

China Glaze Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Glaze Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of China Glaze Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is described as follows:

Recognition of Revenue from Export Sales

The Company's revenues are primarily derived from the export sales of ceramic, pigments and glazes. Given that revenue from these export sales was accounted for 59% of the total revenue in 2024 and was considered significant, the recognition of this revenue was identified as the key audit matter. Note 4 for the accounting policy for revenue recognition.

The audit procedures we performed were:

1. We obtained an understanding of the internal controls related to the revenue from export sales for ceramic, pigment and glazes, and we have tested the operating effectiveness of the controls.
2. We selected samples from export sales revenue for ceramic, pigment and glazes and verified the occurrence and validity of these sales by performing test of details and matching data in the trade documents.

Other Matter

We did not audit the financial statements of certain investees accounted for using the equity method, nor those of certain subsidiaries reinvested by investees under the equity method. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned entities, is based solely on the report of the other auditors. As of December 31, 2024 and 2023, the carrying amounts of the aforementioned investments accounted for using the equity method were \$287,337 thousand and \$289,485 thousand, respectively, and both constituted 8% of total assets; and for the years ended December 31, 2024 and 2023, the related share of other comprehensive income/(loss) of subsidiaries and associates accounted for using the equity method were \$(10,437) thousand and \$(4,964) thousand, respectively, and constituted (10%) and (17%) of total comprehensive income/(loss), respectively.

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 Company'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 Company 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 Company'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 Company'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 Company'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 Company 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group 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 Ching-Cheng Yang and Shih-Chieh Chou.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

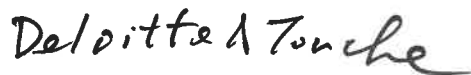
Notice to Readers

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

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

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CHINA GLAZE CO., LTD.

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

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 170,082	4	\$ 303,957	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	27,095	1	28,080	1
Contract assets - current (Notes 4 and 21)	25,051	1	20,393	-
Notes receivable (Notes 4 and 21)	36,368	1	45,278	1
Trade receivables, net (Notes 4, 9 and 21)	273,454	7	233,280	6
Trade receivables from related parties (Notes 4, 21 and 28)	42,035	1	42,191	1
Other receivables (Note 9)	7,130	-	5,925	-
Other receivables from related parties (Note 28)	36,310	1	24,914	1
Current tax assets (Notes 4 and 23)	-	-	1,546	-
Inventories (Notes 4 and 10)	352,063	9	357,258	9
Other current assets (Notes 4 and 15)	<u>61,247</u>	<u>2</u>	<u>65,947</u>	<u>2</u>
Total current assets	<u>1,030,835</u>	<u>27</u>	<u>1,128,769</u>	<u>29</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	258	-	385	-
Financial assets at amortized cost - non-current (Notes 4, 8 and 29)	38,252	1	37,701	1
Investments accounted for using the equity method (Notes 4 and 11)	1,119,179	30	1,116,778	29
Property, plant and equipment (Notes 4, 12 and 29)	1,423,961	38	1,385,198	36
Right-of-use assets (Notes 4, 13 and 28)	4,102	-	5,691	-
Investment properties (Notes 4, 14 and 29)	101,859	3	103,755	3
Deferred tax assets (Notes 4 and 23)	49,619	1	44,736	1
Other non-current assets (Notes 4, 15 and 19)	<u>19,001</u>	<u>-</u>	<u>15,685</u>	<u>1</u>
Total non-current assets	<u>2,756,231</u>	<u>73</u>	<u>2,709,929</u>	<u>71</u>
TOTAL	<u>\$ 3,787,066</u>	<u>100</u>	<u>\$ 3,838,698</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 16)	\$ 280,000	8	\$ 320,000	8
Contract liabilities - current (Notes 4 and 21)	44,098	1	33,992	1
Trade payables (Note 17)	124,708	3	135,743	4
Trade payables to related parties (Note 28)	6,383	-	9,666	-
Other payables (Note 18)	101,276	3	77,455	2
Other payables to related parties (Note 28)	1,369	-	4,022	-
Current tax liabilities (Notes 4 and 23)	4,933	-	-	-
Lease liabilities - current (Notes 4, 13 and 28)	1,593	-	1,572	-
Current portion of long-term borrowings (Notes 4, 16 and 29)	116,667	3	116,667	3
Other current liabilities (Note 18)	<u>28,159</u>	<u>1</u>	<u>13,863</u>	<u>1</u>
Total current liabilities	<u>709,186</u>	<u>19</u>	<u>712,980</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 16 and 29)	112,500	3	229,167	6
Lease liabilities - non-current (Notes 4, 13 and 28)	2,569	-	4,162	-
Deferred tax liabilities (Notes 4 and 23)	3,246	-	-	-
Other non-current liabilities				
Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	9,270	-
Guarantee deposits received (Note 28)	<u>3,274</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Total non-current liabilities	<u>121,589</u>	<u>3</u>	<u>245,599</u>	<u>6</u>
Total liabilities	<u>830,775</u>	<u>22</u>	<u>958,579</u>	<u>25</u>
EQUITY (Notes 4 and 20)				
Share capital				
Ordinary shares	<u>1,670,419</u>	<u>44</u>	<u>1,670,419</u>	<u>44</u>
Capital surplus	<u>128,507</u>	<u>3</u>	<u>127,981</u>	<u>3</u>
Retained earnings				
Legal reserve	363,063	10	363,063	9
Special reserve	227,945	6	227,945	6
Unappropriated earnings	<u>665,020</u>	<u>17</u>	<u>633,650</u>	<u>17</u>
Total retained earnings	<u>1,256,028</u>	<u>33</u>	<u>1,224,658</u>	<u>32</u>
Other equity	<u>(98,663)</u>	<u>(2)</u>	<u>(142,939)</u>	<u>(4)</u>
Total equity	<u>2,956,291</u>	<u>78</u>	<u>2,880,119</u>	<u>75</u>
TOTAL	<u>\$ 3,787,066</u>	<u>100</u>	<u>\$ 3,838,698</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 12, 2025)

CHINA GLAZE CO., LTD.

PARENT COMPANY ONLY 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 (Notes 4, 21 and 28)	\$ 1,766,667	100	\$ 1,705,397	100
OPERATING COSTS (Notes 4, 10, 19, 22 and 28)	<u>(1,399,680)</u>	<u>(79)</u>	<u>(1,422,724)</u>	<u>(83)</u>
GROSS PROFIT	366,987	21	282,673	17
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(3,020)	-	(2,710)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>2,710</u>	<u>-</u>	<u>4,098</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>366,677</u>	<u>21</u>	<u>284,061</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 9, 19, 22 and 28)				
Selling and marketing expenses	(175,352)	(10)	(151,023)	(9)
General and administrative expenses	(93,908)	(5)	(85,870)	(5)
Research and development expenses	(45,002)	(3)	(31,592)	(2)
Expected credit loss	<u>(1,580)</u>	<u>-</u>	<u>(1,256)</u>	<u>-</u>
Total operating expenses	<u>(315,842)</u>	<u>(18)</u>	<u>(269,741)</u>	<u>(16)</u>
NET OTHER OPERATING INCOME (Notes 22 and 28)	<u>11,791</u>	<u>1</u>	<u>10,707</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>62,626</u>	<u>4</u>	<u>25,027</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 22 and 28)				
Interest income	9,236	-	7,095	-
Other income	11,307	1	7,790	1
Other gains and losses	23,046	1	3,613	-
Finance costs	(5,336)	-	(8,203)	-
Share of loss of subsidiaries and associates accounted for using the equity method	<u>(36,241)</u>	<u>(2)</u>	<u>(60,744)</u>	<u>(4)</u>
Total non-operating income and expenses	<u>2,012</u>	<u>-</u>	<u>(50,449)</u>	<u>(3)</u>
PROFIT/(LOSS) BEFORE INCOME TAX	64,638	4	(25,422)	(2)
INCOME TAX (EXPENSE)/BENEFIT (Notes 4 and 23)	<u>(9,820)</u>	<u>(1)</u>	<u>8,773</u>	<u>1</u>
NET PROFIT/(LOSS) FOR THE YEAR	<u>54,818</u>	<u>3</u>	<u>(16,649)</u>	<u>(1)</u>

(Continued)

CHINA GLAZE CO., LTD.

PARENT COMPANY ONLY 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 INCOME/(LOSS)				
(Notes 4, 11, 19 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 11,997	1	\$ 2,266	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	362	-	171	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(2,399)	-	(453)	-
	<u>9,960</u>	<u>1</u>	<u>1,984</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>44,156</u>	<u>2</u>	<u>(14,753)</u>	<u>(1)</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>54,116</u>	<u>3</u>	<u>(12,769)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>\$ 108,934</u>	<u>6</u>	<u>\$ (29,418)</u>	<u>(2)</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.33</u>		<u>\$ (0.10)</u>	
Diluted	<u>\$ 0.33</u>			

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

(With Deloitte & Touche auditors' report dated March 12, 2025)

(Concluded)

CHINA GLAZE CO., LTD.

