000 | 6,500,000 |
| Long-term borrowing | $ 8,200,000 | $ 8,700,000 |
| Interest rate | 1.86%-2.10% | 1.84%-1.91% |
| Maturity date | December 2026 | December 2026 |

## 18. OTHER PAYABLES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Payables for purchase of equipment | $ 98,474 | $ 109,544 |
| Freight payables | 48,684 | 37,470 |
| Payables for export sales expenses | 27,419 | 17,948 |
| Payables for salaries | 26,822 | 38,033 |
| Payables for annual leave | 19,312 | 19,584 |
| Pension payables | 13,582 | 13,404 |
| Interest payables | 9,364 | 6,545 |
| Payables for dividends | 7,720 | 5,174 |
| Payables for royalties | 6,632 | 4,108 |
| Payables for taxes | 6,134 | 6,186 |
| Payables for employees' compensation and remuneration of directors | 931 | 9,625 |
| Others | 64,763 | 83,239 |
| | $ 329,837 | $ 350,860 |

## 19. OTHER LIABILITIES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Contract liabilities | $ 105,731 | $ 144,890 |
| Provisions for repairs and maintenance | 20,326 | 53,250 |
| Others | 35,502 | 30,699 |
| | $ 161,559 | $ 228,839 |

(Continued)

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Current | $ 141,233 | $ 175,589 |
| Non-current | 20,326 | 53,250 |
| | $ 161,559 | $ 228,839 |

(Concluded)

Contract liabilities were receipts in advance.

## 20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law 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 6 months before retirement. The Corporation contribute amounts equal to 10% 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 balance sheets in respect of the Corporation's defined benefit plans were as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Present value of defined benefit obligation | $ 324,640 | $ 331,576 |
| Fair value of plan assets | (169,490) | (173,486) |
| Net defined benefit liabilities | $ 155,150 | $ 158,090 |

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, 2023 | $ 331,137 | $ (162,553) | $ 168,584 |
| Service cost | | | |
| Current service cost | 7,957 | - | 7,957 |
| Net interest expense (income) | 4,553 | (2,306) | 2,247 |
| Recognized in profit or loss | 12,510 | (2,306) | 10,204 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (1,122) | (1,122) |
| Actuarial loss - changes in financial assumptions | 3,860 | - | 3,860 |
| Actuarial gain - experience adjustments | (6,413) | - | (6,413) |
| Recognized in other comprehensive income (loss) | (2,553) | (1,122) | (3,675) |
| Contributions from the employer | - | (17,023) | (17,023) |
| Benefits paid | (9,518) | 9,518 | - |
| Balance at December 31, 2023 | $ 331,576 | $ (173,486) | $ 158,090 |
| Balance at January 1, 2024 | $ 331,576 | $ (173,486) | $ 158,090 |
| Service cost | | | |
| Current service cost | 7,807 | - | 7,807 |
| Net interest expense (income) | 4,144 | (2,235) | 1,909 |
| Recognized in profit or loss | 11,951 | (2,235) | 9,716 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (15,042) | (15,042) |
| Actuarial gain - changes in financial assumptions | (7,192) | - | (7,192) |
| Actuarial loss - experience adjustments | 21,577 | - | 21,577 |
| Recognized in other comprehensive income (loss) | 14,385 | (15,042) | (657) |
| Contributions from the employer | - | (11,999) | (11,999) |
| Benefits paid | (33,272) | 33,272 | - |
| Balance at December 31, 2024 | $ 324,640 | $ (169,490) | $ 155,150 |

Through the defined benefit plans under the Labor Standards Law, 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 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 | |
|---|---|---|
| | **2024** | **2023** |
| Discount rate(s) | 1.50% | 1.25% |
| Expected rate(s) of long-term salary increase | 2.75% | 2.75% |

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

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Discount rate(s) | | |
| 0.25% increase | $ (6,967) | $ (7,656) |
| 0.25% decrease | $ 7,192 | $ 7,916 |
| Expected rate(s) of long-term salary increase | | |
| 0.25% increase | $ 6,970 | $ 7,657 |
| 0.25% decrease | $ (6,787) | $ (7,444) |

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

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| The expected contributions to the plan for the next year | $ 10,163 | $ 10,640 |
| The average duration of the defined benefit obligation | 9.2 years | 9.9 years |

## 21. EQUITY

a. Ordinary shares

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Number of shares authorized (in thousands) | 1,000,000 | 1,000,000 |
| Shares authorized | $ 10,000,000 | $ 10,000,000 |
| Number of shares issued and fully paid (in thousands) | 885,703 | 885,703 |
| Shares issued | $ 8,857,031 | $ 8,857,031 |

A total of 10,000 thousand shares of the Corporation's share were authorized to be reserved for the issuance of employee share options.

b. Capital surplus

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| May be used to offset a deficit, distributed as cash dividends, or transferred to capital share (Note) | | |
| Issuance of ordinary share | $ 470,767 | $ 470,767 |
| Changes in percentage of ownership interests in subsidiaries | 16,367 | 16,367 |
| Treasury share transactions | 385,717 | 381,527 |
| Only be used to offset a deficit | | |
| Dividends unclaimed by shareholders | 35,794 | 35,794 |
| Changes in capital surplus from investments in associates accounted for using the equity method | 183,297 | 183,297 |
| | $ 1,091,942 | $ 1,087,752 |

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 capital share (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("Articles"), apart from paying all its income taxes in the case where there are profits at the end of the year, the Corporation shall make up for accumulated deficits in past years. Where there is still balance, 10% of the unappropriated earnings from the yearly net income coupled with other items that recognized in retained earning directly thereof shall be set aside by the Corporation as legal reserve. Subject to certain business conditions under which the Corporation may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders' dividend. When there is a share capital increase, the distributed dividends of the year for the new shares shall be dealt with according to the resolution of the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 22 (d) "Employee benefits expense".

