Stock Code: 1810

Hocheng Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors of Hocheng Corporation:

Audit opinion

We have audited the consolidated financial statements of Hocheng Corporation, which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to paragraph Other Matters), the accompanying parent company only financial statements present fairly, in all material respects, the consolidated financial position of Hocheng Corporation and its subsidiaries 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Parent-Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Based on our audits and the reports of other auditors, 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 the most significance in our audit of the parent company only financial statements of the current period for the Company. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these issues. We have determined the matters described below to be the key audit matters to be communicated in our report:

I. Valuation of inventories

Refer to Note 4(7) and Note 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information on the estimation of the valuation of inventory is disclosed in Note 6(6) of the parent company only financial statements

Description of key audit matters:

Inventories are measured at the lower of cost or net realizable value in the financial statements. The Company's products are mainly sold to consumers through distributors and big box stores. The Company faces competition from its competitors with homogeneous products and low-price strategies. The risk of inventory costing might exceed its net realizable value due to obsolete products or inconsistency with consumers' preferences.

How the matter was addressed in our audit:

Our audit procedures for the above key audit matters included understanding the accounting policies of the Company for impairment loss provision, examining whether inventory write-down or obsolescence allowance had been provided for inventories according to the Company's existing accounting policies (including implementing sampling procedures, verifying relevant forms and certificates to verify and accuracy of its calculation), and evaluating the adequacy of the Company's disclosures related to inventory write-down or obsolescence allowance.

II. Investments accounted for using the equity method

Refer to Notes 4(8) and (9) for the accounting policy of investment accounted for using the equity method. Information on investment accounted for using the equity method and the share of gains from associates and joint ventures recognized by using the equity method is disclosed in Note 6(7) of the parent company only financial statements.

Description of key audit matters:

The amount of investments accounted for using the equity method of Hocheng Corporation amounted to NT$1,668,964 thousand, accounting for 20% of the total assets of Hocheng Corporation; therefore, investments accounted for using the equity method are included as a matter that requires close attention.

How the matter was addressed in our audit:

The audit process we perform for the above key audit matter includes providing audit instructions to and communicating with the audit staff of other component entities, acquiring the financial statements of the component entities, performing a check calculation for the correctness of the recognized investment amount under the equity method and attributable period, and assessing whether the management has properly disclosed the investment under the equity method.

Other Matters

For investment accounted for by using the equity method included in the Company's financial statements, we did not audit the financial statements of certain companies. Those financial statements were audited by other auditors. Therefore, our opinion expressed for the abovementioned financial statements, insofar as they relate to the financial statements of such companies, is based solely on the reports of other CPAs. Investment accounted for by using the equity method of the abovementioned investees accounted for 4% and 7% of total assets as of December 31, 2024 and 2023, respectively; the share of gains or losses from subsidiaries, associates, and joint ventures accounted for (91)% and (284)% of net profit before tax for the years ended December 31, 2024 and 2023, respectively.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the 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) of the Company are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether or not the parent company only financial statements as a whole are free from material misstatements, 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 auditing standards will always detect a material misstatement when it exists in the parent company only financial statements. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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 auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of investees accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion of the Company.

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, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the 2024 parent company only financial statements of the Group and are, therefore, key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that 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.

KPMG Taiwan

CPA	Hsu, Shu-Min Wu Tsao-Jen
No. of approval and certification from the competent authority of securities	Jin-Guan-Zheng-Liu-Zi No.0940100754 Jin-Guan-Zheng-Shen-Zi No. 1070304941
March 11, 2025	

Hocheng Corporation

Balance Sheet

December 31, 2024 and 2023

Unit: NT$ thousand

	Assets	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 376,360	4	370,049	5
1110	Current financial assets at fair value through profit or loss (Note 6(2))	129,998	2	117,266	1
1151	Notes receivable (Notes 6(4) and 7)	306,385	4	385,589	5
1170	Accounts receivable, net (Notes 6(4) and 7)	495,993	6	491,427	6
1200	Other receivables, net (notes 6(5))	34,989	-	30,812	-
1210	Other receivables - Related parties (notes 6(5) and 7)	36,260	-	26,464	-
130X	Inventories, net (Note 6(6) and 7)	1,135,376	13	1,146,631	13
1479	Other current assets	61,675	1	66,897	1
		2,577,036	30	2,635,135	31
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(3))	694,706	8	648,763	8
1550	Investments accounted for using the equity method, net (Note 6(7))	1,668,964	20	1,618,976	19
1600	Property, plant and equipment (Notes 6(8) and 8)	2,822,702	33	2,894,813	34
1755	Right-of-use assets (Note 6(9))	34,224	1	45,594	1
1760	Investment property, net (Note 6(10) and 8)	443,276	5	443,441	5
1780	Intangible assets (Note 6(11))	12,921	-	15,689	-
1840	Deferred income tax assets (Note 6(19))	40,362	1	51,293	1
1920	Guarantee deposits paid (Note (8))	21,516	-	23,641	-
1975	Net defined benefit assets - Non-current (Note 6(18))	168,762	2	104,852	1
1984	Other non-current assets - Others (Note 8)	2,358	-	2,332	-
1995	Other non-current assets - Others (Note 8)	32,577	-	21,025	-
		5,942,368	70	5,870,419	69
	Total Assets	**$ 8,519,404**	**100**	**8,505,554**	**100**

	Financial liabilities and equity	2024.12.31 Amount	%	2023.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(12))	$ 168,615	2	350,000	5
2110	Short-term notes and bills payable (Notes 6(13))	100,000	1	-	-
2150	Notes payable	11,214	-	12,180	-
2160	Notes payable - Related parties (note 7)	36,544	1	38,283	-
2171	Accounts payable	194,322	2	165,204	2
2180	Accounts payable - Related parties (note 7)	76,118	1	79,080	1
2200	Other payables	213,829	3	218,446	3
2220	Other payables - Related parties (note 7)	5,957	-	5,309	-
2230	Income tax liabilities for the period (Note 6(16))	12,191	-	45,015	-
2250	Debt allowance - Current (Note 6(16))	4,703	-	7,135	-
2280	Lease liabilities - Current (Note 6(15))	13,930	-	19,566	-
2320	Long-term liabilities due within one year (Notes 6(14))	25,000	-	440,000	5
2399	Other current liabilities－Others	52,683	1	62,391	1
		915,106	11	1,442,609	17
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(14))	375,000	5	-	-
2570	Deferred income tax liabilities (Note 6(19))	349,123	4	346,718	5
2580	Lease liabilities - Non-current (Note 6(15))	21,269	-	27,698	-
2645	Guarantee deposits	19,404	-	19,057	-
		764,796	9	393,473	5
	Total liabilities	1,679,902	20	1,836,082	22
	Equity (Note 6(20)):				
3100	Capital stock	3,023,037	35	3,023,037	36
3200	Capital surplus	16,847	-	16,587	-
3300	Retained earnings	3,139,684	37	3,017,205	35
3400	Other equity	664,715	8	617,424	7
3500	Treasury stock	(4,781)	-	(4,781)	-
	Total equity	6,839,502	80	6,669,472	78
	Total Liabilities and Equity	**$ 8,519,404**	**100**	**8,505,554**	**100**

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li- Chien Chiu **Managerial officer: Shih-Chieh Chen** **Head-Finance & Accounting: Yueh-Ying Lo**

Hocheng Corporation

Statement of Comprehensive income

January 1 to December 31, 2024 and 2023

Unit: NT$ thousand

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(22) and 7)**	$ 3,132,034	100	3,255,265	100
5000	**Operating costs (Note 6(6) and 7)**	2,387,917	76	2,411,916	74
5900	**Gross profit before adjustment**	744,117	24	843,349	26
5910	Less: Unrealized sales gains or losses	3,145	-	8,632	-
5920	Add: Realized sales gains or losses	8,632	-	7,060	-
5950	**Operating gross profit**	749,604	24	841,777	26
	Operating expenses(note 7)				
6100	Sales and marketing expenses	473,085	15	462,226	14
6200	General and administrative expenses	175,522	6	154,133	5
6300	Research and development expenses	100,377	3	109,406	3
6450	Expected credit impairment (reversal gains) losses (Note 6(4))	(1,920)	-	224	-
6300	**Subtotal**	747,064	24	725,989	22
6900	**Operating profit**	2,540	-	115,788	4
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	4,222	-	1,678	-
7010	Other income (Note 6(24) and 7)	98,559	3	109,837	3
7020	Other gains and losses (Note 6(24))	(5,988)	-	(7,117)	-
7050	Finance costs (Note 6(24))	(17,264)	(1)	(21,987)	(1)
7070	Profit and loss of subsidiaries, associates and joint ventures recognized by using equity method (Note 6(7))	(15,663)	(1)	(141,745)	(4)
	Subtotal	63,866	1	(59,334)	(2)
7900	**Net profits before tax**	66,406	1	56,454	2
7950	**Less: Income tax expenses (Note 6(19))**	7,988	-	37,107	1
	Net profits for the period	58,418	1	19,347	1
8300	**Other comprehensive income：**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	51,538	2	9,486	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	47,945	2	144,015	4
8330	Share of gains of subsidiaries, associates, and joint ventures recognized by using the equity method - Items not reclassified to profit or loss	46,481	1	91,973	3
8349	Less: Income tax related to items that will not be reclassified	12,188	-	925	-
	Total amount of items that will not be reclassified to profit or loss	133,776	5	244,549	7
8360	**Items that may be reclassified to profit or loss subsequently**				
8361	Exchange differences on translation of foreign operations	38,037	1	17,922	1
8380	Share of gains of subsidiaries, associates, and joint ventures recognized by using the equity method - Items that may be reclassified to profit or loss	-	-	-	(1)
8399	Less: Income tax related to items that may be reclassified	-	-	-	-
	Total amount of items that may be reclassified to profit or loss subsequently	38,037	1	17,922	-
8300	**Other comprehensive income or loss of the period (net after taxes)**	171,813	6	262,471	7
8500	**Total comprehensive income for the period**	**$ 230,231**	**7**	**281,818**	**8**
	Earnings per share (NT$) (Note 6(21))				
9750	**Basic earnings per share (NT$)**	**$**	**0.19**		**0.06**
9850	**Diluted earnings per share (NT$)**	**$**	**0.19**		**0.06**