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

	Share Capital		Capital Surplus	Retained Earnings			Other Equity	Total
	Shares (In Thousands)	Amounts		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	
BALANCE AT JANUARY 1, 2023	<u>167,042</u>	<u>\$ 1,670,419</u>	<u>\$ 127,981</u>	<u>\$ 356,144</u>	<u>\$ 264,750</u>	<u>\$ 660,189</u>	<u>\$ (128,186)</u>	<u>\$ 2,951,297</u>
Appropriation of 2022 earnings								
Legal reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,919</u>	<u>-</u>	<u>(6,919)</u>	<u>-</u>	<u>-</u>
Cash dividends distributed by the Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,760)</u>	<u>-</u>	<u>(41,760)</u>
Reversal of special reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,805)</u>	<u>36,805</u>	<u>-</u>	<u>-</u>
Net loss for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,649)</u>	<u>-</u>	<u>(16,649)</u>
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,984</u>	<u>(14,753)</u>	<u>(12,769)</u>
Total comprehensive loss for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,665)</u>	<u>(14,753)</u>	<u>(29,418)</u>
BALANCE AT DECEMBER 31, 2023	<u>167,042</u>	<u>1,670,419</u>	<u>127,981</u>	<u>363,063</u>	<u>227,945</u>	<u>633,650</u>	<u>(142,939)</u>	<u>2,880,119</u>
Appropriation of 2023 earnings								
Cash dividends distributed by the Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,408)</u>	<u>-</u>	<u>(33,408)</u>
Exercise of disgorgement rights	<u>-</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232</u>
Net profit for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,818</u>	<u>-</u>	<u>54,818</u>
Other comprehensive income for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,960</u>	<u>44,156</u>	<u>54,116</u>
Total comprehensive income for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,778</u>	<u>44,156</u>	<u>108,934</u>
Disposal of investments accounted for using the equity method	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>120</u>
Changes in percentage of ownership interests in subsidiaries	<u>-</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294</u>
BALANCE AT DECEMBER 31, 2024	<u>167,042</u>	<u>\$ 1,670,419</u>	<u>\$ 128,507</u>	<u>\$ 363,063</u>	<u>\$ 227,945</u>	<u>\$ 665,020</u>	<u>\$ (98,663)</u>	<u>\$ 2,956,291</u>

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

(With Deloitte & Touche auditors' report dated March 12, 2025)

CHINA GLAZE CO., LTD.

PARENT COMPANY ONLY 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		
Income/(loss) before income tax	\$ 64,638	\$ (25,422)
Adjustments for:		
Depreciation expense	35,042	36,413
Expected credit loss	1,580	1,256
Net gain on financial assets at fair value through profit or loss	(2,237)	(685)
Finance costs	5,336	8,203
Interest income	(9,236)	(7,095)
Dividend income	(1,045)	(1,877)
Share of loss of subsidiaries and associates accounted for using the equity method	36,241	60,744
(Gain)/loss on disposal of property, plant and equipment	(5)	53
Loss/(gain) on disposal of investments	1,027	(398)
Loss on disposal of subsidiaries for using the equity method	414	-
Write-down of inventories	3,107	-
Reversal of write-down of inventories	-	(1,773)
Other items	310	(840)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,322	2,217
Contract assets	(4,658)	(9,053)
Notes receivable	8,910	(20,579)
Trade receivables (including related parties)	(41,598)	28,917
Other receivables (including related parties)	1,871	(3,339)
Inventories	2,088	116,431
Other current assets	4,700	(2,638)
Contract liabilities	10,106	24,894
Notes payable	-	(314)
Trade payables (including related parties)	(14,318)	3,898
Other payables	21,212	(5,568)
Other current liabilities	14,296	(1,500)
Net defined benefit assets	(3,532)	(3,025)
Cash generated from operations	136,571	198,920
Income tax paid	(7,377)	(23,708)
Net cash generated from operating activities	<u>129,194</u>	<u>175,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(551)	(1,288)
Net cash outflow on acquisition of subsidiaries	-	(40,000)
Net cash inflow on disposal of subsidiaries	5,566	-
Payments for property, plant and equipment	(71,062)	(118,346)
Proceeds from disposal of property, plant and equipment	950	-
Decrease in refundable deposits	-	20
Increase in other receivables from related parties	(14,354)	(18,426)

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CHINA GLAZE CO., LTD.

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

	2024	2023
Increase in other non-current assets	\$ -	\$ (12,566)
Decrease in other non-current assets	2,943	-
Interest received	9,118	6,995
Dividends received from subsidiaries	-	30,600
Dividends received	<u>1,045</u>	<u>1,877</u>
Net cash used in investing activities	<u>(66,345)</u>	<u>(151,134)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(40,000)	(20,000)
Repayments of short-term bills payable	-	(100,000)
Proceeds from long-term borrowings	-	230,000
Repayments of long-term borrowings	(116,667)	(84,166)
Increase in refundable deposits	274	-
Repayment of the principal portion of lease liabilities	(1,775)	(1,720)
Dividends paid	(33,408)	(41,760)
Interest paid	(5,380)	(8,089)
Exercise of disgorgement rights	<u>232</u>	<u>-</u>
Net cash used in financing activities	<u>(196,724)</u>	<u>(25,735)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(133,875)	(1,657)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>303,957</u>	<u>305,614</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 170,082</u>	<u>\$ 303,957</u>

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

(With Deloitte & Touche auditors' report dated March 12, 2025)

(Concluded)

CHINA GLAZE CO., LTD.

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

1. GENERAL INFORMATION

China Glaze Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in December 1974. The Company mainly manufactures and sells various frit, glaze, pigments, advanced ceramics, crystallized glass, phosphor powder for photoelectric use and digital textile ink.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since April 1996.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 12, 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 a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
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 Company 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.

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- 1) Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- 2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- 3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- 4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

As of the date the financial statements were authorized for issue, the Company is continuously assessing other impacts of the above amended standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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 company only financial statements, the Company 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 company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and 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 company only financial statements.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;

- 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
- Liabilities for which the Company 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.

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Company's parent company only financial statements, transactions in currencies other than the Company'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 in which they arise.

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 the parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company 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.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company 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 Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company'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 Company'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 Company 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 Company 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 or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company 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 Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

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

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

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

h. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each 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.

i. Investment properties

Investment properties are properties held to earn rental or for capital appreciation. Investment properties 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.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

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

- j. Impairment of property, plant and equipment, right-of-use assets, investment properties and assets related to contract costs

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

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories and property, plant and equipment related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

- k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

- 1) Financial assets

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

- a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. 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 and trade receivables at amortized cost, 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.

Cash equivalents include time deposits 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.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company 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 Company 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.

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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company 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) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of various frit, glaze, pigments, advanced ceramics, crystallized glass, phosphor powder for photoelectric use and digital textile ink. Domestic sales of abovementioned goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently. For export sales of the abovementioned goods, revenue and trade receivables are recognized on the bill of lading date on which the control of the goods is transferred to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Construction contract revenue

For construction contract, revenue is recognized over time. The Company measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Company recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

3) Licensing revenue

Royalty is recognized as revenue on the basis of sales volume of goods manufactured using authorized technology in accordance with the agreement.

n. Leases

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

1) The Company as lessor

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

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

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

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company 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 by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. 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 a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company 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 Company 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 Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company 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 and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which 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 assets (liabilities) represent the actual deficit (surplus) in the Company's defined benefit 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 the Company's tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain 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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at 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 Company 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

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

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 6,234	\$ 3,361
Checking accounts and demand deposits	131,068	224,937
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>32,780</u>	<u>75,659</u>
	<u>\$ 170,082</u>	<u>\$ 303,957</u>

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

	December 31	
	2024	2023
Demand deposits	0.01%-4.20%	0.01%-4.40%
Time deposits	4.85%-5.06%	1.95%-5.65%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	<u>\$ 27,095</u>	<u>\$ 28,080</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 258</u>	<u>\$ 385</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Restricted deposit	<u>\$ 38,252</u>	<u>\$ 37,701</u>

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 276,293	\$ 234,539
Less: Allowance for impairment loss	<u>(2,839)</u>	<u>(1,259)</u>
	<u>\$ 273,454</u>	<u>\$ 233,280</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 5,537	\$ 5,517
Advance receivables	<u>1,593</u>	<u>408</u>
	<u>\$ 7,130</u>	<u>\$ 5,925</u>

Trade Receivables

At amortized cost

The average credit period of sales of goods is 80-120 days. No interest is charged on trade receivables. The Company adopts a policy of only dealing with entities that are creditworthy and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, the Company conducts evaluation on the basis of financial position and credit risk of the entities for the purpose of transaction amount control. The Company uses other publicly available financial information or its own trading records to rate its major customers and the aggregate value of transactions concluded is spread amongst approved counterparties.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company conducts cash-based transactions with creditworthy customers, thereby minimizing credit risk.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

December 31, 2024

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	366 to 730 Days Past Due	Over 730 Days Past Due	Total
Expected credit loss rate	-	0.01%	0.11%	0.21%	0.73%	100%	
Gross carrying amount	\$ 222,801	\$ 37,555	\$ 1,834	\$ 8,716	\$ 2,596	\$ 2,791	\$ 276,293
Loss allowance (Lifetime ECLs)	<u>(5)</u>	<u>(4)</u>	<u>(2)</u>	<u>(18)</u>	<u>(19)</u>	<u>(2,791)</u>	<u>(2,839)</u>
Amortized cost	<u>\$ 222,796</u>	<u>\$ 37,551</u>	<u>\$ 1,832</u>	<u>\$ 8,698</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ 273,454</u>