In accordance with the Articles, the dividend distribution takes into consideration the characteristics of industry that the Corporation operates in and the forthcoming capital requirement and tax policy that is influenced by the Corporation's products or services, and it should be settled for the purpose of maintaining stable dividends. For the purposes of improving the financial structure effectively, coping with reinvestment, expanding capacity or other significant capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to offset previous loss, if any, and to appropriate legal reserve and special reserve as required by law; the amount of cash dividends shall not be less than 10% of the total dividends and bonuses to be distributed to shareholders in the fiscal year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. 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 2023 and 2022 that were resolved by the shareholder's in their meeting on June 12, 2024 and June 6, 2023, respectively, were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Legal reserve | $ 26,867 | $ 4,043 |
| Cash dividends | 177,141 | 177,141 |
| Cash dividends per share (NT$) | 0.20 | 0.20 |

The appropriation of earnings for 2024 was proposed by the Corporation's board of directors on March 3, 2025. The appropriation and dividends per share were as follows:

| | For the Year Ended December 31, 2024 |
|---|---|
| Legal reserve | $ 38,521 |
| Special reserve | 444,617 |

The appropriation of earnings for 2024 will be resolved by the shareholders' in their meeting on May 19, 2025.

d. Special reserves

On the initial application of IFRS Accounting Standards, the Corporation appropriated to special reserve, the amounts that were the same as the unrealized revaluation increment, the fair value of investment properties at the date of transition as the deemed cost and the cumulative translation differences transferred to retained earnings, which were $985,545 thousand, $787,176 thousand and $138,408 thousand, respectively. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Treasury shares

The Corporation's shares held by its subsidiaries at the end of the reporting periods were as follows:

| Name of Subsidiary | Number of Shares Held (In Thousands of Shares) | Carrying Amount | Market Price |
|---|---|---|---|
| December 31, 2024 | | | |
| TFIC | 8,676 | $ 118,460 | $ 124,060 |
| December 31, 2023 | | | |
| TFIC | 9,109 | $ 124,373 | $ 183,537 |

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury share, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 22. NET PROFIT

a. Other income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Government grants | $ 47,469 | $ 7,751 |
| Settlement of insurance claims | 15 | 3,606 |
| Other | 10,954 | 16,330 |
| | $ 58,438 | $ 27,687 |

b. Interest expense

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Interest on bank loans | $ 143,751 | $ 147,211 |
| Interest on lease liabilities | 379 | 213 |
| Other interest expense | 37 | 31 |
| | $ 144,167 | $ 147,455 |

Information about capitalized interest was as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Capitalized interest | $ 16,310 | $ 11,411 |
| Capitalization rate | 1.73%-2.14% | 1.22%-2.17% |

c. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Property, plant and equipment | $ 560,954 | $ 525,122 |
| Right-of-use assets | 8,356 | 5,665 |
| Intangible assets and other assets | 7,346 | 7,491 |
| | $ 576,656 | $ 538,278 |
| An analysis of depreciation by function | | |
| Operating costs | $ 522,917 | $ 482,215 |
| Operating expenses | 46,393 | 48,572 |
| | $ 569,310 | $ 530,787 |
| An analysis of amortization by function | | |
| Operating costs | $ 5,531 | $ 5,668 |
| Operating expenses | 1,815 | 1,823 |
| | $ 7,346 | $ 7,491 |

d. Employee benefits expense

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Salary expense | $ 386,528 | $ 390,071 |
| Insurance expense | 37,861 | 34,637 |
| Post-employment benefits (Note 20) | | |
| Defined contribution plans | 14,040 | 12,182 |
| Defined benefit plans | 9,716 | 10,204 |
| Other employee benefits | 66,453 | 58,190 |
| Total employee benefits expense | $ 514,598 | $ 505,284 |
| An analysis of employee benefits expense by function | | |
| Operating costs | $ 298,968 | $ 269,818 |
| Operating expenses | 215,630 | 235,466 |
| | $ 514,598 | $ 505,284 |

In compliance with the Articles, the Corporation accrued employees' compensation and remuneration of directors at the rates from 1% to 2% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, if the Corporation has accumulated any deficit, the profit should be set aside for offsetting the losses. The compensation of employees and the remuneration of directors for the year ended 2023, which was approved by the Company's board of directors on March 1, 2024, is as follows:

Accrual rate

| | For the Year Ended December 31, 2023 |
|---|---|
| Compensation of employees | 2.00% |
| Remuneration of directors | 1.00% |

Amount

| | For the Year Ended December 31, 2023 |
|---|---|
| Compensation of employees | $ 6,094 |
| Remuneration of directors | $ 3,047 |

Due to the net loss before income tax for the year ended December 31, 2024, the Corporation did not accrue compensation of employees and remuneration of directors.

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

Information on the 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 TWSE.

## 23. INCOME TAXES

a. Major components of income tax (benefit) expense recognized in profit or loss are as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Current tax | | |
| In respect of the current year | $ 10,522 | $ - |
| Land revaluation increment tax | - | 22,459 |
| Deferred tax | | |
| In respect of the current year | (123,069) | 7,385 |
| Income tax (benefit) expense recognized in profit or loss | $ (112,547) | $ 29,844 |

A reconciliation of accounting profit and income tax expense is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| (Loss) profit before tax | $ (92,558) | $ 295,568 |
| Income tax (benefit) expense calculated at the statutory rate | $ (18,512) | $ 59,114 |
| Nondeductible expenses in determining taxable income | 160 | 4 |
| Tax-exempt income | (15,883) | (164,183) |
| Unrecognized deductible temporary differences | (88,834) | 112,450 |
| Land revaluation increment tax | - | 22,459 |
| Additional income tax under the Alternative Minimum Tax Act | 10,522 | - |
| Income tax (benefit) expense recognized in profit or loss | $ (112,547) | $ 29,844 |

As the status of the 2024 appropriation of earnings will be resolved by shareholders in their meeting is uncertain, the potential income tax consequence of the 2023 unappropriated earnings is not reliably determinable.