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu **Managerial officer: Shih-Chieh Chen** **Head-Finance & Accounting: Yueh-Ying Lo**

Hocheng Corporation

Statement of Changes in Equity

January 1 to December 31, 2024 and 2023

Unit: NT$ thousand

	Shares		Retained earnings			Other Components of Equity			
						Foreign operations	Others		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Profit or loss measured at fair value Unrealized (losses) gains of financial assets at fair value through other comprehensive income	Treasury stock	Total equity
Balance at January 1, 2023	$ 3,032,800	15,223	980,671	458,116	1,598,041	(1,184)	377,823	(13,461)	6,448,029
Net profits for the period	-	-	-	-	19,347	-	-	-	19,347
Other comprehensive income for the year	-	-	-	-	4,542	17,922	240,007	-	262,471
Total comprehensive income for the period	-	-	-	-	23,889	17,922	240,007	-	281,818
Earnings distribution and appropriation:									
Legal reserve	-	-	22,910	-	(22,910)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(60,656)	-	-	-	(60,656)
Other changes in capital reserve	-	(3)	-	-	-	-	-	-	(3)
Retirement of treasury stock	(9,763)	1,083	-	-	-	-	-	8,680	-
Dividends distributed to subsidiaries to adjust additional paid-in capital	-	284	-	-	-	-	-	-	284
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	17,144	-	(17,144)	-	-
Balance at December 31, 2023	3,023,037	16,587	1,003,581	458,116	1,555,508	16,738	600,686	(4,781)	6,669,472
Net profits for the period	-	-	-	-	58,418	-	-	-	58,418
Other comprehensive income for the year	-	-	-	-	48,088	38,037	85,688	-	171,813
Total comprehensive income for the period	-	-	-	-	106,506	38,037	85,688	-	230,231
Earnings distribution and appropriation:									
Legal reserve	-	-	4,103	-	(4,103)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(60,461)	-	-	-	(60,461)
Changes in shares of affiliates and joint ventures recognized under the equity method	-	-	-	-	76,437	-	(76,437)	-	-
Other changes in capital reserve	-	171	-	-	-	-	-	-	171
Dividends distributed to subsidiaries to adjust additional paid-in capital	-	89	-	-	-	-	-	-	89
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(3)	-	3	-	-
Balance at December 31, 2024	**$ 3,023,037**	**16,847**	**1,007,684**	**458,116**	**1,673,884**	**54,775**	**609,940**	**(4,781)**	**6,839,502**

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu **Managerial officer: Shih-Chieh Chen** **Head-Finance & Accounting: Yueh-Ying Lo**

Hocheng Corporation

Statement of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: NT$ thousand

		2024	2023
Cash flows from operating activities:			
Profit before tax from continuing operations	$	66,406	56,454
Net income before tax			
Adjustments to reconcile profit (loss)			
Depreciation		137,289	149,793
Amortization expense		4,358	4,853
Expected credit impairment losses		(1,920)	224
Net gains on financial assets at fair value through profit or loss		(1,732)	(3,572)
Interest expenses		17,264	21,987
Interest income		(4,222)	(1,678)
Dividend income		(29,169)	(28,658)
Share of losses (gains) of subsidiaries, associates, and joint ventures recognized by using the equity method		15,663	141,745
Gains (losses) from disposal and scrapping of property, plant and equipment		6	(886)
(gain) loss on lease modification		(146)	209
Loss on disposal of intangible assets		-	558
Unrealized (Realized) Sales (Gains) Losses		(5,487)	1,572
Total items of income and expenses		131,904	286,147
Changes in assets/liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Notes receivable		79,204	45,489
Accounts receivables		(2,646)	160,770
Other receivables		(13,973)	(8,052)
Inventory		11,255	96,129
Other current assets		5,222	11,243
Net defined benefit assets liabilities		(12,372)	(35,786)
Total net changes in assets related to operating activities		66,690	269,793
Net changes in liabilities related to operating activities			
Notes payable		(2,705)	(64,110)
Accounts payable		26,156	(28,945)
Other payables		(4,003)	(106,929)
Debt allowance		(2,432)	(4,258)
Other current liabilities		(9,708)	(8,482)
Total net changes in liabilities related to operating activities		7,308	(212,724)
Total net changes in assets and liabilities related to operating activities		73,998	57,069
Total item of adjustments		205,902	343,216
Cash inflows generated from operations		272,308	399,670
Interest received		4,222	1,678
Dividends received		51,732	61,965
Interest paid		(17,230)	(21,900)
Income tax paid		(37,784)	(15,803)
Net cash inflows from operating activities		273,248	425,610

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu **Managerial officer: Shih-Chieh Chen** **Head-Finance & Accounting: Yueh-Ying Lo**

Hocheng Corporation

Statement of Cash Flows (cont'd)

January 1 to December 31, 2024 and 2023

Unit: NT$ thousand

	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(922)	(23,434)
Disposal of financial assets measured at fair value through other comprehensive income	2,924	47,330
Acquisition of financial assets at fair value through profit or loss	(11,000)	(52,900)
Disposal of financial assets at fair value through profit or loss	-	24,259
Acquisition of investments accounted for under the equity method	-	(150,620)
Acquisition of property, plant and equipment	(44,586)	(51,543)
Proceeds from disposal of property, plant and equipment	65	6,140
Decrease in refundable deposits	2,125	18,057
Acquisition of intangible assets	(1,590)	(1,863)
Disposal of intangible assets	-	356
Cash inflow from merger	-	257,434
Other Financial assets	(26)	-
Other non-current assets	(11,552)	(1,144)
Net cash outflows (inflows) from investing activities	(64,562)	72,072
Cash flows from financing activities:		
(Decrease) Increase in short-term borrowings	(181,385)	20,000
Increase (Decrease) in short-term notes payable	100,000	(105,000)
Increase in long-term loans	400,000	-
Decrease in long-term loans	(440,000)	(80,000)
Increase in guarantee deposits received	347	-
Repayment of principal of lease liabilities	(21,047)	(42,447)
Cash dividends paid	(60,461)	(60,461)
Others	171	-
Net cash outflows from financing activities	(202,375)	(267,908)
Net increase in cash and cash equivalents during the period	6,311	229,774
Cash and cash equivalents at beginning of year	370,049	140,275
Cash and cash equivalents at end of year	**$ 376,360**	**370,049**

(Please refer to the accompanying notes to parent company only financial statements)

Chairman: Li-Chien Chiu **Managerial officer: Shih-Chieh Chen** **Head-Finance & Accounting: Yueh-Ying Lo**

Hocheng Corporation
Notes to the Parent-Only Financial Statements
For the Years Ended December 31, 2024 and 2023
(Expressed in NT$ thousand, unless otherwise specified)

I. Company History

Hocheng Corporation (the "Company") was incorporated in 1961 under the approval of the Ministry of Economic Affairs. The address of its registered office is 1F, No.398, Xingshan Rd., Neihu District, Taipei City 114, Taiwan. The Company primarily engages in the manufacturing and trading of residential equipment (i.e., bathtubs, toilets), kitchen equipment, copper pipe equipment and construction of national housing.

II. Approval date and procedures of the consolidated financial statements:

The accompanying parent-only financial statements were authorized for issue by the Board of Directors (the "Board") on March 11, 2025.

III. New standards, amendments and interpretations adopted:

(I) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2024.

- ·Amendments to IAS1 "Classification of Liabilities as Current or Non-current"
- ·Amendments to IAS1 "Non-current Liabilities with Contractual Terms"
- ·Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"
- ·Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(II) The impact of IFRS endorsed by the FSC but not adopted

The Company assesses that the adoption of the following new amendments, effective for the annual period beginning on January 1, 2025, would not have a significant impact on its parent company only financial statements.

·Amendments to IAS1 "Disclosure of Accounting Policies"

(III) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The IASB has issued and amended the following standards and interpretations that are not yet approved by the FSC:

New standards amendments and interpretations adopted	Main amendments	Effective date announced by the Board of Directors
IFRS18"Expression and Disclosure of Financial Statements	The new standards introduce three types of income and expenses, two small sums of gains and losses, and one single note about the performance measurement of the management. These three amendments and enhancements provide a guide for how to divide information in financial statements, and provide users with better and more consistent information to lay the foundation. This will affect all companies. ·The more structured income statement: According to the existing standards, the Company uses different formats to express its operating results, so that investors can easily compare the financial performance of different companies. The new standard uses a more structured income statement, and introduces the new definition of "operating profits" as a sum. All income and expenses are classified into three new types based on the Company's main business activities. ·Management Performance Measurement (MPM): The new standard introduces the definition of management performance measurement, and requires the Company to provide the information on each measurement indicator in a single note to the financial statements, and to explain the calculation and how to adjust the measured indicator and the amount recognized in the IFRS accounting standards. ·More detailed information: The new standards include how companies can strengthen the guidance on information classification in financial statements. This includes whether the information should be included in the main financial statements or further divided in the notes.	January 1, 2027

The Company is currently evaluating the impact of the above-mentioned standards and interpretations on the Company's financial position and business results. The relevant impact will be disclosed when the evaluation is completed.

The Company assesses that the following IFRS issued by IASB but not yet endorsed by the FSC will not have significant effects on the consolidated financial statements.

- ·Amendments to IFRS10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”
- ·Amendment to IFRS 17 “Insurance Contracts” and IFRS 17
- ·IFRS 19 "Disclosure of Subsidiaries not Responsible for Public Expenditure”
- ·Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments
- ·Annual improvements to IFRS Accounting Standards
- ·Amendment to IFRS 9 and IFRS 7 "Contracts for Renewable Electricity from Nature”

IV. Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for the explanation of Note 3, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(I) Statement of compliance

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

(II) Basis of preparation

1. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis, except for the following material items in the balance sheet:

(1) Financial assets at fair value through profit or loss are measured at fair value;

(2) Financial assets at fair value through other comprehensive income are measured at fair value;

(3) The net defined benefit liabilities (assets) are recognized as the fair value of the plan assets less the present value of the defined obligation, which is limited, as explained in Note 4(17).