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	366 to 730 Days Past Due	Over 730 Days Past Due	Total
Expected credit loss rate	-	-	-	-	30.14%	-	
Gross carrying amount	\$ 199,344	\$ 23,085	\$ 2,857	\$ 5,076	\$ 4,177	\$ -	\$ 234,539
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,259)</u>	<u>-</u>	<u>(1,259)</u>
Amortized cost	<u>\$ 199,344</u>	<u>\$ 23,085</u>	<u>\$ 2,857</u>	<u>\$ 5,076</u>	<u>\$ 2,918</u>	<u>\$ -</u>	<u>\$ 233,280</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 1,259	\$ 3
Add: Net remeasurement of loss allowance	<u>1,580</u>	<u>1,256</u>
Balance at December 31	<u>\$ 2,839</u>	<u>\$ 1,259</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Raw materials and supplies	\$ 129,063	\$ 114,992
Work in progress	85,579	90,110
Finished goods	137,014	151,815
Merchandise	<u>407</u>	<u>341</u>
	<u>\$ 352,063</u>	<u>\$ 357,258</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 amounted to \$1,315,531 thousand and \$1,279,225 thousand, respectively. The cost of goods sold included a write-down of inventories of \$3,107 thousand for the year ended December 31, 2024, and a reversal of inventory write-downs of \$1,773 thousand for the year ended December 31, 2023. The reversal of the inventory write-down in 2023 was due to increased selling prices in specific markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiaries	\$ 1,082,781	\$ 1,116,778
Investments in associate	<u>36,398</u>	<u>-</u>
	<u>\$ 1,119,179</u>	<u>\$ 1,116,778</u>

a. Investments in subsidiaries

	December 31	
	2024	2023
Unlisted company		
C.G.C. DEVELOPMENT LIMITID (“C.G.C.”)	\$ 640,939	\$ 642,870
DRAGON LUCK HOLDING LTD. (“DRAGON LUCK”)	233,412	233,996
Equator Materials Co., Ltd. (“Equator”)	-	39,960
FOUR BROTHERS HOLDING LTD. (“Four Brothers”)	207,396	193,010
Dai Hong Development Co., Ltd. (“Dai Hong”)	1,034	1,369
CHINA GLAZE MALAYSIA SDN. BHD. (“China Glaze Malaysia”)	<u>-</u>	<u>5,573</u>
	<u>\$ 1,082,781</u>	<u>\$ 1,116,778</u>

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2024	2023
C.G.C.	60.00%	60.00%
DRAGON LUCK	100.00%	100.00%
Equator (Note 1)	-	57.14%
Four Brothers	100.00%	100.00%
Dai Hong	100.00%	100.00%
China Glaze Malaysia (Note 2)	-	100.00%

1) The Company acquired a 57.14% interest in Equator in May 2023. In June 2024, Equator undertook a cash capital increase of \$50,000 thousand. As the Company did not subscribe to the new shares in proportion to its existing shareholding, its ownership interest was diluted from 57.14% to 33.33%. Despite this reduction, the Company retained the practical ability to direct Equator’s relevant activities and, therefore, maintained control. However, following the re-election of the board of directors at the shareholder meeting in July 2024, the Company’s representation was reduced to one seat out of five, resulting in the loss of control. Consequently, in July 2024, Equator transitioned from a subsidiary to an associate, accounted for using the equity method.

2) China Glaze Malaysia completed its liquidation in December 2024.

b. Investments in associate

			December 31	
			2024	2023
Material associate				
Equator			\$ 36,398	\$ -
			Proportion of Ownership and Voting Rights (%)	
			December 31	
Name of Associate	Nature of Activities	Principal Place of Business	2024	2023
Equator	Manufacturing and selling of precision chemical materials	Taichung, Taiwan	33.33	-

12. PROPERTY, PLANT AND EQUIPMENT

a.

	Freehold Land	Buildings	Equipment	Other Assets	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 986,264	\$ 253,230	\$ 222,835	\$ 152,681	\$ 294,380	\$ 1,909,390
Additions	-	5,810	30,697	10,061	24,494	71,062
Disposals	-	(167)	(17,903)	(4,521)	-	(22,591)
Reclassification	-	-	(260)	260	-	-
Transfers to investment properties	-	(6,748)	-	-	-	(6,748)
Balance at December 31, 2024	<u>\$ 986,264</u>	<u>\$ 252,125</u>	<u>\$ 235,369</u>	<u>\$ 158,481</u>	<u>\$ 318,874</u>	<u>\$ 1,951,113</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	\$ 18,862	\$ 221,399	\$ 175,194	\$ 108,737	\$ -	\$ 524,192
Depreciation expenses	-	4,930	15,141	11,223	-	31,294
Disposals	-	(167)	(17,775)	(3,704)	-	(21,646)
Reclassification	-	-	(260)	260	-	-
Transfers to investment properties	-	(6,688)	-	-	-	(6,688)
Balance at December 31, 2024	<u>\$ 18,862</u>	<u>\$ 219,474</u>	<u>\$ 172,300</u>	<u>\$ 116,516</u>	<u>\$ -</u>	<u>\$ 527,152</u>
Carrying amount at December 31, 2024	<u>\$ 967,402</u>	<u>\$ 32,651</u>	<u>\$ 63,069</u>	<u>\$ 41,965</u>	<u>\$ 318,874</u>	<u>\$ 1,423,961</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 984,155	\$ 294,306	\$ 218,106	\$ 146,823	\$ 195,222	\$ 1,838,612
Additions	2,109	523	6,170	10,386	99,158	118,346
Disposals	-	(41,599)	(1,595)	(4,374)	-	(47,568)
Reclassification	-	-	154	(154)	-	-
Balance at December 31, 2023	<u>\$ 986,264</u>	<u>\$ 253,230</u>	<u>\$ 222,835</u>	<u>\$ 152,681</u>	<u>\$ 294,380</u>	<u>\$ 1,909,390</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ 18,862	\$ 256,802	\$ 161,205	\$ 102,102	\$ -	\$ 538,971
Depreciation expenses	-	6,196	15,392	11,148	-	32,736
Disposals	-	(41,599)	(1,557)	(4,359)	-	(47,515)
Reclassification	-	-	154	(154)	-	-
Balance at December 31, 2023	<u>\$ 18,862</u>	<u>\$ 221,399</u>	<u>\$ 175,194</u>	<u>\$ 108,737</u>	<u>\$ -</u>	<u>\$ 524,192</u>
Carrying amount at December 31, 2023	<u>\$ 967,402</u>	<u>\$ 31,831</u>	<u>\$ 47,641</u>	<u>\$ 43,944</u>	<u>\$ 294,380</u>	<u>\$ 1,385,198</u>

Property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	5-15 years
Buildings	3-60 years
Equipment	1-11 years
Other assets	2-35 years

The significant components of the buildings are mainly plants and improvements, which are depreciated over their estimated useful lives of 60 years and 10 years, respectively.

- b. The Company obtained approval from the Miaoli County Government on April 7, 2021, for the development of an industrial park covering an area of 10.954095 hectares, which includes a portion of agricultural land. The ownership of this land is temporarily registered under the name of a third party and will be transferred to the Company upon the completion and approval of the change in land use designation for development. The Company has implemented the following measures to protect its rights and interests with respect to this land:

Section of an Area	Carrying Amount of the Land	Area of Land (m ²)	Registered Under the Name	Protective Measures
Tongxiao Township Beishiwo Section (1)	\$40,842 thousand	41,108.00	HSIEN-LUNG TSAI	(3)
Tongxiao Township Tongwan Section (2)	\$38,682 thousand	28,805.15	HSIEN-LUNG TSAI	(3)
Tongxiao Township Tongwan Section (2)	\$826 thousand	213.27	HSIEN-LUNG TSAI	(4)

- 1) A portion of the land is used for emergency disaster prevention purposes, and the remaining portion of the land is used by the Company for operational purposes.
- 2) The land was acquired by the Company for operational purposes.
- 3) The total amount of the establishment of other rights is \$105,000 thousand.
- 4) As of December 31, 2024, it was still in the process of establishment.

- c. Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 29.

13. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land	\$ 1,958	\$ 2,531
Buildings	<u>2,144</u>	<u>3,160</u>
	<u>\$ 4,102</u>	<u>\$ 5,691</u>

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	\$ <u>203</u>	\$ <u>3,264</u>
Depreciation charge for right-of-use assets		
Land	\$ 776	\$ 732
Buildings	<u>1,016</u>	<u>1,010</u>
	\$ <u>1,792</u>	\$ <u>1,742</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amounts</u>		
Current	\$ <u>1,593</u>	\$ <u>1,572</u>
Non-current	\$ <u>2,569</u>	\$ <u>4,162</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2024	2023
Land	1.83%	1.00%-1.83%
Buildings	1.00%-1.83%	1.00%-1.83%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 5 years. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>1,597</u>	\$ <u>1,574</u>
Total cash outflow for leases	\$ <u>(3,446)</u>	\$ <u>(3,365)</u>

14. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1 and December 31, 2023	\$ <u>154,543</u>

(Continued)

**Completed
Investment
Properties**

Accumulated depreciation

Balance at January 1, 2023	\$ 48,853
Depreciation expenses	<u>1,935</u>

Balance at December 31, 2023	<u>\$ 50,788</u>
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Carrying amount at December 31, 2023	<u>\$ 103,755</u>
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Cost

Balance at January 1, 2024	\$ 154,543
Transfers from property, plant and equipment	<u>6,748</u>

Balance at December 31, 2024	<u>\$ 161,291</u>
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Accumulated depreciation

Balance at January 1, 2024	\$ 50,788
Depreciation expenses	1,956
Transfers from property, plant and equipment	<u>6,688</u>

Balance at December 31, 2024	<u>\$ 59,432</u>
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Carrying amount at December 31, 2024	<u>\$ 101,859</u>
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(Concluded)

Investment properties are depreciated using the straight-line method over their estimated useful lives of 10 to 50 years.

The valuation of investment properties was not performed by any independent qualified professional valuer. Instead, the management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	December 31	
	2024	2023
Fair value	<u>\$ 291,879</u>	<u>\$ 256,220</u>

The Company owns freehold interest in all of its investment properties. The investment properties pledged as collateral for bank borrowings are set out in Note 29.

15. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Prepayments	\$ 47,305	\$ 48,195
Temporary prepayments	7,446	13,084
Other prepayments	5,659	3,831
Payment on behalf of others	<u>837</u>	<u>837</u>
	<u>\$ 61,247</u>	<u>\$ 65,947</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 12,506	\$ 15,449
Net defined benefit assets (Note 19)	6,259	-
Refundable deposits	<u>236</u>	<u>236</u>
	<u>\$ 19,001</u>	<u>\$ 15,685</u>

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 280,000</u>	<u>\$ 320,000</u>
Interest rate	1.89%-1.95%	1.77%-1.90%

b. Long-term borrowings

Banks	Maturity Date	Repayment Terms	December 31	
			2024	2023
<u>Secured borrowings</u>				
Mega Bank	2022.10.03-2025.10.03	The principal is repayable every 3 months in 12 installments of \$4,167 thousand per period, starting from October 3, 2022.	\$ 16,667	\$ 33,334
Mega Bank	2022.10.26-2025.10.26	The principal is repayable every 3 months in 12 installments of \$5,000 thousand per period, starting from October 26, 2022.	20,000	40,000
Mega Bank	2023.02.18-2026.02.18	The principal is repayable every 3 months in 12 installments of \$5,000 thousand per period, starting from February 18, 2023.	25,000	45,000

(Continued)

Banks	Maturity Date	Repayment Terms	December 31	
			2024	2023
Mega Bank	2023.08.23-2026.08.23	The principal is repayable every 3 months in 12 installments of \$2,500 thousand per period, starting from August 23, 2023.	\$ 17,500	\$ 27,500
Taiwan Cooperative Bank	2022.11.25-2027.11.25	The principal is repayable every 3 months in 16 installments of \$3,750 thousand per period, starting from February 25, 2024.	45,000	60,000
Taiwan Cooperative Bank	2023.01.11-2027.11.25	The principal is repayable every 3 months in 16 installments of \$3,750 thousand per period, starting from February 25, 2024.	45,000	60,000
Taiwan Cooperative Bank	2023.03.28-2027.11.25	The principal is repayable every 3 months in 16 installments of \$3,125 thousand per period, starting from February 25, 2024.	37,500	50,000
Taiwan Cooperative Bank	2023.05.03-2027.11.25	The principal is repayable every 3 months in 16 installments of \$1,875 thousand per period, starting from February 25, 2024.	22,500	30,000
Less: Current portion			<u>(116,667)</u>	<u>(116,667)</u>
Long-term borrowings			<u>\$ 112,500</u>	<u>\$ 229,167</u> (Concluded)

Future maturity periods of the long-term borrowings are as follows:

	December 31	
	2024	2023
Due within 1 year	\$ 116,667	\$ 116,667
1 to 2 years	62,500	116,667
2 to 5 years	<u>50,000</u>	<u>112,500</u>
	<u>\$ 229,167</u>	<u>\$ 345,834</u>

As of December 31, 2024 and 2023, the range of interest rates of the long-term bank borrowings was 2.05%-2.08% and 1.93%-1.95%, respectively. Assets pledged as collateral or for security by the Company for the abovementioned bank borrowings are set out in Note 29.

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2024	2023
<u>Trade payables</u>		
Operating	<u>\$ 124,708</u>	<u>\$ 135,743</u>

The average credit period was 4 months. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Retentions payable on construction contracts are included in trade payables, are not bearing interest, and are expected to be paid at the end of the warranty periods. As of December 31, 2024 and 2023, retentions payable amounted to \$6,850 thousand and \$5,950 thousand, respectively. The warranty periods are within the normal operating cycle of the Company, usually more than 12 months.

18. OTHER LIABILITIES

	December 31	
	2024	2023
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 28,271	\$ 25,134
Payables for customs clearance fees	6,827	3,397
Payables for employees' compensation and directors' remuneration	5,621	-
Payables for commissions	5,398	3,651
Payables for freight and fuel	4,630	4,869
Payables for purchases of equipment	1,459	2,059
Others	<u>49,070</u>	<u>38,345</u>
	<u>\$ 101,276</u>	<u>\$ 77,455</u>
Other liabilities		
Other advances	\$ 15,267	\$ -
Receipts held for custody	6,318	1,975
Refund liabilities (a)	5,866	11,191
Onerous construction contracts (b)	580	580
Others	<u>128</u>	<u>117</u>
	<u>\$ 28,159</u>	<u>\$ 13,863</u>

- a. The provision for sales allowances was estimated based on historical experience, management's judgments and any other known factors that may affect the allowances. The provision was recognized as a reduction of revenue in the period in which the related products were sold.
- b. The provision for onerous contracts comes from non-cancellable onerous construction contracts, and the provision amounts are measured using the difference of the unavoidable costs of meeting the contractual obligations less the economic benefits expected to be received from the contracts. This estimate may vary as a result of the input status of the construction.

19. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act 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 Company contributes amounts equal to 3% 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 Company 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 Company 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 Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 131,412	\$ 141,588
Fair value of plan assets	<u>(137,671)</u>	<u>(132,318)</u>
Net defined benefit (assets) liabilities	<u>\$ (6,259)</u>	<u>\$ 9,270</u>

Movements in net defined benefit (assets) liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	<u>\$ 147,367</u>	<u>\$ (132,806)</u>	<u>\$ 14,561</u>
Service cost			
Current service cost	613	-	613
Net interest expense (income)	<u>1,842</u>	<u>(1,696)</u>	<u>146</u>
Recognized in profit or loss	<u>2,455</u>	<u>(1,696)</u>	<u>759</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,080)	(1,080)
Actuarial (gain) loss			
Experience adjustments	<u>(1,186)</u>	<u>-</u>	<u>(1,186)</u>
Recognized in other comprehensive income	<u>(1,186)</u>	<u>(1,080)</u>	<u>(2,266)</u>
Contributions from the employer	<u>-</u>	<u>(3,784)</u>	<u>(3,784)</u>
Benefits paid	<u>(7,048)</u>	<u>7,048</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 141,588</u>	<u>\$ (132,318)</u>	<u>\$ 9,270</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2024	<u>\$ 141,588</u>	<u>\$ (132,318)</u>	<u>\$ 9,270</u>
Service cost			
Current service cost	305	-	305
Net interest expense (income)	<u>1,770</u>	<u>(1,678)</u>	<u>92</u>
Recognized in profit or loss	<u>2,075</u>	<u>(1,678)</u>	<u>397</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,655)	(11,655)
Actuarial (gain) loss			
Changes in financial assumptions	(765)	-	(765)
Experience adjustments	<u>423</u>	<u>-</u>	<u>423</u>
Recognized in other comprehensive income	<u>(342)</u>	<u>(11,655)</u>	<u>(11,997)</u>
Contributions from the employer	<u>-</u>	<u>(3,929)</u>	<u>(3,929)</u>
Benefits paid	<u>(11,909)</u>	<u>11,909</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 131,412</u>	<u>\$ (137,671)</u>	<u>\$ (6,259)</u> (Concluded)

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

	For the Year Ended December 31	
	2024	2023
Operating costs	\$ 132	\$ 258
Selling and marketing expenses	94	174
General and administrative expenses	143	276
Research and development expenses	<u>28</u>	<u>51</u>
	<u>\$ 397</u>	<u>\$ 759</u>

Through the defined benefit plans under the Labor Standards Act, the Company 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 shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/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 plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries 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 are as follows:

	December 31	
	2024	2023
Discount rate(s)	1.40%	1.25%
Expected rate(s) of salary increase	2.50%	2.50%

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

	December 31	
	2024	2023
Discount rate(s)		
0.25% increase	\$ (956)	\$ (1,193)
0.25% decrease	\$ 979	\$ 1,225
Expected rate(s) of salary increase		
1% increase	\$ 4,243	\$ 5,220
1% decrease	\$ (3,931)	\$ (4,800)

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

	December 31	
	2024	2023
Expected contributions to the plans for the next year	\$ 3,929	\$ 3,784
Average duration of the defined benefit obligation	5.1 years	5.7 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
Shares authorized (in thousands of shares)	230,000	230,000
Shares authorized	\$ 2,300,000	\$ 2,300,000
Shares issued and fully paid (in thousands of shares)	167,042	167,042
Shares issued and fully paid	\$ 1,670,419	\$ 1,670,419

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 114,572	\$ 114,572
Expired employee share options	10,578	10,578
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,091	2,091
Donations	740	740
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	294	-
Profit derived from the exercise of disgorgement (3)	<u>232</u>	<u>-</u>
	<u>\$ 128,507</u>	<u>\$ 127,981</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulted from equity transactions other than actual disposal or acquisition.
- 3) Such capital surplus arises from the exercise of the right of disgorgement and may be used only to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22 Net Profit (Loss) (h).