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Deferred tax | | |
| In respect of the current year | | |
| Remeasurement on defined benefit plans | $ (131) | $ (735) |

c. Current tax liabilities

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Income tax payable | $ 10,237 | $ - |

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2024

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Recognition of loss on foreign investments using equity method | $ 208,190 | $ 87,248 | $ - | $ 295,438 |
| Defined benefit obligation | 31,618 | (457) | (131) | 31,030 |
| | $ 239,808 | $ 86,791 | $ (131) | $ 326,468 |
| Deferred tax liabilities | | | | |
| Land revaluation increment tax | $ 341,231 | $ - | $ - | $ 341,231 |
| Property, plant and equipment | 336,557 | (36,278) | - | 300,279 |
| Investment properties | 12,309 | - | - | 12,309 |
| Others | 7,949 | - | - | 7,949 |
| | $ 698,046 | $ (36,278) | $ - | $ 661,768 |

For the year ended December 31, 2023

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Recognition of loss on foreign investments using equity method | $ 224,412 | $ (16,222) | $ - | $ 208,190 |
| Defined benefit obligation | 33,717 | (1,364) | (735) | 31,618 |
| | $ 258,129 | $ (17,586) | $ (735) | $ 239,808 |

(Continued)

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred tax liabilities | | | | |
| Land revaluation increment tax | $ 341,231 | $ - | $ - | $ 341,231 |
| Property, plant and equipment | 344,253 | (7,696) | - | 336,557 |
| Investment properties | 14,814 | (2,505) | - | 12,309 |
| Others | 7,949 | - | - | 7,949 |
| | $ 708,247 | $ (10,201) | $ - | $ 698,046 |

(Concluded)

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

**Net Profit for the Year**

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Net profit used in the computation of basic/diluted earnings per share | $ 19,989 | $ 265,724 |

Weighted average number of ordinary shares outstanding (in thousand shares):

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Weighted average number of ordinary shares | 885,703 | 885,703 |
| Less: Reclassification of the Corporation's shares held by subsidiaries | (8,688) | (9,109) |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 877,015 | 876,594 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation or bonuses issued to employees | 49 | 293 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 877,064 | 876,887 |

If the Corporation offered to settle compensation or bonuses paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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.

## 25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Corporation consists of bank loans and equity of the Corporation.

Financial management department of the Corporation reviews the capital structure on a monthly basis. As part of this review, the financial management department considers whether there were exceptions between the current ratio, the debt ratio and the target ratio set by the financial management department.

## 26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the financial statements approximate their fair values or the fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed shares | $ 410,669 | $ - | $ - | $ 410,669 |
| Domestic unlisted shares | - | - | 2,631,349 | 2,631,349 |
| | $ 410,669 | $ - | $ 2,631,349 | $ 3,042,018 |

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed shares | $ 1,041,877 | $ - | $ - | $ 1,041,877 |
| Domestic unlisted shares | - | - | 3,284,281 | 3,284,281 |
| | $ 1,041,877 | $ - | $ 3,284,281 | $ 4,326,158 |

There were no transfers between Levels 1 and 2 in 2024 and 2023.

2) Reconciliation of Financial Instruments Measured at Level 3 Fair Value

Financial assets at fair value through other comprehensive income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Balance at January 1 | $ 3,284,281 | $ 2,930,268 |
| Recognized in other comprehensive income | (652,932) | 373,363 |
| Reduction in capital | - | (19,350) |
| Balance at December 31 | $ 2,631,349 | $ 3,284,281 |

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

a) The fair value of financial instruments traded in active markets is based on quoted market prices.

b) Valuation techniques and inputs applied for Level 3 fair value measurement: The significant and unobservable input parameter for unlisted investments use market-based approach mainly relates to liquidity discount rate. Market-based approach adopts the equity basis multiplier (P/B) of comparable listed companies, the fair price of the Company's share is calculated after considering the liquidity discount parameter.

c. Categories of financial instruments

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Financial assets | | |
| Financial assets at amortized cost (Note 1) | $ 1,119,391 | $ 1,258,298 |
| Financial assets at FVTOCI | | |
| Equity instruments | 3,042,018 | 4,326,158 |
| Financial liabilities | | |
| Amortized cost (Note 2) | 9,283,649 | 9,865,732 |

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties) and debt investments.

Note 2: The balances include financial liabilities at amortized cost, which comprise trade payables (including related parties), other payables (including related parties), long-term loans, and guarantee deposits.

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Corporation's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Corporation through internal risk evaluation. 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.

a) Foreign currency risk

The Corporation had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. To protect against reductions foreign assets in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Corporation managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Corporation’s foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

<u>Sensitivity analysis</u>

The Corporation was mainly exposed to the USD and RMB.

The following details the Group’s sensitivity to a 5% increase and decrease in the New Taiwan dollar against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management’s assessment of the reasonably possible change in foreign exchange rates is 5%. For a 5% strengthening of the New Taiwan dollar against the relevant currency, the net profit would decrease by $3,736 thousand and $9,306 thousand for the years ended December 31, 2024 and 2023, respectively. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax loss, and the balances below would be negative.

b) Interest rate risk

The Corporation was exposed to interest rate risk because of borrowing funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Corporation’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | **December 31** | |
|---|---|---|
| | **2024** | **2023** |
| Fair value interest rate risk | | |
| Financial assets | $ 102,887 | $ 64,942 |
| Financial liabilities | 4,175,661 | 3,121,627 |
| Cash flow interest rate risk | | |
| Financial assets | 85,871 | 217,851 |
| Financial liabilities | 4,050,000 | 5,600,000 |

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the Corporation's exposure to interest rates at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by $19,821 thousand and $26,911 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rates on its cash flow by variable-rate bank loans.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities.

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, post-tax other comprehensive income (loss) for the years ended December 31, 2024 and 2023 would have decreased/increased by $20,533 thousand and $52,094 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 counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Corporation.

The Corporation adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation only transacts with entities that are rated good. The Corporation uses other publicly available financial information and its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit organization.