2. Functional and presentation currency

The Company has its functional currency as the currency of the primary economic environment in which it operates. The parent-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(III) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the reporting date”), monetary items denominated in foreign currencies are translated into functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(1) an investment in equity securities designated as at fair value through other comprehensive income;

(2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(3) qualifying cash flow hedges to the extent the hedge are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is re-attributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that is considered part of the net investment in the foreign operation are recognized in other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to be settled in its normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting date; or
4. The liability is not settled at the end of the reporting period and has the right to defer the settlement for at least 12 months after the reporting period.

(V) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. Time deposits with maturities within a year or less that meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(VI) Financial assets

Trade receivables are initially recognized when they originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (excluding accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets classified in the same category are recognized and derecognized on a trade date basis.

On initial recognition, financial assets are classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

Financial assets are not reclassified subsequently to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- ·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized costs add/less cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

On initial recognition, the Company is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that are not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit or loss (unless the dividend clearly represents a recovery of part of the cost of the investment). Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established (generally, ex-dividend date).

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

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income described above (such as those held for trading or managed and evaluated on a fair value basis) are measured at fair value through profit or loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses (including any interest or dividend income) are recognized in profit or loss.

(4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- ·debt securities that are determined to have low credit risk at the reporting date; and
- ·other debt securities and bank balances for which credit risk (i.e., the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, as well as forward-looking information.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

ECLs are probability-weighted estimates of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- ·significant financial difficulty of the borrower or issuer;
- ·a breach of contract such as a default or being more than 365 days past due;
- ·The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- ·it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- ·the disappearance of an active market for security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate accounts, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of the amount due.

(5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains all of the risks and rewards of ownership substantially, and it does not retain control of the financial asset.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity instruments

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

(2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the amount after deducting direct issuance costs from the obtained proceeds.

(3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital reserve or retained earnings (if the capital reserve is not sufficient to be written down).

(4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(VII) Inventory

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(VIII) Investment in associates

Associates are those entities in which the Company has significant influence over their financial and operating policies but not control or joint control.

Investments in the equity of associates are accounted for using the equity method. Under the equity method, the costs were recognized upon initial acquisition. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill identified on the acquisition, net of any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in the Company's shareholding percentage in the associate, the Company recognizes equity changes attributable to the Company by its shareholding percentage as capital reserve.

Gains and losses resulting from transactions between the Company and an associate are recognized in the financial statements only to the extent of a non-related investor's equity in the associate.

When the Company's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long-term interests that form a part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Company has an obligation or has made payments on behalf of its associates.

(IX) Investments in subsidiaries

When preparing the parent company only financial statements, the Company assesses investees under its control by using the equity method. Under the equity method, the profit or loss during the period and other comprehensive income presented in the parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to the owners of the parent company presented in the financial statements prepared on a consolidated basis and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company's ownership interest in a subsidiary that do not result in loss of control are treated as equity transactions with owners.

(X) Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value, which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

(XI) Property, Plant and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized as profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Lands are not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

(1) Houses and buildings	2~60 years
(2) Machinery and equipment	2~20 years
(3) Transportation equipment	2~8 years
(4) Office equipment	2~15 years
(5) Other equipment	2~35 years

Depreciation methods, useful lives, and residual values are reviewed at the reporting date each year and adjusted if appropriate.

4. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(XII) Leasing

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. As a lease

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) fixed payments, including in substance fixed payments;

(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(3) amounts expected to be payable under a residual value guarantee; and

(4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

(1) there is a change in future lease payments arising from the change in c;

(2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;

(3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset;

(4) there is a change in its assessment of the lease period on whether it will exercise an extension or termination option;

(5) there is a lease modification

When the lease liability is remeasured, when are changes in an index or rate to determine lease payments, changes in the amount of residual value guarantee, or changes in the assessment of purchase, extension, or termination options above, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as separate line items, respectively, in the balance sheets.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases of computer equipment and other equipment and asset lease of low-value assets. The Company recognizes relevant lease payments as expenses on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meet all the following conditions are lease modifications or not:

(1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(3) any reduction in lease payments that affects only those payments originally due on or before June 30, 2022; and

(4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

2. As a lessor

When the Company is the lessor in the transactions, it classifies lease contracts based on whether substantially all risks and compensations from the ownership of target assets are transferred; if yes, the contracts are classified as financing leases, and if no, operating leases. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(XIII) Intangible assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete the development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have useful lives that are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3. Amortization

Apart from goodwill, amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

Computer software cost 2~15 years

Amortization methods, useful lives, and residual values of intangible assets are reviewed at each reporting date and adjusted if appropriate.

(XIV) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred income tax assets, and non-financial assets other than assets arising from employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(XV) Debt allowance

A debt allowance is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Debt allowances are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as interest expenses.

A provision of debt allowance for sales is recognized when the underlying products or services are sold based on historical allowance data and measurement of all possible outcomes against their associated probabilities.

(XVI) Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Descriptions based on the major revenue items of the Company are as follows:

(1) Sale of goods

The Company recognizes revenue when the control over products is transferred. The transfer of control over products refers to the delivery of products to customers, and customers may fully determine the sales channels and prices, and there is no unfulfilled obligation that may affect the acceptance of products by customers. Delivery occurs when products are delivered to a specified venue, the risks of obsolescence and losses are transferred to the customers, and customers have accepted products according to sales contracts, the acceptance terms have become invalid, or the Company has objective evident recognizing that all acceptance conditions have been fulfilled.

The Company is obliged to refund due to defects for the standard warranty it provides and has recognized warranty liability provision for such obligations.

The Company recognizes accounts receivable when delivering products as the Company gains the rights to unconditionally receive considerations.

(2) Rental income

The rental income arising from investment property is recognized in accordance with the straight-line method over the lease period; also, the given lease incentives are deemed as part of the overall rent income, and it is credited to the rental income in accordance with the straight-line method over the lease period. The revenues generated from the sub-lease of the property are recognized as non-operating income and expenses under "lease rental income."

(3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(XVII) Employee benefits

1. Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as related services are provided.

2. Defined benefit plans

The Company's net obligation in respect of the defined benefit plans is calculated separately for each of the plans by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to prior service costs or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(XVIII) Income taxes

Income taxes comprise both current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current income tax includes estimated income tax payable or tax refund receivable calculated based on the taxable income (losses) of the year and any adjustment made to the income tax payable or tax refund receivable in prior years. The amount is the best estimate of estimated amounts payable or receivable measured based on the tax rates enacted or substantively enacted on the reporting date.

Deferred income taxes arise due to temporary differences between the carrying amounts of assets and liabilities on the financial reporting date and their respective tax bases. Deferred income taxes are recognized except for the following:

1. temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax asset is recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset if the following criteria are met:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) The same taxable entity; or
   (2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

(XIX) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Potential ordinary shares of the Company include the remuneration of employees.

(XX) Operating segments

The Company has disclosed the segment information in the consolidated financial statements; therefore, the parent company only financial statements will not disclose segment information.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the separate financial statements, management is required to make judgments and estimates regarding the future (including climate-related risks and opportunities), which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements causes no significant effects.

Information about assumptions or estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the effects of consumers’ preferences and technological changes, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(6) for further description of the valuation of inventories.

VI. Explanation of significant accounting items

(I) Cash

		2024.12.31	2023.12.31
Cash and petty cash	$	3,022	3,328
Checking account deposits		2,117	2,392
Demand deposit		371,221	364,329
Cash and cash equivalents presented in the statement of cash flows	**$**	**376,360**	**370,049**

Please refer to Note 6(25) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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

The breakdown of financial assets is as follows:

		2024.12.31	2023.12.31
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificates - open-end fund	**$**	**129,998**	**117,266**

1. For details of the remeasurement of fair values recognized in profit or loss, please refer to Note 6(24).
2. The financial assets above had not been pledged as collateral.

(III) Financial assets at fair value through other comprehensive income

		2024.12.31	2023.12.31
Equity investments at fair value through other comprehensive income:			
Domestic and foreign listed stocks	$	692,837	646,585
Domestic non-listed stocks		1,869	2,178
Total	**$**	**694,706**	**648,763**

1. Equity investments at fair value through other comprehensive income

   The Company holds such equity instruments as long-term strategic investments, not for transaction purposes; therefore, they are designated as measured at fair value through other comprehensive income.

   In 2024 and 2023, the Company recognized a dividend income of NT$29,169 thousand and NT$28,658 thousand, respectively, for the investments in equity instruments designated as measured at fair value through other comprehensive income.

   Due to changes in investment strategy in 2024 and 2023, the Company has disposed of its financial assets designated at fair value through other comprehensive income. The fair value upon the disposals was NT$2,924 thousand and NT$47,330 thousand, and the Company recorded cumulative disposal (losses) gains of NT$(3) thousand and NT$2,684 thousand, respectively. The cumulative disposal gains have been transferred to retained earnings.