In addition, the Company's dividend distribution policy stipulates that cash dividends shall constitute a minimum of 10% of the total dividends distributed. This decision will be made with due consideration of the Company's current and future growth plans, prevailing investment conditions, capital requirements, and the interests of stakeholders. The specific percentage of cash dividends to be distributed will be determined and approved at the shareholders' meeting, based on the Company's actual profit for the fiscal year and its operating performance.

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

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2023 and 2022, which were approved in the shareholders' meetings on June 18, 2024 and June 19, 2023, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ -	\$ 6,919
Special reserve	\$ -	\$ (36,805)
Cash dividends	\$ 33,408	\$ 41,760
Cash dividends per share (NT\$)	\$ 0.20	\$ 0.25

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 12, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ 6,478
Special reserve	\$ (44,276)
Cash dividends	\$ 41,760
Cash dividends per share (NT\$)	\$ 0.25

The appropriations of earnings for 2024 will be resolved by the shareholders in their meeting to be held on June 19, 2025.

d. Special reserve

	December 31	
	2024	2023
Appropriations in respect of		
Debits to other equity items	\$ 128,186	\$ 128,186
First-time adoption of IFRS Accounting Standards	<u>99,759</u>	<u>99,759</u>
	<u>\$ 227,945</u>	<u>\$ 227,945</u>

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2024	2023
Revenue from the sale of goods	\$ 1,679,062	\$ 1,554,978
Revenue from construction contracts	86,351	149,299
Other revenue	<u>1,254</u>	<u>1,120</u>
	<u>\$ 1,766,667</u>	<u>\$ 1,705,397</u>

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	\$ 36,368	\$ 45,278	\$ 24,699
Trade receivables (Note 9)	276,293	234,539	278,303
Trade receivables from related parties	<u>42,035</u>	<u>42,191</u>	<u>27,344</u>
	<u>\$ 354,696</u>	<u>\$ 322,008</u>	<u>\$ 330,346</u>
Contract assets - current			
Retainage in construction	\$ 21,218	\$ 16,615	\$ 5,600
Construction contracts	<u>3,833</u>	<u>3,778</u>	<u>5,740</u>
	<u>\$ 25,051</u>	<u>\$ 20,393</u>	<u>\$ 11,340</u>
Contract liabilities - current			
Sale of goods	\$ 7,659	\$ 8,121	\$ 5,816
Construction contracts	<u>36,439</u>	<u>25,871</u>	<u>3,282</u>
	<u>\$ 44,098</u>	<u>\$ 33,992</u>	<u>\$ 9,098</u>

22. NET PROFIT (LOSS)

a. Net other operating income

	For the Year Ended December 31	
	2024	2023
Rental income	\$ 13,747	\$ 12,642
Depreciation	<u>(1,956)</u>	<u>(1,935)</u>
	<u>\$ 11,791</u>	<u>\$ 10,707</u>

b. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 8,007	\$ 6,978
Others	<u>1,229</u>	<u>117</u>
	<u>\$ 9,236</u>	<u>\$ 7,095</u>

c. Other income

	For the Year Ended December 31	
	2024	2023
Dividends		
Financial assets at FVTPL	\$ 1,045	\$ 1,877
Grant income	7,246	67
Donation income	-	1,746
Others	<u>3,016</u>	<u>4,100</u>
	<u>\$ 11,307</u>	<u>\$ 7,790</u>

d. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gains	\$ 24,056	\$ 4,367
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	2,237	685
(Loss)/gain on disposal of financial assets		
Financial assets mandatorily classified as at FVTPL	(1,027)	398
Others	<u>(2,220)</u>	<u>(1,837)</u>
	<u>\$ 23,046</u>	<u>\$ 3,613</u>

e. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on loans	\$ 11,415	\$ 12,657
Interest on lease liabilities	74	72
Other interest expenses	51	44
Less: Amounts included in the cost of qualifying assets	<u>(6,204)</u>	<u>(4,570)</u>
	<u>\$ 5,336</u>	<u>\$ 8,203</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2024	2023
Capitalized interest amount	\$ 6,204	\$ 4,570
Capitalization rate	1.80%-2.16%	1.20%-2.16%

f. Depreciation

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 22,588	\$ 22,416
Operating expenses	9,420	10,655
Net other operating income	1,956	1,935
Other gains and losses	<u>1,078</u>	<u>1,407</u>
	<u>\$ 35,042</u>	<u>\$ 36,413</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits (Note 19)		
Defined contribution plan	\$ 6,362	\$ 6,236
Defined benefit plans	<u>397</u>	<u>759</u>
	6,759	6,995
Other employee benefits	<u>220,613</u>	<u>197,875</u>
Total employee benefits expense	<u>\$ 227,372</u>	<u>\$ 204,870</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 92,506	\$ 85,269
Operating expenses	<u>134,866</u>	<u>119,601</u>
	<u>\$ 227,372</u>	<u>\$ 204,870</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. No compensation of employees and remuneration of directors were estimated as the Company reported a net loss for the year ended December 31, 2023. The compensation of employees and the remuneration of directors for the year ended December 31, 2024 are as follows:

Accrual rate

	For the Year Ended December 31, 2024
Compensation of employees	5%
Remuneration of directors	3%

Amount

	For the Year Ended December 31, 2024
	Cash
Compensation of employees	<u>\$ 3,513</u>
Remuneration of directors	<u>\$ 2,108</u>

If there is a change in the amounts after the annual financial statements are 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 compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2024	2023
Foreign exchange gains	\$ 35,086	\$ 23,353
Foreign exchange losses	<u>(11,030)</u>	<u>(18,986)</u>
	<u>\$ 24,056</u>	<u>\$ 4,367</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 13,988	\$ 10,093
Income tax on unappropriated earnings	-	293
Adjustments for prior year	(132)	(1,175)
Deferred tax		
In respect of the current year	<u>(4,036)</u>	<u>(17,984)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 9,820</u>	<u>\$ (8,773)</u>

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

	For the Year Ended December 31	
	2024	2023
Profit (loss) before tax	<u>\$ 64,638</u>	<u>\$ (25,422)</u>
Income tax expense (benefit) calculated at the statutory rate (20%)	\$ 12,928	\$ (5,085)
Nondeductible expenses in determining taxable income	1,137	441
Tax-exempt income	(209)	(455)
Income tax on unappropriated earnings	-	293
Recognized investment credits	(3,904)	(2,792)
Adjustments for prior years' tax	<u>(132)</u>	<u>(1,175)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 9,820</u>	<u>\$ (8,773)</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 2,399</u>	<u>\$ 453</u>
Total income tax recognized in other comprehensive income	<u>\$ 2,399</u>	<u>\$ 453</u>

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	\$ <u>-</u>	\$ <u>1,546</u>
Current tax liabilities		
Income tax payable	\$ <u>4,933</u>	\$ <u>-</u>

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

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of loss of investments accounted for using the equity method	\$ 20,892	\$ 6,108	\$ -	\$ 27,000
Others	<u>23,844</u>	<u>(1,100)</u>	<u>(125)</u>	<u>22,619</u>
	<u>\$ 44,736</u>	<u>\$ 5,008</u>	<u>\$ (125)</u>	<u>\$ 49,619</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Others	\$ <u>-</u>	\$ <u>972</u>	\$ <u>2,274</u>	\$ <u>3,246</u>

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Share of loss of investments accounted for using the equity method	\$ 2,987	\$ 17,905	\$ -	\$ 20,892
Others	<u>24,218</u>	<u>79</u>	<u>(453)</u>	<u>23,844</u>
	<u>\$ 27,205</u>	<u>\$ 17,984</u>	<u>\$ (453)</u>	<u>\$ 44,736</u>

e. Income tax assessments

The income tax returns through 2022 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2024	2023
Profit (loss) for the year	<u>\$ 54,818</u>	<u>\$ (16,649)</u>

Number of Shares

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	167,042	167,042
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>179</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>167,221</u>	<u>167,042</u>

Due to the Company reporting a net loss for the year ended December 31, 2023, the potential ordinary shares related to employee compensation had an anti-dilutive effect, and were therefore excluded from the computation of diluted earnings per share.