Trade receivables consisted of a large number of unrelated customers. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk represents the potential impact to financial asset that the Corporation might encounter if counterparties or third parties breach the contracts. The Corporation evaluated credit risk exposure for contracts with positive carrying value. The Corporation evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with credit ratings.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Corporation had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had 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.

December 31, 2024

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | More than 5 Years |
|---|---|---|---|---|---|
| Non-interest bearing liabilities | $ - | $ 737,563 | $ - | $ - | $ - |
| Lease liabilities | 985 | 1,645 | 7,404 | 16,183 | 173 |
| Variable interest rate liabilities | - | - | - | 4,164,789 | - |
| Fixed interest rate liabilities | - | - | - | 4,155,952 | - |
| | $ 985 | $ 739,208 | $ 7,404 | $ 8,336,924 | $ 173 |

December 31, 2023

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | More than 5 Years |
|---|---|---|---|---|---|
| Non-interest bearing liabilities | $ - | $ 782,049 | $ - | $ - | $ - |
| Lease liabilities | 797 | 1,110 | 4,996 | 15,022 | 335 |
| Variable interest rate liabilities | - | - | - | 5,742,509 | - |
| Fixed interest rate liabilities | - | - | - | 3,106,630 | - |
| | $ 797 | $ 783,159 | $ 4,996 | $ 8,864,161 | $ 335 |

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Unsecured bank borrowing limit | | |
| Amount used | $ 9,475,000 | $ 9,255,000 |
| Amount unused | 4,785,000 | 5,845,000 |
| | $ 14,260,000 | $ 15,100,000 |
| Secured bank borrowing limit | | |
| Amount used | $ 2,200,000 | $ 2,200,000 |
| Amount unused | - | - |
| | $ 2,200,000 | $ 2,200,000 |

## 27. TRANSACTIONS WITH RELATED PARTIES

The prices and payment terms of these transactions were similar to those for third parties. Details of transactions between the Corporation and other related parties are disclosed below.

a.

| Related Party Name | Related Party Category |
|---|---|
| Far Eastern New Century Corp. | Investors with significant influence over the Corporation |
| Ton Fu Investment Corp. (TFIC) | Subsidiaries |
| Far Eastern Union Petrochemical (Yangzhou) Ltd. (FUPY) | Subsidiaries |
| Asia Cement Corp. | Others |
| Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC) | Others |
| Air Liquide Far Eastern Ltd. | Others |
| Oriental Green Materials Ltd. | Others |
| Ya Tung Ready Mixed Concrete Co., Ltd. | Others |
| Everest Textile Co., Ltd. | Others |
| Far Eastern Polytex (Vietnam) Ltd. | Others |
| Asia Cement (Singapore) Pte. Ltd. | Others |
| Fu-Ming Transport Corp. | Others |
| Fu-Da Transport Corp. | Others |
| Far Eastern International Bank (FEIB) | Others |

b. Sale of goods

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Investors with significant influence over the Corporation | $ 1,000,491 | $ 719,468 |
| Others | 58,555 | 73,777 |
| | $ 1,059,046 | $ 793,245 |

c. Purchase of goods

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Subsidiaries | $ 1,287 | $ 118 |
| Others | 1,500 | 466 |
| | $ 2,787 | $ 584 |

d. Operating expenses

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Others | | |
| Fu-Ming Transport Corp. | $ 165,335 | $ 163,765 |
| Others | 10,709 | 8,768 |
| | $ 176,044 | $ 172,533 |

e. Other income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Subsidiaries | $ 1,037 | $ 2,582 |

f. Rental income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Others | | |
| Fu-Da Transport Corp. | $ - | $ 4,039 |

g. Cash and cash equivalents

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Others | | |
| FEIB | $ 11,619 | $ 66,512 |

h. Receivables from related parties

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Investors with significant influence over the Corporation | | |
| Far Eastern New Century Corp. | $ 166,174 | $ 46,253 |
| Others | 8,231 | 6,939 |
| | $ 174,405 | $ 53,192 |

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

i. Financial assets at amortized cost - non-current

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Others | | |
| FEIB | $ 102,887 | $ 64,942 |

j. Accounting payables

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Subsidiaries | $ - | $ 78 |

k. Other payables

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Others | $ 37,032 | $ 27,590 |

l. Disposal of non-current assets held for sale

The Company disposed of non-current assets held for sale to Fu-Ming Transport Corp. on March 2023. Refer to Note 11 for detailed information.

m. Remuneration of key management personnel

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Short-term employee benefits | $ 29,038 | $ 35,876 |
| Post-employment benefits | 216 | 324 |
| | $ 29,254 | $ 36,200 |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged by bank, as collateral for borrowings and guarantees for suppliers and customers:

| | December 31 2024 | December 31 2023 |
|---|---|---|
| Pledged deposits (financial assets at amortized cost - non-current) | $ 102,887 | $ 64,942 |
| Investment properties | 1,682,742 | 1,682,742 |
| | $ 1,785,629 | $ 1,747,684 |

As of December 31, 2024, the Corporation pledged 28,599 thousand shares of the subsidiary TFIC as security.

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation as of December 31, 2024 were as follows:

a. As of December 31, 2024, unused letters of credit for purchases of raw materials amounted to $1,540,895 thousand, purchase guarantees from banking institution and performance guarantees for grants from Taipei Computer Association amounted to $566,863 thousand, and leased silver for catalysts from financial institution amounted to $1,367,246 thousand, respectively.

b. Endorsements/guarantees provided to subsidiaries and associates

The Corporation

| | |
|---|---|
| TFIC | $ 1,300,000 |

c. The Corporation has a long-term ethylene purchase agreement with Chinese Petroleum Corporation, Taiwan under which the Corporation is committed to purchase ethylene until December 31, 2024. The purchase price under the agreement is in U.S. dollars.

d. The Corporation has a three-year agreement beginning from 2004, to sell ethylene glycols to major customers, namely, Far Eastern New Century Corporation, Tainan Spinning Co., Ltd., and Shinkong Synthetic Fibers Corporation. The agreement is automatically renewed for successive periods of three years unless otherwise terminated by either party with prior notice. The determined price under the agreement is in U.S. dollars.