2. For credit risk (including the impairment of debt investments) and market risk, please refer to Note 6(25).

3. The financial assets above had not been pledged as collateral.

(IV) Notes and accounts receivables

		2024.12.31	2023.12.31
Notes receivable	$	306,385	385,589
Accounts receivables		496,775	494,129
Less: loss allowance		(782)	(2,702)
	$	**802,378**	**877,016**

The Company applies the simplified approach to provide for its ECL for all notes and accounts receivable (i.e., the use of lifetime ECL provision for all receivables). Notes and accounts receivables have been grouped based on shared credit risk characteristics of customers’ capacity in settling the amount past due according to the contractual terms, with the inclusion of forward-looking information, macroeconomic, and relevant industry information. The expected credit loss analysis of the Company's notes receivable and accounts receivable is as follows:

	2024.12.31		
	Book value of notes and accounts receivable	**Weighted average ECL rate**	**Loss allowance for lifetime ECL**
Current	$ 796,457	0% - 0.04%	292
1 to 30 days past due	2,133	0% - 6.56%	140
31 to 120 days past due	4,570	0% - 7.66%	350
More than one year past due	-	0% - 100%	-
	$ 803,160		**782**

	2023.12.31		
	Book value of notes and accounts receivable	**Weighted average ECL rate**	**Loss allowance for lifetime ECL**
Current	$ 863,116	0% - 0.06%	491
1 to 30 days past due	2,716	0% - 11.39%	309
31 to 120 days past due	13,883	0% - 13.69%	1,901
121 to 365 days past due	3	0% - 50.44%	1
More than one year past due	-	0% - 100%	-
	$ 879,718		**2,702**

The movements in the loss allowance for notes and accounts receivables of the Company are set out in the following table:

		2024	2023
Beginning balance	$	2,702	2,299
Impairment losses recognized		(1,920)	224
Transferred in from consolidated financial statements		-	179
Ending balance	$	782	2,702

(V) Other receivables

		2024.12.31	2023.12.31
Others	$	71,249	64,363
Less: loss allowance		-	(7,087)
	$	71,249	57,276

(VI) Inventory

		2024.12.31	2023.12.31
Raw material	$	214,979	201,828
Supplies		8,635	8,238
Work in progress		170,968	155,176
Finished goods		489,383	523,881
Merchandise		219,928	251,741
Raw materials in transit		31,483	5,767
	$	1,135,376	1,146,631

For the years ended December 31, 2024 and 2023, the cost of goods sold and expenses amounted to NT$2,387,917 thousand and NT$2,411,916 thousand, respectively. It includes an inventory valuation loss of NT$4,831 thousand recognized in 2024 due to the write-down of inventory to net realizable value, which has been accounted for as part of operating costs. In 2023, as the factors that had previously caused the net realizable value of inventory to fall below cost had ceased to exist, an inventory recovery gain of NT$5,689 thousand was recognized and accounted for as a deduction from operating costs. Additionally, inventory scrap losses of NT$5,904 thousand and NT$8,343 thousand were recognized in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, none of the Company's inventories was pledged as collateral.

(VII) Investments accounted for using the equity method

The investments accounted for using the equity method at the end of the reporting period are set out as follows:

	2024.12.31	2023.12.31
Subsidiary	$ 1,668,964	1,618,976

Please refer to the 2024 consolidated financial statements.

For the purpose of integrating the utilization of resources, the Company's Board of Directors resolved to carry out a short-form merger with the subsidiary, Haussi Co., Ltd. on June 27, 2023. The record date of the merger was July 28, 2023, and the Company was the surviving company after the merger.

As of December 31, 2024 and 2023, none of the Company's investments accounted for using the equity method was pledged as collateral.

(VIII) Property, Plant and Equipment

The breakdown of changes in the cost and depreciation of property, plant and equipment of the Company is as follows:

	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Costs:							
Balance on December 31, 2024	$ 2,256,359	622,255	1,591,787	66,914	151,852	659,241	5,348,408
Increase	-	8,389	11,740	2,861	6,792	14,804	44,586
Disposal	-	-	(27,110)	-	(260)	(2,518)	(29,888)
Transferred to investment property	(5,517)	(12,593)	-	-	-	-	(18,110)
Balance on December 31, 2024	$ 2,250,842	618,051	1,576,417	69,775	158,384	671,527	5,344,996
Balance at January 1, 2023	$ 682,549	302,660	1,598,451	67,577	155,948	769,358	3,576,543
Increase	-	2,074	16,077	3,162	3,005	25,147	49,465
Transferred in from consolidated financial statements	1,573,963	192,392	-	-	236	3,489	1,770,080
Disposal	(153)	(138)	(22,741)	(3,825)	(7,346)	(13,477)	(47,680)
Reclassified	-	125,267	-	-	9	(125,276)	-
Balance on December 31, 2023	$ 2,256,359	622,255	1,591,787	66,914	151,852	659,241	5,348,408
Depreciation:							
Balance on December 31, 2024	$ -	259,287	1,450,621	53,094	135,692	554,901	2,453,595
Depreciation this period	-	38,589	33,771	4,253	6,028	27,916	110,557
Disposal	-	-	(27,110)	-	(260)	(2,447)	(29,817)
Transferred to investment property	-	(12,041)	-	-	-	-	(12,041)
Balance on December 31, 2024	$ -	285,835	1,457,282	57,347	141,460	580,370	2,522,294
Balance at January 1, 2023	$ -	166,119	1,434,626	51,801	136,149	605,079	2,393,774
Depreciation this period	-	22,639	34,559	4,837	6,655	33,557	102,247
Disposal	-	(128)	(18,564)	(3,544)	(7,121)	(13,069)	(42,426)
Reclassified	-	70,657	-	-	9	(70,666)	-
Balance on December 31, 2023	$ -	259,287	1,450,621	53,094	135,692	554,901	2,453,595
Carrying amount:							
December 31, 2024	$ 2,250,842	332,216	119,135	12,428	16,924	91,157	2,822,702
January 1, 2023	$ 682,549	136,541	163,825	15,776	19,799	164,279	1,182,769
December 31, 2023	$ 2,256,359	362,968	141,166	13,820	16,160	104,340	2,894,813

Since the land of the Yingge factory and business premises of the Company is agricultural land, it is not yet possible to transfer it to the name of the Company. As of December 31, 2024 and 2023 the key management personnel are registered in the name of the trust registrant. Please refer to Note 7 for relevant information.

As of December 31, 2024 and 2023, regarding the execution of the deed of real estate trust for the property, plant and equipment of the Company and the breakdown of those that have been pledged as collateral for long-term and short-term borrowings and financing limits, please refer to note 8.

(IX) Right-of-use assets

The breakdown of changes in costs and depreciation of lands, houses and buildings, machinery equipment, and transportation equipment leased by the Company are as follows:

	Land	Houses and buildings	Transportation equipment	Others	Total
Costs of right-of-use assets:					
Balance on January 1, 2024	$ 1,499	114,440	9,037	4,977	129,953
Increase	-	2,077	7,978	-	10,055
Less	-	(2,912)	(7,087)	-	(9,999)
Balance on December 31, 2024	**$ 1,499**	**113,605**	**9,928**	**4,977**	**130,009**
Balance at January 1, 2023	$ 1,011	372,539	6,488	4,873	384,911
Acquired through business combination	488	2,242	2,549	104	5,383
Less	-	(260,341)	-	-	(260,341)
Balance on December 31, 2023	**$ 1,499**	**114,440**	**9,037**	**4,977**	**129,953**
Depreciation of right-of-use assets:					
Balance on January 1, 2024	$ 1,022	74,168	6,424	2,745	84,359
Depreciation this period	246	17,732	2,011	509	20,498
Less	-	(2,912)	(6,160)	-	(9,072)
Balance on December 31, 2024	**$ 1,268**	**88,988**	**2,275**	**3,254**	**95,785**
Balance at January 1, 2023	$ 674	203,951	2,782	2,166	209,573
Acquired through business combination	147	810	2,159	43	3,159
Depreciation this period	201	39,210	1,483	536	41,430
Less	-	(169,803)	-	-	(169,803)
Balance on December 31, 2023	**$ 1,022**	**74,168**	**6,424**	**2,745**	**84,359**
Carrying amount:					
December 31, 2024	**$ 231**	**24,617**	**7,653**	**1,723**	**34,224**
December 31, 2023	**$ 477**	**40,272**	**2,613**	**2,232**	**45,594**
January 1, 2023	**$ 337**	**168,588**	**3,706**	**2,707**	**175,338**

(X) Investment property

The breakdown of The Company's investment properties is as follows:

	Land	Buildings	Total
Costs:			
Balance on January 1, 2024	$ 435,671	258,712	694,383
Transferred from property, plant and equipment	5,517	12,593	18,110
Balance on December 31, 2024	**$ 441,188**	**271,305**	**712,493**
Balance at January 1, 2023	$ 408,284	258,712	666,996
Acquired through business combination	27,387	-	27,387
Balance on December 31, 2023	**$ 435,671**	**258,712**	**694,383**
Depreciation and impairment losses:			
Balance on January 1, 2024	$ 5,285	245,657	250,942
Depreciation during the year	-	6,234	6,234
Transferred from property, plant and equipment	-	12,041	12,041
Balance on December 31, 2024	**$ 5,285**	**263,932**	**269,217**
Balance at January 1, 2023	$ -	239,541	239,541
Depreciation during the year	-	6,116	6,116
Acquired through business combination	5,285	-	5,285
Balance on December 31, 2023	**$ 5,285**	**245,657**	**250,942**
Carrying amount:			
December 31, 2024	**$ 435,903**	**7,373**	**443,276**
January 1, 2023	**$ 408,284**	**19,171**	**427,455**
December 31, 2023	**$ 430,386**	**13,055**	**443,441**
Fair value:			
December 31, 2024			**$ 2,110,401**
December 31, 2023			**$ 1,687,104**

The fair value of investment property is based on the valuation of the market value.

Investment properties include multiple commercial properties leased to others. For details of relevant information (including rental income and direct operating expenses occurred), please refer to Note 6(17).

As of December 31, 2024 and 2023, for the breakdown of investment properties of the Group that had been pledged as collateral for long-term and short-term borrowings and financing limits, please refer to Note 8.

(XI) Intangible assets

The breakdown of costs and amortization of intangible assets of the Company in 2024 and 2023 is as follows:

	Computer software cost
Cost:	
Balance on January 1, 2024	$ 70,339
Increase	1,590
Balance on December 31, 2024	**$ 71,929**
Balance at January 1, 2023	$ 71,354
Increase	1,863
Less	(2,878)
Balance on December 31, 2023	**$ 70,339**
Amortization:	
Balance on January 1, 2024	$ 54,650
Amortization during the period	4,358
Balance on December 31, 2024	**$ 59,008**
Balance at January 1, 2023	$ 51,760
Amortization during the period	4,853
Decrease this period	(1,963)
Balance on December 31, 2023	**$ 54,650**
Carrying amount:	
Balance on December 31, 2024	**$ 12,921**
Balance at January 1, 2023	**$ 19,594**
Balance on December 31, 2023	**$ 15,689**

1. Amortization expenses

Amortization expenses of intangible assets were presented in the following items of the statement of comprehensive income in 2024 and 2023:

	2024	2023
Operating cost	**$ 117**	**106**
Operating expenses	**$ 4,241**	**4,747**

(XII) Short-term borrowings

The breakdown of the Company's short-term borrowings is as follows:

	2024.12.31	2023.12.31
Borrowings on unsecured letters of credit	$ 18,615	250,000
Unsecured bank borrowings	150,000	-
Secured bank borrowings	-	100,000
Total	$ 168,615	350,000
Outstanding limits	$ 1,641,385	1,650,000
Interest rates	1.95% - 6.65%	1.72% - 1.88%

For details of collateral for short-term borrowings on the pledge of assets as collateral, please refer to note 8.