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are 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. DISPOSAL OF SUBSIDIARIES

In June 2024, the Company did not subscribe to the cash capital increase of its subsidiary, Equator, in proportion to its existing shareholding, resulting in a reduction of its continuing interest from 57.14% to 33.33%. The transaction was accounted for as an equity transaction, since the Company did not cease to have control over this subsidiary. However, in July 2024, following the re-election of Equator's board of directors, the Company no longer holds a majority of the board seats, resulting in the loss of control over the subsidiary.

The Company's subsidiary, China Glaze Malaysia, completed liquidation in December 2024.

For details regarding the disposal of Equator, please refer to Note 26 of the Company's 2024 consolidated financial report.

26. CAPITAL MANAGEMENT

The main goal of capital management for the Company is to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company's capital risk and risk management strategies remain unchanged. The capital structure of the Company consists of debt and equity attributable to owners of the Company.

The board of directors of the Company review the capital structure on a regular basis. As part of this review, the board of directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, in order to balance the overall capital structure, the Company may adjust the amount of the number of new shares issued, and the amount of new debt borrowed or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

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

The management of the Company considers the carrying amounts of the Company's financial assets and financial liabilities that are not measured at fair value as close to their fair values, or that the fair value cannot be reliably measured.

b. Fair value of financial instruments 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 FVTPL				
Domestic listed shares	\$ 27,095	\$ -	\$ -	\$ 27,095
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>258</u>	<u>258</u>
	<u>\$ 27,095</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 27,353</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 28,080	\$ -	\$ -	\$ 28,080
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>385</u>	<u>385</u>
	<u>\$ 28,080</u>	<u>\$ -</u>	<u>\$ 385</u>	<u>\$ 28,465</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted shares are determined using the asset-based approach. In this approach, the measurement was based on the net worth as shown in the most recent financial statements of the investee company, the adjustment of fair value and liquidity discount.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 27,353	\$ 28,465
Financial assets at amortized cost (1)	603,867	693,482

Financial liabilities

Amortized cost (2)	746,177	895,720
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade and other receivables, and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term loans, trade and other payables, current portion of long-term borrowings, long-term loans, and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, notes receivable, trade and other receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposes the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 31.

Sensitivity analysis

The Company is mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) 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%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit or an increase in pre-tax loss associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit or pre-tax loss, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	\$ 13,564	\$ 16,068

The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar that were not hedged at the end of the year.

b) Interest rate risk

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 71,032	\$ 113,360
Cash flow interest rate risk		
Financial assets	163,842	243,357
Financial liabilities	(509,167)	(665,834)

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease is 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 Company's pre-tax profit for the year ended December 31, 2024, and pre-tax loss for the year ended December 31, 2023, would have decreased/increased by \$1,727 thousand and increased/decreased by \$2,112 thousand, respectively, which was mainly a result of variable-rate bank deposits and variable-rate borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and unlisted equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2024, and pre-tax loss for the year ended December 31, 2023, would have increased/decreased by \$1,368 thousand and decreased/increased by \$1,423 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2024 and 2023, the Company had available unutilized bank loan facilities of \$627,800 thousand and \$628,520 thousand, respectively.

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

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amounts were derived from the interest rate curve at the end of the year.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Notes payable and trade payables	\$ 58,514	\$ 52,537	\$ 13,657	\$ -	\$ -
Lease liabilities	137	274	1,233	2,612	-
Variable interest rate liabilities	<u>39,213</u>	<u>130,499</u>	<u>229,829</u>	<u>117,039</u>	<u>-</u>
	<u>\$ 97,864</u>	<u>\$ 183,310</u>	<u>\$ 244,719</u>	<u>\$ 119,651</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Notes payable and trade payables	\$ 53,009	\$ 59,319	\$ 23,415	\$ -	\$ -
Lease liabilities	137	274	1,233	4,255	-
Variable interest rate liabilities	<u>29,197</u>	<u>180,496</u>	<u>229,739</u>	<u>238,855</u>	<u>-</u>
	<u>\$ 82,343</u>	<u>\$ 240,089</u>	<u>\$ 254,387</u>	<u>\$ 243,110</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Pao Lai Technology Co., Ltd.	Related party in substance
HSIEN-LUNG TSAI	Related party in substance
KUEI-MEI TSAI HUNG	Related party in substance
YU-CHIEH TSAI	Related party in substance
LI-HAO TSAI	Related party in substance
SUNG-YU TSAI	Related party in substance
YI-CHIH TSAI	Related party in substance
PEI-CHUN TSAI	Related party in substance
CHAO-HUNG TSAI	Related party in substance
CHANG-KEN TSAI	Related party in substance

(Continued)

Related Party Name	Related Party Category
YUN-SHAN TSAI	Related party in substance
FANG-JEN TSAI	Related party in substance
KUN-TA TSAI	Related party in substance
C.G.C.	Subsidiary
Dai Hong	Subsidiary
Shanghai T&H Glaze Co., Ltd. (“Shanghai T&H”)	Subsidiary
Shanghai Dunhong Industrial Co., Ltd. (“Shanghai Dunhong”)	Subsidiary
Guangdong Dahong New Material. (“Guangdong Dahong”)	Subsidiary
Shandong T&H Glaze Co., Ltd. (“Shandong T&H”)	Subsidiary
PT China Glaze Indonesia (“China Glaze Indonesia”)	Subsidiary
CERATEK MATERIALS LTD. (“CERATEK”)	Subsidiary
CHINA GLAZE BANGLADESH LIMITED (“China Glaze Bangladesh”)	Subsidiary
China Glaze Malaysia	Subsidiary
PT CERAPATH TRADING INDONESIA (“CERAPATH”)	Subsidiary
Equator	Associate
	(Concluded)

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Subsidiaries	<u>\$ 160,491</u>	<u>\$ 108,099</u>

The Company sold goods to its related parties at prices comparable to market prices. The credit period for these sales ranged from 90 to 150 days, taking into consideration the historical collection experience.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Subsidiaries	<u>\$ 17,681</u>	<u>\$ 23,584</u>

The Company purchased goods from its related parties at prices comparable to market prices, with payment term of 90 days.

d. Trade receivables from related parties

Related Party Category/Name	December 31	
	2024	2023
Shanghai T&H	\$ 24,344	\$ 23,398
Guangdong Dahong	8,023	209
CERAPATH	5,177	-
China Glaze Bangladesh	3,773	6,379
China Glaze Indonesia	-	10,690
Other subsidiaries	<u>718</u>	<u>1,515</u>
	<u>\$ 42,035</u>	<u>\$ 42,191</u>

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

e. Trade payables to related parties

Related Party Category/Name	December 31	
	2024	2023
Guangdong Dahong	\$ 6,368	\$ 9,195
Other subsidiaries	<u>15</u>	<u>471</u>
	<u><u>\$ 6,383</u></u>	<u><u>\$ 9,666</u></u>

The outstanding trade payables to related parties are unsecured.

f. Other receivables from related parties (excluding loans to related parties)

Related Party Category/Name	December 31	
	2024	2023
C.G.C.	\$ 2,239	\$ 3,987
Other subsidiaries	<u>1,073</u>	<u>2,401</u>
	<u><u>\$ 3,312</u></u>	<u><u>\$ 6,388</u></u>

g. Other payables to related parties

Related Party Category/Name	December 31	
	2024	2023
Guangdong Dahong	\$ 1,369	\$ 1,488
China Glaze Malaysia	-	2,521
Other subsidiaries	<u>-</u>	<u>13</u>
	<u><u>\$ 1,369</u></u>	<u><u>\$ 4,022</u></u>

h. Lease arrangements - the Company is lessee

Related Party Category	For the Year Ended December 31	
	2024	2023
<u>Acquisition of right-of-use assets</u>		
Related parties in substance	<u><u>\$ -</u></u>	<u><u>\$ 3,264</u></u>

Line Item	Related Party Category	December 31	
		2024	2023
Lease liabilities	Related parties in substance	<u><u>\$ 4,162</u></u>	<u><u>\$ 5,734</u></u>

Related Party Category	For the Year Ended December 31	
	2024	2023

Interest expense

Related parties in substance	\$ 72	\$ 71
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The Company leased right-of-use of land and plants from its related parties in substance in May 2020 and June 2023, and the lease term of the contract was 3 years and 5 years, respectively. The rental is based on the market rental rates of similar assets and the fixed lease payments are paid quarterly.