e. In 2021, the Corporation signed a two-year ethylene carbonate designated production/sales agreement with Chi Mei Corporation ("CMC"). Also, the Corporation agreed to purchase from CMC any qualified ethylene glycol by-products which are produced during the manufacturing process. And the purchase price is determined by agreed upon bases. Both sides agreed that the Corporation could sell part of the output to a specific-purpose market. The agreement is automatically renewed for another two years, as specified in the contract until December 31, 2024.

f. The Corporation's board of directors resolved to construct ethylene storage tanks at the Kaohsiung Intercontinental Container Terminal in 2019. The total contract amount was $765,893 thousand. Subsequently, due to a change in the allocation method for public utility equipment, the total project cost was revised to $725,188 thousand on November 15, 2024. As of December 31, 2024, the Corporation had paid $651,879 thousand, which accounted for as construction in progress and equipment to be inspected.

## 30 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2024

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 2,476 | 32.79 (USD:NTD) | $ 81,176 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| RMB | 870,706 | 4.56 (RMB:NTD) | $ 3,971,132 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 163 | 32.79 (USD:NTD) | $ 5,344 |
| RMB | 242 | 4.56 (RMB:NTD) | 1,104 |
| | | | $ 6,448 |

December 31, 2023

| | Foreign Currencies | Exchange Rate | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 8,010 | 30.71 (USD:NTD) | $ 245,947 |
| Non-monetary items | | | |
| Investments accounted for using the equity method | | | |
| RMB | 992,452 | 4.34 (RMB:NTD) | $ 4,302,488 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 1,942 | 30.71 (USD:NTD) | $ 59,629 |
| RMB | 47 | 4.34 (RMB:NTD) | 204 |
| | | | $ 59,833 |

## 31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held. (Table 3)

4) Marketable securities acquired or disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)

9) Trading in derivative instruments. (None)

b. Information on investees. (Table 7)

c. Information on investments in mainland China

1) Information on any investee Corporation 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 of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (None)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholders. (Table 9)

## 32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Corporation's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Ethylene glycols business
- Special chemicals business
- Gas business
- Investment and others

The revenue and operation results and departmental assets have been disclosed in the consolidated financial statements by the reportable segments, please refer to the consolidated financial statements for details.

# ORIENTAL UNION CHEMICAL CORPORATION

**FINANCINGS PROVIDED TO OTHERS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Amount Limits | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | | |
| 1 | FUPY | HXYZ | Other receivables - related parties loans | Yes | $ 566,454 | $ 566,454 | $ 566,454 | 1.3% | Necessary for short-term financing | $ - | Operating capital | $ - | Promissory notes | $ - | 40% of net worth of FUPY $2,314,556 | 40% of net worth of FUPY $2,314,556 | - |

Note: It was calculated based on 40% of audited net worth of the lender on December 31, 2024.

# ORIENTAL UNION CHEMICAL CORPORATION

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| No. | Endorser/ Guarantor | Endorsee/Guaranteed | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship (Note) | | | | | | | | | | | |
| 0 | The Corporation | TFIC | 2 | 50% of net worth of the Corporation $5,398,165 | $ 1,600,000 | $ 1,300,000 | $ 90,000 | $ - | 12.04 | 100% of net worth of the Corporation $10,796,330 | Y | N | N | |

Note: The relationships between the endorser/guarantor and the endorsee/guaranteed are listed below:

2. Represents the entity whose voting shares are exceed fifty percent (50%) owned directly or indirectly by the Corporation.

# ORIENTAL UNION CHEMICAL CORPORATION

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2024 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Corporation | Far Eastern Department Stores Ltd. | Same chairman | Financial assets at FVTOCI - non-current | 5,500,000 | $ 123,750 | - | $ 123,750 | Note 1 |
| | Asia Cement Corp. | Same chairman | Same as above | 4,243,315 | 171,430 | - | 171,430 | Note 1 |
| | Everest Textile Co., Ltd. | The chairman of Everest Textile Co., Ltd. is a director of the Corporation | Same as above | 16,040,145 | 115,489 | 2 | 115,489 | Note 1 |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | The Corporation is one of its director | Same as above | 350,286,055 | 2,210,305 | 13 | 2,210,305 | Note 2 |
| | Grand Cathay Venture Capital Co., Ltd. | The Corporation is one of its director | Same as above | 26,666,667 | 392,267 | 17 | 392,267 | Note 2 |
| | Eminent Venture Capital Corp. | The Corporation is one of its director | Same as above | 675,000 | 8,113 | 10 | 8,113 | Note 2 |
| | Eminent II Venture Capital Corp. | The Corporation is one of its director | Same as above | 2,340,000 | 13,891 | 6 | 13,891 | Note 2 |
| | Tai An Technologies Corp. | - | Same as above | 499,998 | 6,773 | 5 | 6,773 | Note 2 |
| TFIC | Lite-On Technology Corp. | - | Financial assets at FVTPL - current | 45,000 | 4,478 | - | 4,478 | Note 1 |
| | Hon Hai Precision Industry Co., Ltd. | - | Same as above | 36,000 | 6,624 | - | 6,624 | Note 1 |
| | Taiwan Semiconductor Manufacturing Company Ltd. | - | Same as above | 4,000 | 4,300 | - | 4,300 | Note 1 |
| | Giga-byte Technology Co., Ltd. | - | Same as above | 15,000 | 4,088 | - | 4,088 | Note 1 |
| | Elite Material Co., Ltd. | - | Same as above | 6,000 | 3,708 | - | 3,708 | Note 1 |
| | Cheng Uei Precision Industry Co., Ltd. | - | Same as above | 64,000 | 4,646 | - | 4,646 | Note 1 |
| | Asia Vital Components Co., Ltd. | - | Same as above | 6,000 | 3,738 | - | 3,738 | Note 1 |
| | Elite Advanced Laser Corp. | - | Same as above | 18,000 | 5,166 | - | 5,166 | Note 1 |
| | U.D. Electronic Corp. | - | Same as above | 36,000 | 3,636 | - | 3,636 | Note 1 |
| | Zyxel Group Corp. | - | Same as above | 60,000 | 2,382 | - | 2,382 | Note 1 |
| | Coretronic Corp. | - | Same as above | 54,000 | 5,054 | - | 5,054 | Note 1 |
| | Kaori Heat Treatment Co., Ltd. | - | Same as above | 10,000 | 3,170 | - | 3,170 | Note 1 |
| | The Corporation | Treasury share | Financial assets at FVTOCI - non-current | 8,675,554 | 118,460 | 1 | 124,060 | Note 1 |
| | Everest Textile Co., Ltd. | The chairman of Everest Textile Co., Ltd. is the Corporation's parent corporation's director | Same as above | 14,580,194 | 104,977 | 2 | 104,977 | Note 1 |
| | Yue Ding Enterprise Corp. | Related party in substance | Same as above | 6,260,174 | 92,150 | 5 | 92,150 | Note 2 |
| | Ding Shen Investment Co., Ltd. | Related party in substance | Same as above | 40,328,640 | 396,834 | 18 | 396,834 | Note 2 |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | The Corporation is one of its directors | Same as above | 111,834,375 | 705,675 | 4 | 705,675 | Note 2 |
| PPL | Far Eastern Industries (Shanghai) Ltd. | Related party in substance | Same as above | | 563,504 | 10 | 563,504 | Note 2 |