(XIII) Short-term notes and bills payable

The breakdown of short-term notes and bills payable by the Company is as follows:

	2024.12.31		
	Guarantee or acceptance institution	Interest rates	Amount
Commercial papers payable	Bills finance company	1.98% - 2.18%	$ 100,000
Outstanding limits			$ 330,000

	2023.12.31		
	Guarantee or acceptance institution	Interest rates	Amount
Commercial papers payable	Bills finance company	-	$ -
Outstanding limits			$ 430,000

(XIV) Long-term borrowings

The breakdown, conditions, and terms of the Company's long-term borrowings are as follows:

	2024.12.31			
	Currency	Interest rates	Maturity date	Amount
Secured bank borrowings	TWD	2.49%	2029.10.19	$ 400,000
Less: Portion due within one year				(25,000)
Total				$ 375,000
Outstanding limits				$ -

	2023.12.31			
	Currency	Interest rates	Maturity date	Amount
Secured bank borrowings	TWD	2.37%	2024.10.19	$ 440,000
Less: Portion due within one year				(440,000)
Total				$ -
Outstanding limits				$ -

For information on the Company's interest risk, currency risk and liquidity risk, please refer to Note 6(24).

For details of collateral for short-term borrowings on the pledge of assets as collateral, please refer to note 8.

(XV) Lease liabilities

The carrying amount of lease liabilities of the Company is as follows:

	2024.12.31	2023.12.31
Current	$ 13,930	19,566
Non-current	$ 21,269	27,698

For details of the maturity analysis, please refer to Note 6(25) financial instruments.

The amount recognized in profit or loss is as follows:

	2024	2023
Interest expenses on lease liabilities	$ 659	1,706
Expenses relating to short-term leases	$ 233	185
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	$ 982	822

The amount recognized in the statements of cash flows is as follows:

	2024	2023
Total cash used in leases	$ 22,921	45,160

1. Land, house and building leases

As of December 31, 2024 and 2023, the Company leases land and houses and buildings for its office space and factories. The leases of office space typically run for one to five years.

2. Other leases

In addition, the period of lease for leasing machinery equipment and other equipment is two to five years; such leases are short-term and low-value target leases; the Company opts to apply the recognition exemption requirements to no recognize the relevant right-of-use assets and lease liabilities.

(XVI) Debt allowance

		Debt allowance for discount
Balance on January 1, 2024	$	7,136
Debt allowance increased during the period		4,316
Debt allowance used during the period		(6,749)
Debt allowance reversed during the period		-
Balance on December 31, 2024	**$**	**4,703**
Balance at January 1, 2023	$	10,033
Debt allowance increased during the period		4,868
Debt allowance used during the period		(7,765)
Debt allowance reversed during the period		-
Balance on December 31, 2023	**$**	**7,136**

For debt allowance for discounts, the Company assesses potential product discounts based on historical experience, the management's judgment and other known reasons. Such allowances are recognized as a deduction item for the operating revenue of the year in which relevant products are sold.

(XVII) Operating lease

The Company leases out investment properties. The Company has classified these leases as operating leases because it does not substantially transfer all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(10) for details of investment properties.

The maturity analysis of the lease payment based on the total undiscounted lease payment to be collected after the reporting date is set out in the following table:

		2024.12.31	2023.12.31
Less than 1 year	$	21,775	19,517
1 to 5 years		43,389	35,804
> 5 years		1,418	4,784
Total undiscounted lease payment	**$**	**66,582**	**60,105**

For the years ended December 31, 2024 and 2023, the rental revenue from investment properties amounted to NT$15,961 thousand and NT$10,812 thousand, respectively.

(XVIII) Employee benefits

1. Defined benefit plans

The reconciliation of the present value of defined benefit obligations and the fair value of plan assets is as follows:

		2024.12.31	2023.12.31
Defined benefit obligation	$	546,821	583,655
Fair value of plan assets		(715,583)	(688,507)
Net defined benefit assets liabilities	$	(168,762)	(104,852)

The Company makes contributions to the labor pension fund account with the Bank of Taiwan that is under the defined benefit plan. If the Labor Standard Act applies to an employee, the retirement payment shall be calculated based on the base points obtained in accordance with the seniority and the average salaries six months before retirement.

(1) Composition of plan

The Company sets aside pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard, and Utilization of the Labor Retirement Fund," and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall be no less than the earnings from two-year time deposits with the interest rates offered by local banks.

As of the reporting date, the Company's labor pension reserve account balance with the Bank of Taiwan amounted to NT$715,583 thousand. The information for the utilization of the labor pension fund assets included the asset allocation and yield of the fund. For details, please refer to the information announced on the website of the Bureau of Labor Funds, Ministry of Labor.

(2) Movements in the present value of the defined benefit obligations

For the years ended December 31, 2024 and 2023, the movements in the present value of the defined benefit obligations of the Company are as follows:

		2024	2023
Defined benefit obligations as at January 1	$	583,655	630,887
Current service costs and interest		7,920	9,776
Remeasurements of net defined benefit liability			
- Adjustments based on experiences		16,350	(8,360)
- Actuarial gains or losses arising from financial assumptions		(3,928)	4,528
Prior service costs		681	2,765
Benefits paid under the plan		(57,857)	(55,941)
Defined benefit obligations as at December 31	$	546,821	583,655

(3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2024 and 2023 are as follows:

		2024	2023
Fair value of plan assets as at January 1	$	688,507	690,467
Interest income		8,518	9,274
Net defined benefit (liabilities) assets remeasurement			
- Return on plan assets (excluding interest income of the current period)		63,960	5,654
Contributions appropriated to the plan		12,455	22,523
Benefits paid under the plan		(57,857)	(55,941)
Assets merged from business combination		-	16,530
Fair value of plan assets as at December 31	**$**	**715,583**	**688,507**

(4) Expenses recognized as profit or loss

The breakdown of expenses recognized by the Company as of December 31, 2024 and 2023 is as follows:

		2024	2023
Current period service costs	$	828	1,335
Prior service costs		681	2,765
Net interest of net defined benefit liabilities (assets)		7,092	8,441
Interest income from planned assets		(8,518)	(9,274)
The amount of the discontinued company transferred to the net effect		-	(16,530)
	$	**83**	**(13,263)**
Operating cost	$	37	(5,863)
Sales and marketing expenses		26	(4,354)
General and administrative expenses		11	(1,576)
Research and development expenses		9	(1,470)
	$	**83**	**(13,263)**

(5) Actuarial assumptions

The principal actuarial assumptions used by the Company to determine the present value of defined benefit obligations on the reporting date are as follows:

	2024.12.31	2023.12.31
Discount rate	1.375%	1.250%
Future salary increase	1.250%	1.250%

The expected allocation payment to be made by the Company to the defined benefit plan within one year after the reporting date of 2024 is NT$0.

The weighted average lifetime of the defined benefits plans is 5.7 years.

(6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation as of December 31, 2024 and 2023 shall be as follows:

	Influences on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2024		
Discount rate (changes of 0.25%)	(7,727)	7,901
Future salary increase (changes of 0.25%)	7,766	(7,632)

	Influences on defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2023		
Discount rate (changes of 0.25%)	(9,001)	9,219
Future salary increase (changes of 0.25%)	9,051	(8,881)

The sensitivity analysis above analyzed the effects of changes in a single assumption, and other assumptions remained unchanged. In practice, multiple assumptions may be correlated. The method used in the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities on the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2022 and 2021.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act under the defined contribution plan. Under the plan, the Company is exempted from the legal or constructive obligations for additional payments after appropriating a fixed amount to the Bureau of Labor Insurance.

The Company confirmed that the pension expenses to the Bureau of Labor Insurance under the defined pension contribution plan for the years ended December 31, 2024 and 2023 amounted to NT$17,839 thousand and NT$18,284 thousand, respectively, have been appropriated to the Bureau of Labor Insurance.

(XIX) Income taxes

1. Income tax expenses

The breakdown of income tax expenses of the Company as of December 31, 2024 and 2023 is as follows:

	2024	2023
Current income tax expense		
Arising during the period	$ 8,178	27,061
Current income tax with adjustments to the prior period	(3,218)	(2,723)
	4,960	24,338
Deferred income tax expense		
Occurrence and reversal of temporary differences	3,028	12,769
Income tax expenses for continuing operations	**$ 7,988**	**37,107**

The breakdown of income tax expenses (gains) recognized in other comprehensive income by the Company for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of defined benefit plans	$ 12,188	925

The reconciliation of income tax and profit before tax of the Company for 2024 and 2023 is as follows:

	2024	2023
Net profits before tax	$ 66,406	56,454
Income tax calculated at the domestic tax rate at the place where the Company locates	$ 13,281	11,291
Additional tax on undistributed earnings	-	7,277
Effect of tax rate differences in foreign jurisdictions	-	53
Adjustments to non-temporary differences	(5,267)	(3,147)
Tax incentives	(3,505)	(7,674)
Changes in unrecognized temporary differences	7,643	31,842
Prior over (under) estimation	(3,218)	(2,723)
Others	(946)	188
Income tax expense	$ 7,988	37,107

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Items of deferred income tax assets not recognized by the Company are as follows:

	2024.12.31	2023.12.31
Deductible temporary differences	$ 12,158	12,321
Aggregate amount of temporary differences related to investments in subsidiaries	363,128	355,322
	$ 375,286	367,643

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

	Unrealized revaluation appreciation	Provision for land value increment tax	Defined benefit plans	Others	Total
Deferred income tax liabilities:					
Balance on December 31, 2024	$ 13,868	274,420	58,129	301	346,718
Debit (credit) on the income statement	-	-	2,474	(69)	2,405
Balance on December 31, 2024	**$ 13,868**	**274,420**	**60,603**	**232**	**349,123**
Balance at January 1, 2023	$ 13,868	448	-	73	14,389
Debit (credit) on the income statement	-	-	58,129	-	58,129
Debit (credit) on the income statement	-	273,972	-	228	274,200
	………	……….	………	………	……….
Balance on December 31, 2023	**$ 13,868**	**274,420**	**58,129**	**301**	**346,718**

		Defined benefit plans	Others	Total
Deferred income tax assets:				
Balance on January 1, 2024	$	32,615	18,678	51,293
(Debit) credit on the income statement		-	(623)	(623)
(Debit) credit on other comprehensive income		(10,308)	-	(10,308)
Balance on December 31, 2024	**$**	**22,307**	**18,055**	**40,362**
Balance at January 1, 2023	$	(11,913)	17,974	6,061
(Debit) credit on the income statement		47,665	(2,305)	45,360
(Debit) credit on other comprehensive income		(1,897)	-	(1,897)
(Debit) credit on the income statement		-	3,009	3,009
(Debit) credit on other comprehensive income		(1,240)	-	(1,240)
	…….		…….	……..
Balance on December 31, 2023	**$**	**32,615**	**18,678**	**51,293**

3. Assessment of tax

The Company’s income tax returns for the years through 2022 were assessed by the taxation agency.