The Company leased right-of-use of land from its related parties in substance in January 2022. The lease term of the contract was 5 years; the rental is based on the market rental rates of similar assets and the fixed lease payments are paid monthly.

i. Loans to related parties

Line Item	Related Party Name	December 31	
		2024	2023
Other receivables from related parties	China Glaze Indonesia C.G.C.	\$ 19,779	\$ 18,526
		13,219	-
		<u>\$ 32,998</u>	<u>\$ 18,526</u>

Interest revenue

Related Party Name	For the Year Ended December 31	
	2024	2023
China Glaze Indonesia	\$ 923	\$ 114
C.G.C.	263	-
China Glaze Bangladesh	<u>40</u>	<u>-</u>
	<u>\$ 1,226</u>	<u>\$ 114</u>

The Company provided China Glaze Indonesia and C.G.C. with unsecured short-term loans at rates comparable to market interest rates. These loans are expected to be recovered within one year; therefore, no expected credit loss has been recognized.

j. Lease agreement

The Company has leased out a factory to its associate - Equator under operating lease with lease term of 2 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly. As of December 31, 2024, the balance of guarantee deposits received was \$274 thousand; the gross lease payments to be received are \$2,305 thousand. The amount of lease income recognized for the year ended December 31, 2024 was \$1,098 thousand.

k. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Commission expenses (presented in operating expenses)	Subsidiaries	\$ <u>-</u>	\$ <u>320</u>
Other expenses (presented in operating expenses)	Subsidiaries	\$ <u>1,661</u>	\$ <u>2,060</u>
Other income (presented in other income)	Subsidiaries	\$ <u>-</u>	\$ <u>1,833</u>

l. Other transactions with related parties

China Glaze Indonesia obtained unsecured borrowings from the bank for operating purposes, and the Company entered into an arrangement with the bank by issuing a letter of support for the aforementioned loans. Under the above arrangement, the Company shall hold no less than 90% of the issued share capital of China Glaze Indonesia over the duration of the loans, with its related party in substance, HSIEN-LUNG TSAI, acting as the joint guarantor.

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 18,284	\$ 12,772
Post-employment benefits	<u>289</u>	<u>281</u>
	\$ <u>18,573</u>	\$ <u>13,053</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings or the deposits for construction:

	December 31	
	2024	2023
Restricted deposits	\$ 38,252	\$ 37,701
Land, net	476,855	476,855
Buildings, net	12,301	13,298
Investment properties, net	<u>101,859</u>	<u>103,755</u>
	\$ <u>629,267</u>	\$ <u>631,609</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2024 and 2023 were as follows:

Significant Unrecognized Commitments

- a. The Company's unused letters of credit for the purchase of raw materials and fixed assets were as follows:

	December 31	
	2024	2023
U.S. dollar	<u>\$ 1,089</u>	<u>\$ 777</u>
New Taiwan dollar	<u>\$ 1,931</u>	<u>\$ 274</u>

- b. Guarantee notes received that arose from sales and construction-in-progress were as follows:

	December 31	
	2024	2023
Guarantee notes received	<u>\$ 66,579</u>	<u>\$ 39,438</u>

- c. Guarantee notes submitted that arose from construction were as follows:

	December 31	
	2024	2023
Guarantee notes submitted	<u>\$ 63,330</u>	<u>\$ 24,777</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,197	32.78 (USD:NTD)	<u>\$ 367,042</u>
RMB	1,110	4.48 (RMB:NTD)	<u>\$ 4,969</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	32,819	32.78 (USD:NTD)	<u>\$ 1,081,747</u>

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 2,926	32.78 (USD:NTD)	<u>\$ 95,764</u>
RMB	3	4.48 (RMB:NTD)	<u>\$ 15</u>
			(Concluded)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,918	30.71 (USD:NTD)	<u>\$ 396,712</u>
RMB	5,703	4.33 (RMB:NTD)	<u>\$ 24,688</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	34,838	30.71 (USD:NTD)	<u>\$ 1,069,876</u>

Financial liabilities

Monetary items			
USD	2,454	30.71 (USD:NTD)	<u>\$ 75,362</u>
RMB	1,045	4.33 (RMB:NTD)	<u>\$ 4,524</u>

For the years ended December 31, 2024 and 2023, net foreign exchange gains were \$24,056 thousand and \$4,367 thousand, respectively, which were mainly a result of the changes in foreign exchange rate in the U.S. dollar.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 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: None
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
- b. Information on investees: Table 4
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, 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 shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

TABLE 1

CHINA GLAZE CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 3)	Aggregate Financing Limit (Notes 2 and 3)
													Item	Value		
0	China Glaze Co., Ltd.	China Glaze Indonesia	Other receivables	Y	\$ 19,668 (US\$ 600)	\$ 19,668 (US\$ 600)	\$ 19,668 (US\$ 600)	In accordance with market interest rates	Short-term financing	\$ -	Operating capital	\$ -	Promissory note	\$ 19,470 (US\$ 600)	\$ 591,258	\$ 1,182,516
		China Glaze Bangladesh	Other receivables	Y	9,834 (US\$ 300)	9,834 (US\$ 300)	- -	In accordance with market interest rates	Short-term financing	-	Operating capital	-	Promissory note	9,834 (US\$ 300)	591,258	1,182,516
		C.G.C.	Other receivables	Y	13,112 (US\$ 400)	13,112 (US\$ 400)	13,112 (US\$ 400)	In accordance with market interest rates	Short-term financing	-	Operating capital	-	Promissory note	13,132 (US\$ 400)	591,258	1,182,516
1	DRAGON LUCK	China Glaze Indonesia	Other receivables	Y	19,668 (US\$ 600)	19,668 (US\$ 600)	19,668 (US\$ 600)	In accordance with market interest rates	Short-term financing	-	Operating capital	-	Promissory note	19,470 (US\$ 600)	46,760 (US\$ 1,426)	93,520 (US\$ 2,852)
2	CERATEK	China Glaze Indonesia	Other receivables	Y	16,390 (US\$ 500)	16,390 (US\$ 500)	16,390 (US\$ 500)	In accordance with market interest rates	Short-term financing	-	Operating capital	-	Promissory note	16,415 (US\$ 500)	18,281 (US\$ 558)	36,562 (US\$ 1,116)
3	Shanghai T&H	Shanghai Dunhong	Other receivables	Y	2,239 (RMB 500)	- -	- -	1.55	Short-term financing	-	Operating capital	-	NA	-	69,927 (RMB 15,616)	139,854 (RMB 31,232)
		Shandong T&H	Other receivables	Y	28,923 (RMB 6,459)	- -	- -	0.25-1.65	Short-term financing	-	Operating capital	-	NA	-	69,927 (RMB 15,616)	139,854 (RMB 31,232)
4	PROSPERITY	China Glaze Indonesia	Other receivables	Y	16,390 (US\$ 500)	16,390 (US\$ 500)	16,390 (US\$ 500)	In accordance with market interest rates	Short-term financing	-	Operating capital	-	Promissory note	16,415 (US\$ 500)	34,827 (US\$ 1,062)	69,654 (US\$ 2,124)

Note 1: The number column is represented as follows:

a. “0” represents the Company.

b. Subsidiaries are numbered from “1”.

Note 2: The aggregate amount available for lending shall not exceed 40% of the Company’s net worth as stated in its most recent parent company only financial statements, and the total amount financed to any single entity shall not exceed 20% of the Company’s net worth as stated in its most recent parent company only financial statements.

Note 3: For each subsidiary, the aggregate amount available for lending shall not exceed 40% of the subsidiary’s net worth as stated in its most recent financial statements, and the total amount financed to any single entity shall not exceed 20% of the subsidiary’s net worth as stated in its most recent financial statements.

Note 4: The ending balance represents the amount approved by the board of directors as of December 31, 2024.

TABLE 2

CHINA GLAZE CO., LTD.

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 3 and 4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 3 and 4)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 6)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 6)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 6)
		Name	Relationship (Note 2)										
0	China Glaze Co., Ltd.	Earth Power Co., Ltd.	a	\$ 591,258	\$ 759	\$ 759	\$ 759	\$ -	0.03	\$ 1,182,516	N	N	N
		Yeh Tsai Chi Construction Co., Ltd.	a	591,258	2,380	2,380	2,380	-	0.08	1,182,516	N	N	N
		Kong Chou Construction Co., Ltd.	a	591,258	3,465	3,465	3,465	-	0.12	1,182,516	N	N	N
		Feng Yu United Engineering Co., Ltd.	a	591,258	18,173	18,173	18,173	-	0.61	1,182,516	N	N	N
		Samsung C&T corporation Taiwan	a	591,258	37,701	37,701	37,701	-	1.28	1,182,516	N	N	N
		Branch-Korea &Rsea Eegineering Corporation											
		Yuan Da Construction Co., Ltd.	a	591,258	454	454	454	-	0.02	1,182,516	N	N	N
		Li Ming Construction Co., Ltd.	a	591,258	2,000	2,000	2,000	-	0.07	1,182,516	N	N	N
		Formosa Builders, Inc.	a	591,258	3,010	3,010	3,010	-	0.10	1,182,516	N	N	N

Note 1: The number column is represented as follows:

- a. “0” represents the Company.
- b. Subsidiaries are numbered from “1”.

Note 2: Relationships between the endorser/guarantor and the endorsee/guarantee are represented as follows:

- a. A company with which the Company does business.
- b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- c. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- d. A company in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- e. The endorser/guarantor and endorsee/guarantee are peers in contract projects or co-builders in accordance with contract provisions which require mutual insurance company.
- f. Owing to the joint venture funded by all shareholders on its endorsement of its holding company.
- g. Peers in performance bond joint security of pre-sale house contract under “Consumer Protection Act”.