Note 1: The market value was calculated based on the closing price on December 31, 2024.

Note 2: The net asset value was calculated based on the latest assessments.

**TABLE 4**

## ORIENTAL UNION CHEMICAL CORPORATION

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Carrying Amount | Gain (Loss) on Disposal | Number of Shares | Amount |
| TFIC | Far Eastern International Commercial Bank (“FEIB”) | Financial assets at FVTOCI - non-current | - | - | 34,761,214 | $ 439,729 | - | $ - | 34,761,214 | $ 494,934 | $ 362,068 | $ 132,866 | - | $ - |

**TABLE 5**

# ORIENTAL UNION CHEMICAL CORPORATION

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Receivable (Payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Corporation | Far Eastern New Century Corp. | Same chairman | Sale | $ (1,000,491) | (4) | Same as those to unrelated parties | - | - | $ 166,174 | 12 | - |

# ORIENTAL UNION CHEMICAL CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Company Name | Related Party | Relationship | Ending Balance | | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Amount | Actions Taken | | |
| The Corporation | Far Eastern New Century Corp. | Same chairman | Trade receivables | $ 166,174 | 9.42 | $ - | - | $ 166,128 | $ - |
| FUPY | HXYZ | Investee by using equity method | Other receivables | 567,266 | - | - | - | - | - |

TABLE 7

## ORIENTAL UNION CHEMICAL CORPORATION

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars or Foreign Currency)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2024 | December 31, 2023 | Shares | % | Carrying Amount | | | |
| The Corporation | PPL | British Virgin Islands | Investment | US$ 216,452 | US$ 216,452 | 149,000 | 100 | $ 3,358,987 | $ (199,740) | $ (199,740) | |
| | TFIC | Taipei City, ROC | Enterprise and financial institution investments | 1,110,000 | 1,110,000 | 162,913,789 | 100 | 1,290,880 | 36,687 | 34,952 | Note |
| | OUCC (Bermuda) | British Bermuda Islands | Investment | US$ 90,000 | US$ 90,000 | 103,580 | 100 | 612,145 | (39,733) | (39,733) | |

Note: The ending balance includes 28,599,328 shares pledged to financial institutions.

## ORIENTAL UNION CHEMICAL CORPORATION

**INFORMATION OF INVESTMENTS IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2024 | Accumulated Repatriation of Investment Income as of December 31, 2024 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| FUPY | Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products. | US$ 357,500 | Indirect | US$ 202,980 | US$ - | US$ - | US$ 202,980 | RMB (92,343) | 56 | $ (232,384) (Note 2) | $ 3,228,805 | $ - | Note 3 |
| HXYZ | The production and sales of hot water (non-potable water) and steam; the erection and maintenance of heat-supply pipelines; the consultancy service in heat-supply technologies. | RMB 160,000 | Indirect | - | - | - | - | RMB (21,726) | 28 | (48,894) (Note 2) | 95,850 | - | |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|---|
| US$295,866 | US$315,116 | (Note 1) |

Note 1: The Corporation obtained certificate No. 11351002620 from Industrial Development Administration, Ministry of Economic Affairs according to the “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”, the accumulation of fund is not limited.

Note 2: Based on audited financial statements.

Note 3: Significant non-controlling interests.

# ORIENTAL UNION CHEMICAL CORPORATION

## INFORMATION OF MAJOR SHAREHOLDERS
## FOR THE YEAR ENDED DECEMBER 31, 2024

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership (%) |
| Far Eastern New Century Corp. | 81,217,005 | 9.16 |
| Asia Cement Corp. | 63,766,522 | 7.19 |
| Yuan Ding Investment Co., Ltd. | 56,254,684 | 6.35 |
| Yuan Tong Investment Co., Ltd. | 49,942,396 | 5.63 |

Note: The table discloses shareholding information of shareholders whose shareholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of ordinary shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The shares reported in the financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

## ORIENTAL UNION CHEMICAL CORPORATION

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**STATEMENT 1**

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF CASH AND CASH EQUIVALENTS**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| Name | Amount |
|---|---|
| Bank balance | |
| Demand deposits (Note) | $ 85,871 |
| Checking accounts | 165,608 |
| Petty cash | 100 |
| | $ 251,579 |

Note: Including demand deposits of US$330 thousand and the exchange rate was US$1=NT$32.79.