(XX) Capital and other equity

As of December 31, 2024 and 2023, the total authorized capital of the Company was NT$5,700,000 thousand, divided into 570,000 thousand shares with a par value of NT$10 per share. The total authorized capital above comprises ordinary shares, and the issued shares were both 302,304 thousand shares. All issued shares were paid up upon issuance.

The reconciliation of the Company’s outstanding shares for the years ended December 31, 2024 and 2023 is set out in the following table:

(presented in thousand shares)

	Common Stock	
	2024	**2023**
Opening balance on January 1	302,304	303,280
Retirement of treasury stock	-	(976)
Closing balance on December 31	**302,304**	**302,304**

1.Shares

For the purpose of integrating the effectiveness of resource utilization, the Company's Board of Directors resolved to carry out a short-form merger with the subsidiary, Hauchi Co., Ltd. on June 27, 2023. The record date of the merger was July 28, 2023. After the merger, the Company was the surviving company and Hauchi Co., Ltd. was discontinued. The Company did not issue any shares for the merger and at the same time, the Company eliminated976thousand common shares of the subsidiary, Hauchi Co., Ltd. held by the Company.

2. Capital reserve

The content of the capital reserve balance of the Company is as follows:

		2024.12.31	2023.12.31
Treasury share transactions	$	12,951	12,862
Changes in net equity of subsidiaries recognized by using the equity method		1,919	1,919
Consolidation premium		1,275	1,275
Others		702	531
	$	16,847	16,587

According to the Company Act, the capital reserve shall be used to offset deficits first, and the realized capital reserve may be used to distribute new shares or cash based on the initial shareholding of shareholders. The aforementioned realized capital reserve includes the premium on the issuance of shares above par and income received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital reserve that may be appropriate to the capital shall not exceed 10% of the paid-in capital in aggregate each year.

3. Retained earnings

The Company is in the traditional industry. The life cycle of the Company is in the growing stage. To consider the need of the Company for future capital, long-term financial planning, and the need for cash inflows for shareholders, the distribution of the Company's earnings shall consider the net earnings of the current year as the priority. If the Company records earnings after the final account, apart from paying profit-seeking business income tax and compensating losses from prior years according to the law, it shall appropriate a 10% legal reserve and appropriate special reserve based on the actual requirements of the Company. If there are remaining earnings, such earnings shall be combined with the undistributed earnings at the beginning of the period, and the Board shall prepare a proposal for earning distribution and submit it to the shareholders' meeting for the resolution of distribution.

The distribution of shareholders' dividends may be distributed after the Board has formulated the proposal and submitted it to the shareholders' meeting for approval based on the Company's operating status and capital requirements. The distribution of cash dividends shall be prioritized. When cash dividends and share dividends are distributed at the same time, the ratio of cash dividends therein shall not be less than 10% of total dividends.

When the amount of legal reserve has reached the total capital, the shareholders' meeting may resolve to cease the appropriation.

For the distribution of dividends and bonuses from legal reserve and capital reserve, the distribution shall be made after the Board has formulated the proposal and submitted it to the shareholders' meeting for approval according to the requirements of relevant laws and regulations.

(1) Legal reserve

When the Company has no losses, it may, based on the resolution of the shareholders' meeting, distribute new shares or cash from the legal reserve; however, the portion distributable shall be the portion of the reserve that exceeds 25% of the paid-in capital.

(2) Special reserve

For the initial application of IFRS that is approved by the FSC, the Company chose to adopt the exemptions in IFRS1 "First-time Adoption of International Financial Reporting Standards." Therefore, for the unrealized revaluation increment under the shareholder's equity, retained earnings increased by NT$658,175 thousand according to the requirements. Pursuant to the Order Jin-Guan-Zheng-Fa-Zi No.1010012865 of the FSC dated April 6, 2012, the same amount of special reserves should be appropriated, and when relevant assets are used, disposed of, or reclassified, the special reserve appropriated initially shall be reversed as distributable earnings proportionately. As of December 31, 2024 and 2023, the carrying amount of the special reserve amounted to NT$458,116 thousand.

(3) Earnings distribution

The proposal for earning distribution for 2023 and 2022 was approved as a resolution at the shareholders' meeting on June 26, 2024 and July 21, 2023. The amount of dividends distributed to the owners is as follows:

	2023		2022	
	Payout ratio(NTD)	**Amount**	**Payout ratio(NTD)**	**Amount**
Dividends distributed to owners of ordinary shares:				
Cash	$ 0.20	60,461	0.20	60,656

4. Treasury shares

The breakdown of shares of the Company held by the Company's subsidiaries as of December 31, 2024 and 2023 is as follows:

Holding		2024.12.31			2023.12.31		
company	Accounting item	Number of shares (thousand shares)	Costs	Market price	Number of shares (thousand shares)	Costs	Market price
Hohong Co., Ltd.	Financial assets at fair value through other comprehensive income - Non-current	445	4,781	7,707	445	4,781	8,086

5. Other equity (net of tax)

	Exchange differences on translation of foreign operations	Unrealized (losses) gains of financial assets at fair value through other comprehensive income
Balance on January 1, 2024	$ 16,738	600,686
Exchange differences arising from the translation of net assets of foreign operations	38,037	-
Unrealized (losses) gains of financial assets at fair value through other comprehensive income	-	47,945
Disposal of equity instruments measured at fair value through other comprehensive income	-	3
Share of unrealized gains or losses of financial assets at fair value through other comprehensive income of subsidiaries accounted for using the equity method	-	37,743
Disposal of equity instruments measured at fair value through other comprehensive income	-	(76,437)
Balance on December 31, 2024	$ 54,775	609,940

	Exchange differences on translation of foreign operations	Unrealized (losses) gains of financial assets at fair value through other comprehensive income
Balance at January 1, 2023	$ (1,184)	377,823
Exchange differences arising from the translation of net assets of foreign operations	17,922	-
Unrealized (losses) gains of financial assets at fair value through other comprehensive income	-	144,015
Disposal of equity instruments measured at fair value through other comprehensive income	-	(17,144)
Share of unrealized gains or losses of financial assets at fair value through other comprehensive income of subsidiaries accounted for using the equity method	-	95,992
Balance on December 31, 2023	**$ 16,738**	**600,686**

(XXI) Earnings per share

1. Basic earnings per share

(1) Net profit attributable to ordinary shareholders of the Company

	2024	2023
Net profit attributable to ordinary shareholders of the Company	**$ 58,418**	**19,347**

(2) Weighted average number of issued ordinary shares (thousand shares)

	2024	2023
Ordinary shares issued as of January 1	302,304	303,280
Effect of treasury shares	(445)	(1,001)
Weighted average number of issued ordinary shares as at December 31	**301,859**	**302,279**

2. Diluted earnings per share

(1) Net profit attributable to ordinary shareholders of the Company (diluted)

	2024	2023
Net profit attributable to ordinary shareholders of the Company (diluted)	$ 58,418	19,347

(2) Weighted average number of issued ordinary shares (diluted) (thousand shares)

	2024	2023
Weighted average number of issued ordinary shares (basic)	301,859	302,279
Effect of employees' compensation on shares	323	409
Weighted average number of issued ordinary shares (diluted) as of December 31	302,182	302,688

3. Earnings per share are as follows:

	2024	2023
Basic earnings per share	$ 0.19	0.06
Diluted earnings per share	$ 0.19	0.06

(XXII) Revenue from contracts with customers

1. Breakdown of revenue

		2024	2023
Primary geographical markets:			
Taiwan	$	3,127,674	3,250,321
China		1,143	571
Philippines		2,585	4,373
Other countries		632	-
	$	3,132,034	3,255,265
Major products/service lines:			
Porcelain	$	1,213,274	1,236,924
Copper		697,668	711,066
Toilet seat cover		548,077	534,048
Fine pottery		73,725	117,994
Others		599,290	655,233
	$	3,132,034	3,255,265

(XXIII) Remuneration of employees and remuneration of Directors and supervisors

According to the requirements of the Articles of Incorporation, if the Company records any profits, it shall appropriate 5%~8% of the annual profits. The appropriation ratio for the remuneration of employees and remuneration of Directors and supervisors shall be up to 3% of the annual profits. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses.

For years ended December 31, 2024 and 2023, the estimated remuneration of employees was NT$4,378 thousand and NT$3,722 thousand, and the remuneration of Directors was NT$2,189 thousand and NT$1,861 thousand, respectively. The estimation basis is the net profit of the Company in the respective period before the remuneration of employees and remuneration of Directors and supervisors multiplied by the distribution ratio of the remuneration of employees and remuneration of Directors and supervisors as stated in the Articles of Incorporation, and the amounts were presented as operating costs or operating expenses of the period. If there are differences between the actual distribution amount and the estimated amount, they are treated as changes in accounting estimates, and such differences are recognized as profit or loss in the following year. For the remuneration of employees and remuneration of Directors and supervisors of the Company, the actual distribution amount and the estimated amount in 2023 were equivalent; for relevant information, please visit MOPS for inquiries.