Note 3: The aggregate amount of the endorsement/guarantee provided to each guarantee shall not exceed 40% of the Company’s net worth as stated in its most recent parent company only financial statements, and the maximum amount of the endorsement/guarantee for any single entity shall not exceed 20% of the Company’s net worth as shown in its most recent parent company only financial statements.

Note 4: For each subsidiary, the aggregate amount of the endorsement/guarantee shall not exceed 40% of the subsidiary’s net worth as stated in its most recent financial statements, and the maximum amount of the endorsement/guarantee for any single entity shall not exceed 20% of the subsidiary’s net worth as stated in its most recent financial statements.

Note 5: The balance shall be the amount approved by the board of directors. If the board of directors, in compliance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies 12.8”, authorize the chairman to make the endorsement/guarantee decisions, the balance shall be the amount approved by the chairman.

Note 6: “Y” shall be filled in under certain circumstances, including endorsement/guarantee made by the public company for its subsidiaries, endorsement/guarantee made by the subsidiary for its parent company, and endorsement/guarantee related to companies in mainland China.

TABLE 3

CHINA GLAZE CO., LTD.

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2024				Note (Note 4)
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
China Glaze Co., Ltd.	<u>Stock</u> Cathay Financial Holdings Co., Ltd. - preference share	NA	Financial assets at fair value through profit or loss - current	363	\$ 22,143	-	\$ 22,143	-
	Fubon Financial Holding Co., Ltd. - preference share	NA	Financial assets at fair value through profit or loss - current	64	4,045	-	4,045	-
	KGI Financial Holding Co., Ltd. (Former China Development Financial Holding Co., Ltd.) - preference share	NA	Financial assets at fair value through profit or loss - current	115	907	-	907	-
	<u>Stock</u> Urline International Co., Ltd.	NA	Financial assets at fair value through profit or loss - non-current	53	200	2.02	200	-
	Giga Electronic Technology Co., Ltd.	NA	Financial assets at fair value through profit or loss - non-current	24	-	0.07	-	-
	Coho Biomedical Technology Co., Ltd.	NA	Financial assets at fair value through profit or loss - non-current	10	58	0.06	58	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9 “Financial Instruments”.

Note 2: If the issuer of marketable securities is a non-related party, the column is not required to be filled in.

Note 3: The carrying amount of the financial assets at fair value through profit or loss is shown as the carrying amount after adjustment for fair value and net of allowance for losses. The carrying amount of the financial assets that is not measured at fair value is the carrying amount of the amortized cost (net of allowance for losses).

Note 4: If the marketable securities listed are subject to restrictions due to the provision of guarantees, pledged borrowings or other contractual restrictions, the number of shares provided as guarantees or pledged borrowings, the amounts of guarantees or pledged borrowings and the restrictions on their use should be indicated in the Note column.

Note 5: Refer to Table 4 and Table 5 for information relating to investee companies.

TABLE 4

CHINA GLAZE CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and 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 Profit (Loss)	Note
				December 31, 2024 (Note 2)	December 31, 2023 (Note 2)	Number of Shares	%	Carrying Amount			
China Glaze Co., Ltd.	C.G.C. DEVELOPMENT LIMITED DRAGON LUCK HOLDING LTD. Equator Materials Co., Ltd	British Virgin Islands	Investment	\$ 824,305	\$ 824,305	15,540,000	60.00	\$ 640,939	\$ (38,618)	\$ (23,100)	Subsidiary
		Seychelles	Investment	220,003	220,003	6,800,000	100.00	233,412	(18,794)	(18,742)	Subsidiary
		Taichung, Taiwan	Manufacturing and selling of precision chemical materials	40,000	40,000	4,000,000	33.33	36,398	(10,768)	(3,856)	Associate (Notes 3 and 4)
	FOUR BROTHERS HOLDING LTD. Dai Hong Development Co., Ltd. CHINA GLAZE MALAYSIA SDN. BHD.	British Virgin Islands	Investment	158,592	158,592	25,500	100.00	207,396	7,478	10,019	Subsidiary
		Hsinchu, Taiwan	Investment	6,000	6,000	600,000	100.00	1,034	(335)	(335)	Subsidiary
		Malaysia	Import and export business	-	7,493	-	-	-	(227)	(227)	Subsidiary (Note 5)
DRAGON LUCK HOLDING LTD.	PROSPERITY ENTERPRISE INC.	Samoa	Investment	419,584 (US\$ 12,800)	419,584 (US\$ 12,800)	12,800,000	100.00	174,127 (US\$ 5,312)	(15,860) (US\$ -494)	(15,860) (US\$ -494)	Subsidiary
	PT CERAPATH TRADING INDONESIA	Indonesia	Import and export business	32,747 (US\$ 999)	32,747 (US\$ 999)	999,000	99.90	28,453 (US\$ 868)	(3,885) (US\$ -121)	(4,013) (US\$ -125)	Subsidiary
	PT China Glaze Indonesia	Indonesia	Manufacturing and selling of ceramic glaze	418,928 (US\$ 12,780)	418,928 (US\$ 12,780)	127,795	99.84	152,689 (US\$ 4,658)	(16,823) (US\$ -524)	(16,791) (US\$ -523)	Subsidiary
FOUR BROTHERS HOLDING LTD.	WILLMAX INVESTMENT LTD.	Mauritius	Investment	160,622 (US\$ 4,900)	160,622 (US\$ 4,900)	4,900,000	100.00	100,077 (US\$ 3,053)	9,728 (US\$ 303)	9,728 (US\$ 303)	Subsidiary
	CERATEK MATERIALS LTD.	Seychelles	Import and export business	1,639 (US\$ 50)	1,639 (US\$ 50)	50,000	100.00	91,391 (US\$ 2,788)	(3,018) (US\$ -94)	(3,018) (US\$ -94)	Subsidiary
	TAITOP CHEMICAL LTD.	Belize	Import and export business	1,639 (US\$ 50)	1,639 (US\$ 50)	50,000	100.00	17,308 (US\$ 528)	899 (US\$ 28)	899 (US\$ 28)	Subsidiary (Note 6)
	China Glaze Bangladesh Limited	Bangladesh	Manufacturing and selling of ceramic glaze	103,312 (BDT 377,880)	103,312 (BDT 377,880)	3,778,774	99.38	98,250 (BDT 359,365)	9,910 (BDT 35,583)	9,848 (BDT 35,362)	Subsidiary

Note 1: The table does not contain information on investments in mainland China. For the relevant information of investee companies in mainland China, refer to Table 5.

Note 2: The amounts were calculated at the foreign exchange rate: 1 U.S. dollar = 32.78 New Taiwan dollar and 1 Bangladesh Taka = 0.2734 New Taiwan dollar as of December 31, 2024.

Note 3: In July 2024, the Company lost the practical ability to direct the relevant activities of Equator and, as a result, lost control over Equator. This investee was subsequently reclassified as an associate company and is now accounted for using the equity method.

Note 4: The share of profit (loss) recognized for the period includes a net loss of \$641 thousand, incurred prior to the loss of control over Equator.

Note 5: CHINA GLAZE MALAYSIA completed its liquidation in December 2024.

Note 6: TAITOP’s board of directors resolved to liquidate the Company in December 2024.

TABLE 5

CHINA GLAZE CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Guangdong Dahong New Materials Co., Ltd.	Manufacturing and selling of ceramic glaze and pigments	RMB 152,254	Note 1(b)	\$ 361,491	\$ -	\$ -	\$ 361,491	\$ (52,683) (US\$ -1,641)	60.00	\$ (31,719) (US\$ -988)	\$ 323,539 (US\$ 9,870)	\$ 381,242
Shanghai T&H Glaze Co., Ltd.	Manufacturing and selling of ceramic glaze	RMB 82,792	Note 1(b)	102,171	-	-	102,171	16,277 (US\$ 507)	60.00	9,888 (US\$ 308)	209,759 (US\$ 6,399)	-
Shandong T&H Glaze Co., Ltd.	Manufacturing and selling of ceramic glaze	RMB 59,710	Note 1(b)	-	-	-	-	5,297 (US\$ 165)	60.00	3,210 (US\$ 100)	103,585 (US\$ 3,160)	-
Shanghai Dunhong Industrial Co., Ltd.	Import and export business	RMB 6,037	Note 1(b)	-	-	-	-	353 (US\$ 11)	60.00	193 (US\$ 6)	(2,983) (US\$ -91)	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 463,662	\$ 929,174 (US\$ 28,346)	\$ 1,773,775

Note 1: There are three types of investment method that should be stated in the number column, and the number is determined as follows:

- a. Investment in mainland China by remittance through a third region.
- b. Investment in mainland China through a company invested and established in a third region (C.G.C.).
- c. Other methods.

Note 2: The amounts were calculated on the basis of the financial statements audited by Certified Public Accountants and the Company’s shareholding percentage, with the difference resulting from downstream, upstream and sidestream transactions which created unrealized gross profit.

Note 3: The relevant amounts in this table are presented in New Taiwan dollars.

Note 4: The amounts were calculated at the foreign exchange rate: 1 U.S. dollar = 32.78 New Taiwan dollar as of December 31, 2024.