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF NOTES AND TRADE ACCOUNTS RECEIVABLE**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Client Name | Notes Receivable | Trade Receivables | Total |
|---|---|---|---|
| Related parties | | | |
| Far Eastern New Century Corp. | $ - | $ 166,174 | $ 166,174 |
| Others (Note) | - | 8,231 | 8,231 |
| | - | 174,405 | 174,405 |
| Unrelated parties | | | |
| Sino-Japan Chemical Co., Ltd. | 68,959 | 9,245 | 78,204 |
| Shinkong Synthetic Fibers Corp. | - | 77,230 | 77,230 |
| Tainan Spinning Co., Ltd. | - | 44,901 | 44,901 |
| Hung Chou Fiber Industrial Co., Ltd. | - | 39,594 | 39,594 |
| CPC Corporation, Taiwan | - | 30,630 | 30,630 |
| Others (Note) | 3,094 | 319,974 | 323,068 |
| | 72,053 | 521,574 | 593,627 |
| Less: Allowance for impairment loss | 432 | 4,198 | 4,630 |
| | $ 71,621 | $ 691,781 | $ 763,402 |

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

## ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| | Beginning Balance | | Increase | | Decrease | | Adjustments on Equity Method | Ending Balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Thousands Shares | Amount | Thousands Shares | Amount | Thousands Shares | Amount | Amount | Thousands Shares | Percentage of Ownership (%) | Amount | | Net Assets Value |
| PPL | 149 | $ 3,682,430 | - | $ - | - | $ - | $ (323,443) | 149 | 100 | $ 3,358,987 | | $ 3,358,987 |
| TFIC | 161,863 | 1,394,938 | 1,051 | - | - | - | (104,058) | 162,914 | 100 | 1,290,880 | (Note 2) | 1,414,940 |
| OUCC (Bermuda) | 104 | 620,058 | - | - | - | - | (7,913) | 104 | 100 | 612,145 | | 612,145 |
| | | $ 5,697,426 | | $ - | | $ - | $ (435,414) | | | $ 5,262,012 | | |

Note 1: Adjustments on equity method amount include:

| | |
|---|---|
| a) Share of loss of subsidiaries accounted for using equity method | $ (204,521) |
| b) Exchange differences on translating the financial statements of foreign operations | 221,204 |
| c) Changes in the Corporation's share of the equity of associates and subsidiaries | (460,465) |
| d) Disposal of the Corporation's shares held by subsidiaries | 8,368 |
| | $ (435,414) |

Note 2: The ending balance includes 28,599 thousand shares pledged to financial institutions.

STATEMENT 4

## ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| | Balance, January 1, 2024 | | Additions in Investment | | Decrease in Investment | | Adjustments on Financial Instruments | Balance, December 31, 2024 | | Accumulated Impairment | Provide a Guarantee or Pledge |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Financial Instruments Name | Shares (In Thousands) | Fair Value | Shares | Amount | Shares | Amount | | Shares (In Thousands) | Fair Value | | |
| Asia Cement Corp. | 8,486 | $ 351,758 | - | $ - | 4,243 | $ 117,786 | $ (62,542) | 4,243 | $ 171,430 | NA | None |
| Far Eastern Department Stores Ltd. | 14,378 | 355,861 | - | - | 8,878 | 142,626 | (89,485) | 5,500 | 123,750 | NA | None |
| Everest Textile Co., Ltd. | 16,041 | 119,339 | - | - | - | - | (3,850) | 16,041 | 115,489 | NA | None |
| Far Eastern New Century Corp. | 6,888 | 214,919 | - | - | 6,888 | 193,002 | (21,917) | - | - | NA | None |
| Oriental Petrochemical (Taiwan) Co., Ltd. | 350,286 | 2,707,711 | - | - | - | - | (497,406) | 350,286 | 2,210,305 | NA | None |
| Grand Cathay Venture Capital Co., Ltd. | 26,667 | 547,467 | - | - | - | - | (155,200) | 26,667 | 392,267 | NA | None |
| Eminent Venture Capital Corp. | 675 | 6,568 | - | - | - | - | 1,545 | 675 | 8,113 | NA | None |
| Eminent II Venture Capital Corp. | 2,340 | 15,655 | - | - | - | - | (1,764) | 2,340 | 13,891 | NA | None |
| Tai An Technologies Corp. | 500 | 6,880 | - | - | - | - | (107) | 500 | 6,773 | NA | None |
| | | $ 4,326,158 | | $ - | | $ 453,414 | $ (830,726) | | $ 3,042,018 | | |

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF TRADE PAYABLES**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Vendor Name | Amount |
|---|---|
| CPC Corp., Taiwan | $ 496,029 |
| Taiwan Power Company | 129,229 |
| Others (Note) | 112,305 |
| | $ 737,563 |

Note: Each of the suppliers was less than 5% of the total account balance.

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF LONG-TERM BORROWINGS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Lender | Repayment Terms (Note 1) | Interest rate | Amount | Collateral |
|---|---|---|---|---|
| Taishin International Bank | 2024.12.31-2026.05.31, principal due upon maturity, interest payable monthly. | Note 2 | $ 500,000 | |
| Bank of China | 2024.11.15-2026.11.18, principal due upon maturity, interest payable monthly. | Note 2 | 450,000 | |
| Shanghai Commercial and Savings Bank | 2024.11.13-2026.04.18, principal due upon maturity, interest payable monthly. | Note 2 | 600,000 | |
| The Export-Import Bank of ROC | 2023.12.15-2026.12.15, principal due upon maturity, interest payable monthly. | Note 2 | 150,000 | |
| Bank Sinopac | 2024.12.31-2026.04.30, principal due upon maturity, interest payable monthly. | Note 2 | 100,000 | |
| Hua Nan Commercial Bank | 2024.05.02-2026.05.02, principal due upon maturity, interest payable monthly. | Note 2 | 1,000,000 | |
| Yuanta Commercial Bank | 2024.11.13-2026.10.31, principal due upon maturity, interest payable monthly. | Note 2 | 600,000 | |
| Taiwan Cooperative Bank | 2024.12.30-2026.03.18, principal due upon maturity, interest payable monthly. | Note 2 | 700,000 | |
| Land Bank of Taiwan | 2024.11.25-2026.11.06, principal due upon maturity, interest payable monthly. | Note 2 | 1,200,000 | |
| Chang Hwa Bank | 2024.05.02-2026.05.02, principal due upon maturity, interest payable monthly. | Note 2 | 2,200,000 | Land as collateral |
| | 2024.09.26-2026.09.26, principal due upon maturity, interest payable monthly. | Note 2 | 700,000 | |
| | | | $ 8,200,000 | |

Note 1: The maturity date refers to the repayment date or the contracted date.