(XXIV) Non-operating income and expenses

1. Interest income

The breakdown of the interest income of the Company in 2024 and 2023 is as follows:

	2024	2023
Interest from cash in the bank	$ 4,222	1,678

2. Other income

The breakdown of other income of the Company in 2024 and 2023 is as follows:

	2024	2023
Rental income	$ 21,184	17,177
Dividend income	29,169	28,658
Royalties and others	48,206	64,002
	$ 98,559	109,837

3. Other gains and losses

The breakdown of other gains and losses of the Company in 2024 and 2023 is as follows:

	2024	2023
Foreign exchange gains	$ 952	(1,857)
Net gains from disposal and scrapping of property, plant and equipment	(6)	328
Depreciation of investment properties	(6,234)	(6,116)
Net gains on financial assets at fair value through profit or loss	1,732	3,572
Others	(2,432)	(3,044)
	$ (5,988)	(7,117)

4. Finance costs

The breakdown of finance costs of the Company in 2024 and 2023 is as follows:

	2024	2023
Interest expenses	$ 17,264	21,987

(XXV) Financial instruments

1. Credit risks

(1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The major customers of the Company are centralized in several distributors. In order to reduce the credit risk, the Company continues to evaluate the financial status of these customers and request collateral or guarantee when necessary. The Company regularly assesses the likelihood of collectability of accounts receivable and sets aside an allowance for bad debts, and the impairment losses generally fall within the expectations of the management. As of December 31, 2024 and 2023, 50% and 46% of notes receivable balance and 26% and 19% of accounts receivable balance were concentrated on three customers. Thus, the credit risk of the Company is significantly centralized.

(3) Credit risk of amounts receivable

For information on the exposure to credit risks of notes and accounts receivable, please refer to Note 6(4).

2. Liquidity risks

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount:	Cash flows of contract	Within 6 months	612 months	12 years	25 years	Over 5 years
December 31, 2024							
Non-derivative financial instruments							
Secured bank borrowings	$ 400,000	436,618	4,980	29,856	58,776	343,006	-
Unsecured bank borrowings	168,615	169,478	169,478	-	-	-	-
Short-term notes payable	100,000	100,059	100,059	-	-	-	-
Notes payable	47,758	47,758	47,758	-	-	-	-
Accounts payable	270,440	270,440	270,440	-	-	-	-
Other payables	219,786	219,786	219,786	-	-	-	-
Lease liabilities	35,199	36,042	8,214	6,172	10,352	11,304	-
	$ 1,241,798	**1,280,181**	**820,715**	**36,028**	**69,128**	**354,310**	**-**
December 31, 2023							
Non-derivative financial instruments							
Secured bank borrowings	$ 540,000	548,348	145,484	402,864	-	-	-
Unsecured bank	250,000	250,924	250,924	-	-	-	-

borrowings							
Notes payable	50,463	50,463	50,463	-	-	-	-
Accounts payable	244,284	244,284	244,284	-	-	-	-
Other payables	223,755	223,755	223,755	-	-	-	-
Lease liabilities	47,264	48,435	10,494	9,620	10,840	17,481	-
	$ 1,355,766	1,366,209	925,404	412,484	10,840	17,481	-

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

3. Currency risks

(1) Exposure to foreign currency risk

Financial assets and liabilities of the Company that are exposed to significant currency risk are as follows:

	2024.12.31			**2023.12.31**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 192	32.79	6,295	133	30.71	4,084
RMB	13,671	4.478	61,219	13,057	4.327	56,498
Financial liabilities						
Monetary items						
USD	1,636	32.79	53,636	165	30.71	5,066

(2) Sensitivity analysis

The exposure of the Company's monetary items to currency risk arises from the exchange gains or losses arising from the translation of cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable, and other payables that are denominated in foreign currencies. As of December 31, 2024 and 2023, if an appreciation or depreciation of 1% of the NTD against the USD occurs, the net profit after tax of 2024 and 2023 would have increased or decreased by NT$122 thousand and NT$444 thousand, respectively.

(3) Exchange gains or losses of monetary items

Exchange gains or losses of monetary items of the Company (including those realized and unrealized) in 2024 and 2023 were gains of NT$952 thousand and losses of NT$1,857 thousand.

4. Interest rate analysis

The exposure of the Company's financial assets and financial liabilities are described in the liquidity risk management of the note.

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non-derivative instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to the key management internally, which also represents the management's assessment of the reasonable and possible scope of change in interest rates.

The Company's interest rate risk arises from borrowings bearing floating interest rates. If the interest rate increases or decreases by 1%, the Company's net profit before tax will decrease or increase by NT$4,100 thousand and NT$4,800 thousand for the years ended December 31, 2024 and 2023, respectively, and all other variables remained constant.

5. Information on fair value

(1) Types and fair value of financial instruments

Regarding the financial assets and liabilities at fair value through profit or loss, financial assets and liabilities for hedging, and financial assets at fair value through other comprehensive income (financial assets available for sales) of the Company, the carrying amount and fair value of various financial assets and financial liabilities measured at fair value on a repetitive basis (including the information on the level of fair value; however, for financial instruments not measured at fair value with their carrying amount being reasonable approximates and investments in equity instruments with no active quote in an active market and the fair value cannot reliably measures, the information on fair value is not required to be disclosed according to the requirements) are set out as follows:

	2024.12.31				
		Fair value:			
	Carrying amount:	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 129,998	129,998	-	-	129,998
Financial assets measured at fair value through other comprehensive income					
Domestic and foreign listed stocks	692,837	692,837	-	-	692,837
Domestic non-listed stocks	1,869	-	-	1,869	1,869
Subtotal	694,706	692,837	-	1,869	694,706

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	2024.12.31				
		Fair value:			
	Carrying amount:	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	376,360	-	-	-	-
Notes and accounts receivable	802,378	-	-	-	-
Other receivables	71,249	-	-	-	-
Other Financial assets	9,565	-	-	-	-
Restricted Assets	2,358	-	-	-	-
Refundable deposits	21,516	-	-	-	-
Subtotal	1,283,426	-	-	-	-
Total	$ 2,108,130	822,835	-	1,869	824,704
Financial liabilities at amortized cost					
Bank loan	$ 568,615	-	-	-	-
Short-term notes payable	100,000	-	-	-	-
Notes and accounts payable	318,198	-	-	-	-
Other payables	219,786	-	-	-	-
Lease liabilities	35,199	-	-	-	-
Guarantee deposits	19,404	-	-	-	-
Total	$ 1,261,202	-	-	-	-

	2023.12.31				
		Fair value:			
	Carrying amount:	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 117,266	117,266	-	-	117,266
Financial assets measured at fair value through other comprehensive income					
Domestic and foreign listed stocks	646,585	646,585	-	-	646,585
Domestic non-listed stocks	2,178	-	-	2,178	2,178
Subtotal	648,763	646,585	-	2,178	648,763
Financial assets measured at amortized cost					
Cash and cash equivalents	370,049	-	-	-	-
Notes and accounts receivable	877,016	-	-	-	-
Other receivables	57,276	-	-	-	-
Restricted Assets	2,332	-	-	-	-
Refundable deposits	23,641	-	-	-	-
Subtotal	1,330,314	-	-	-	-
Total	$ 2,096,343	763,851	-	2,178	766,029

	2023.12.31				
		Fair value:			
	Carrying amount:	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loan	$ 790,000	-	-	-	-
Notes and accounts payable	294,747	-	-	-	-
Other payables	223,755	-	-	-	-
Lease liabilities	47,264	-	-	-	-
Guarantee deposits	19,057	-	-	-	-
Total	$ 1,374,823	-	-	-	-

(2) Fair value valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quotation, which is published by the main exchange or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with an open bid.

If quoted prices of financial instruments can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institutes, or authorities, and such prices can reflect those actual trading and frequently happen in the market, the financial instruments are considered to have quoted prices in an active market. The market shall be deemed inactive when not fulfilling the abovementioned conditions. In general, significant gaps in trading prices, significant increases in gaps in trading prices, or minor trading volume are deemed as indicators of an inactive market.

If the financial instruments held by the Company have an active market, the fair value, by category and attribute, is set out as follows:

Shares of companies listed on TWSE (TPEX) are financial assets and financial liabilities traded in active markets that fulfill the standard terms and conditions; their fair value shall be based on the market quotations.

Apart from the financial instruments with an active market above, the fair value of the remaining financial instruments is determined based on the general recognition pricing model that is used as the basis through cash flow discount analysis.

If the financial instruments held by the Company has no active market, the fair value, by category and attribute, is set out as follows:

Equity instruments with no open quote: The Company adopts the net asset value method, which primarily assumes that the measurement shall be made based on the net worth per share of the investee.

(3) Transfers between Level 1 and Level 2

There was no significant transfer of financial assets from Level 1 to Level 2 in 2024 and 2023.

(4) Statement of changes in Level 3

	Measured at fair value through other comprehensive income
	Equity instruments with no open quotation
January 1, 2024	$ 2,178
Total gains or losses	
Deferred tax income (expense) recognized in other comprehensive income	(309)
December 31, 2024	**$ 1,869**
January 1, 2023	$ 2,350
Total gains or losses	
Deferred tax income (expense) recognized in other comprehensive income	(172)
December 31, 2023	**$ 2,178**

The abovementioned total gains or losses are presented as "unrealized gains of losses from investments in equity instruments at fair value through other comprehensive income." Those related to assets held in 2024 and 2023 are as follows:

	2024	**2023**
Total gains or losses		
Recognized in other comprehensive income (presented as "unrealized gains of losses from investments in equity instruments at fair value through other comprehensive income")	**$ (309)**	**(172)**

(5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that are classified for fair value measurement by using Level 3 inputs include financial assets at fair value through other comprehensive income - securities investments.

Most of the Company's financial assets in Level 3 have only single significant unobservable input, while investments in equity instruments without an active market have multiple significant unobservable inputs. The significant unobservable inputs of investments in equity instruments without an active market are individually independent, and there is no correlation between them.