Note 2: Interest rate for long-term borrowings range from 1.86%-2.10%.

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF OPERATING REVENUES**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Quantity (Ton) | Amount |
|---|---|---|
| Special chemicals products | 145,738 | $ 5,978,925 |
| Ethylene oxide and ethylene glycol products | 205,580 | 4,230,701 |
| Gas products | 341,982 | 1,258,537 |
| | | $ 11,468,163 |

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF OPERATING COSTS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Raw materials, beginning of year | $ 82,393 |
| Add: Raw material purchased | 8,729,326 |
| Catalysts roll-in | 78,173 |
| Less: Raw materials, end of year | 85,710 |
| Others | 21,632 |
| Direct raw material used | 8,782,550 |
| Direct labor | 65,851 |
| Manufacturing expenses | 1,227,357 |
| Manufacturing cost | 10,075,758 |
| Work in process, beginning of year | 43,368 |
| Add: Work in process purchased | 32,998 |
| Less: Work in process, end of year | 25,319 |
| Cost of finished goods | 10,126,805 |
| Finished goods, beginning of year | 658,733 |
| Add: Finished goods purchased | 303,377 |
| Others | 2,689 |
| Less: Finished goods, end of year | 598,393 |
| Others | 95,656 |
| Operating costs | $ 10,397,555 |

# ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF OPERATING EXPENSES**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| | Selling and Marketing Expenses | General and Administrative Expenses | Research and Development Expenses | Expected Credit Loss | Total |
|---|---|---|---|---|---|
| Salaries | $ 36,673 | $ 59,634 | $ 78,915 | $ - | $ 175,222 |
| Freight | 232,071 | - | - | - | 232,071 |
| Export sales expenses | 248,238 | - | - | - | 248,238 |
| Repair and maintenance expense | 28,751 | 5,905 | 16,653 | - | 51,309 |
| Depreciation expenses | 19,631 | 2,352 | 24,410 | - | 46,393 |
| Others (Note) | 74,229 | 46,738 | 65,329 | (410) | 185,886 |
| | $ 639,593 | $ 114,629 | $ 185,307 | $ (410) | $ 939,119 |

Note: Total amount of each item in others does not exceed 5% of the account balance.

STATEMENT 10

## ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Labor cost | | | | | | |
| Salary expenses | $ 211,306 | $ 170,988 | $ 382,294 | $ 192,979 | $ 189,813 | $ 382,792 |
| Insurance expenses | 23,633 | 14,228 | 37,861 | 20,665 | 13,972 | 34,637 |
| Pension | 13,602 | 10,154 | 23,756 | 12,072 | 10,314 | 22,386 |
| Board compensation | - | 4,234 | 4,234 | - | 7,279 | 7,279 |
| Others | 50,427 | 16,026 | 66,453 | 44,102 | 14,088 | 58,190 |
| | $ 298,968 | $ 215,630 | $ 514,598 | $ 269,818 | $ 235,466 | $ 505,284 |
| Depreciation expenses | $ 522,917 | $ 46,393 | $ 569,310 | $ 482,215 | $ 48,572 | $ 530,787 |
| Amortization expenses | $ 5,531 | $ 1,815 | $ 7,346 | $ 5,668 | $ 1,823 | $ 7,491 |

Note 1: For the years ended December 31, 2024 and 2023, the average numbers of the Corporation’s employees were 391 and 389, respectively, and the numbers of directors who were not employees were both 8.

Note 2: For the years ended December 31, 2024 and 2023, the average labor cost were $1,333 thousand and $1,307 thousands.

Note 3: For the years ended December 31, 2024 and 2023, the average salary expenses were $998 thousand and $1,005 thousands.

Note 4: Average Adjustment of salary expenses were (1)%.

Note 5: Pursuant to Rule No. 10200531121 issued by the FSC, the Corporation established the Audit Committee to replace Supervisors.

Note 6: Pursuant to the Corporation Law and the Article 33 of Articles of Incorporation, 1% to 2% of profit of the current year should be distributed as employees’ compensation and not more than 1% of profit of the current year should be distributed as directors’ remuneration in the case where there are profits for the current year. However, the Corporation’s accumulated losses shall have been covered. The Corporation may, by a resolution adopted by the board of directors with consent of over half of the least two third of total Directors attendant, determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares distributable as employees’ compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting. The remuneration paid to independent directors is a fixed amount. The actual ratio and amount of the profit distributable as directors’ remuneration shall also be determined by the board of directors in accordance with the “Board Performance Evaluation Rule”, and a report of such distribution shall be submitted to the shareholders’ meeting. The remuneration of directors, presidents, executive vice presidents, and managers was paid according to not only the peer standards but also the correlations with the personnel assessment, operational performance, and future risks. The remaining compensation is determined based on the business results of the whole Corporation and each department; meanwhile, results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies will also be used as references. In addition, the remuneration committee of the Corporation regularly (at least once a year) reviews and evaluates the remuneration policies, systems, standards and structures of directors and managers, and presents its recommendations to the board of directors for discussion in order to balance the Corporation’s sustainability and risk control.

The salary of employees includes monthly salary and remuneration paid by the Corporation based on annual profitability. The Corporation determines the total amount of performance bonuses and remunerations based on the Corporation’s operating results and with reference to the level of domestic industry distribution. The amount each employee receives depends on their position, contribution, and performance.