The quantitative information of significant unobservable inputs is set out as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income	Net asset value method	·Net asset value	Not applicable

(XXVI) Financial risk management

1.Overview and Summary

The Company is exposed to the following risks from its financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The note presents the Company’s exposure information, objectives, policies and procedures for measuring and managing the abovementioned risks. For further quantitative disclosures, please refer to the respective notes in the parent company only financial statements.

2. Risk management framework

The Board has overall responsibility for the establishment and supervision of the risk management framework of the Company.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and compliance with limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through training, management standards, and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s Board oversees how the management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company. Internal auditors assist the Board of the Company in supervising. Such personnel undertakes regular and ad hoc reviews of risk management control and procedures, and the results are reported to the Board.

3. Credit risk

Credit risk means the potential loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s accounts receivables from customers and investments in securities.

(1) Accounts and other receivables

The Company has the allowance account set up to reflect the estimated losses of the accounts and other receivables and investments. The allowance account mainly includes specific losses related to individually significant exposure and the combined losses of similar asset groups that have incurred but not been identified. The allowance account for combined losses is determined in accordance with the historical payment statistics of similar financial assets.

(2)Investment

The credit risk exposure of bank deposits and other financial instruments is measured and monitored by the Company's Finance Department. As the Company deals with banks and counterparties with good credit standing and financial institutions, corporate organizations and government agencies, which are graded above the investment level, there is no significant performance suspicion; therefore, there is no significant credit risk.

(3)Guarantee and certificate

The Company's endorsement/guarantee policy is limited to subsidiaries or associates with business dealings. Please refer to Note 7 for details of endorsements and guarantees provided by the Company to subsidiaries as of December 31, 2024 and 2023.

4. Liquidity risk

Liquidity risk is the risk that the Company has difficulty fulfilling the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In general, the Company ensures that it possesses sufficient cash to meet expected operating expenditure requirements, including the performance of financial obligations, but excluding potential effects that cannot be reasonably estimated under extreme circumstances (i.e., natural disasters).

5. Market risk

Market risk is the risk of changes in market prices, such as exchange rates, interest rates, and equity instrument prices, that will affect the Company's revenue or the value of financial instruments we hold. The objective of market risk management is to control the market risk exposure within the tolerable range and to optimize the investment return.

(1) Currency risk

The Company is exposed to currency risk on sales and purchases that are not denominated in the functional currency. The major denomination currency of such transactions is USD.

(XXVII) Capital management

The objectives of the Board's policy are to maintain an optimal capital structure to keep the faith of investors, creditors, and the market and support future operations. Capital consists of share capital, capital reserve, retained earnings, and non-controlling interests of the Company. The Board of Directors monitors the return on capital, as well as the level of dividends for ordinary shares.

The Company's debt-to-equity ratio on the reporting date is as follows:

	2024.12.31	2023.12.31
Total liabilities	$ 1,679,902	1,836,082
Less: Cash and cash equivalents	(376,360)	(370,049)
Net liabilities	**$ 1,303,542**	**1,466,033**
Total equity	**$ 6,839,502**	**6,669,472**
Debt-to-equity ratio	**19.06%**	**21.98%**

As of December 31, 2024, the Company had not changed its capital management method.

(XXVIII) Investing and financing activities of non-cash transactions

Investing and financing activities of non-cash transactions performed by the Company in 2024 and 2023.

The reconciliation of liabilities from financing activities is set out in the following table:

	2024.1.1	Cash flow	Non-cash change: Increase	Non-cash change: Disposal	2024.12.31
Short-term borrowings	$ 350,000	(181,385)	-	-	168,615
Long-term borrowings	440,000	(40,000)	-	-	400,000
Lease liabilities	47,264	(21,047)	10,055	(1,073)	35,199
Short-term notes payable	-	100,000	-	-	100,000
Guarantee deposits	19,057	347	-	-	19,404
Total liabilities from financing activities	$ 856,321	(142,085)	10,055	(1,073)	723,218

	2023.1.1	Cash flow	Non-cash change: Increase	Non-cash change: Disposal	2023.12.31
Short-term borrowings	$ 330,000	20,000	-	-	350,000
Long-term borrowings	520,000	(80,000)	-	-	440,000
Lease liabilities	180,793	(42,447)	5,383	(96,465)	47,264
Short-term notes payable	105,000	(105,000)	-	-	-
Guarantee deposits	18,585	-	472	-	19,057
Total liabilities from financing activities	$ 1,154,378	(207,447)	5,855	(96,465)	856,321

VII. Related party transactions

(I) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and the attributed Group.

(II) Names and relationships with related parties

Subsidiary – Hostan Corporation was merged into the Company on July 28, 2023, with the Company succeeding to all related rights and obligations. During the reporting period covered by these parent company only financial statements, the Company's subsidiaries and other related parties with which the Company had transactions are as follows:

Name of the related parties	Relationship with the Company
Hohong Co., Ltd.	Subsidiary
SWATTON INTERNATIONAL CORP.	〃
Bao Long Interior Crafts Co., Ltd.	〃
Hoceng Service Co., Ltd.	〃
Ritiboon International Limited	〃
Hocheng Philippines Property Holding, Inc.	〃
HOCHENG GROUP HOLDING CORP.	〃
Hocheng (China) Corporation	〃

Name of the related parties	Relationship with the Company
Hocheng Philippines Corporation	Subsidiary
Hocheng TRADING (SHANGHAI) CO., LTD.	〃
Lazuli International Co., Ltd.	〃
Hocheng Jianlang (Shamghai) Kitchen and Bathroom Co., Ltd.	〃
Yuhuang Co., Ltd.	Substantial related party (other related parties)

(III) Significant transactions with related parties

1. Operating revenue

The amounts of significant sales by the Company to related parties are as follows:

	2024	2023
Subsidiary		
Hoceng Service Co., Ltd.	$ 61,504	63,732
Bao Long Interior Crafts Co., Ltd.	2,772	38,735
Other subsidiaries	3,728	4,952
Other related parties	7	29
	$ 68,011	**107,448**

The selling price of the Company to subsidiaries and other related parties are not significantly different from those for general sales, with payment terms being due three months after the end of the month.

2.Purchase of goods

The amounts of purchases by the Company from related parties are as follows:

	2024	2023
Subsidiary		
Bao Long Interior Crafts Co., Ltd.	$ 262,755	215,280
Other subsidiaries	36,921	62,954
Other related parties		
Yuhuang Co., Ltd.	139,052	135,794
	$ 438,728	**414,028**

The purchase price of the Company to the subsidiaries and other related parties is not significantly different from the purchase price of the Company to the general manufacturers, and the payment terms are three months.

3. Amounts receivable from related parties

The breakdown of the Company's amounts receivable from related parties is as follows:

Accounting item	Type of related parties	2024.12.31	2023.12.31
Notes receivable	Subsidiary		
	Hoceng Service Co., Ltd.	$ 8,369	12,275
	Other related parties	4	-
Accounts receivables	Subsidiary		
	Hoceng Service Co., Ltd.	8,529	6,059
	Bao Long Interior Crafts Co., Ltd.	385	2,484
	Other subsidiaries	1,135	60
	Other related parties	-	21
Other receivables -- Rent and royalties	Subsidiary		
	Hocheng (China) Corporation	23,064	22,443
	Bao Long Interior Crafts Co., Ltd.	2,939	2,732
	Other subsidiaries	3,162	1,235
	Other related parties	55	54
	Key management transaction	7,040	9,246
		$ 54,682	56,609

4. Amounts payable to related parties

The breakdown of the Company's amounts payable to related parties is as follows:

Accounting item	Type of related parties	2024.12.31	2023.12.31
Notes payable	Other related parties		
	Yuhuang Co., Ltd.	$ 36,544	38,283
Accounts payable	Subsidiary		
	Bao Long Interior Crafts Co., Ltd.	54,933	63,220
	Other subsidiaries	8,834	3,784
	Other related parties		
	Yuhuang Co., Ltd.	12,351	12,076
Other payables	Subsidiary		
	Hoceng Service Co., Ltd.	5,023	5,167
	Bao Long Interior Crafts Co., Ltd.	920	139
	Other subsidiaries	3	3
	Other related parties	11	-
		$ 118,619	122,672

5. Foreign currency transaction

(1) Acquisition of property, plant and equipment

The breakdown of changes in the cost and depreciation of property, plant and equipment of the Company is as follows:

	2024	2023
Subsidiary	$ 2,014	-

6. Endorsement/guarantee

(1) Endorsement/guarantee provided by the Company to related parties

As of December 31, 2024 and 2023, the Company issued letters of credit for the guarantee of bank borrowings for subsidiaries in the amount of US$1,500 thousand, PHP285,000 thousand and US$2,000 thousand, and PHP285,000 thousand, respectively.

The Company's endorsement and guarantee amount for the subsidiary's bank loan on December 31, 2024 wasNT$150,000thousand.

(2) Endorsement/guarantee provided by related parties to the Company

The subsidiaries of the Company provided joint and several guarantees for the contracted projects of the Company in a total amount of NT$5,840 thousand as of December 31, 2024 and 2023, respectively.

7. Royalty income

Subsidiaries of the Company made use of the trademark rights of the Company. In 2024 and 2023, royalties collected from related parties amounted to NT$23,054 thousand and NT$21,353 thousand, respectively.

8. Rental income

Rent collected by the Company from other related parties is based on the price negotiation between both parties and is charged on a monthly basis. In 2024 and 2023, rental income collected from related parties amounted to NT$7,186 thousand and NT$5,762 thousand, respectively.

9. Rental expenses

The Company rented the office located in the southern area of Tainan City from other related parties in 2024 for an amount of 220 thousand and 222 thousand, respectively.

The Company rented the office located in the south district of Taichung City from other related parties in 2023 for an amount of57thousand and60thousand, respectively.

10. Others

(1) As of December 31, 2024 and 2023, the Company’s real estate of Yingge factory and office amounted to NT$94,173 thousand and NT$94,678 thousand, respectively. The real estate has not yet transferred the account in the name of the Company as it is a

piece of agricultural land. For the years ended December 31, 2024 and 2023, the real estate had temporarily registered under Li-Chien Chiu and Chiu Hong Yu with trust. The Company signed a deed of real estate trust with the registrants, setting out their rights obligations and having pledged their trust assets to the Company.

(2) In January 2023, the Company purchased the outstanding equity of He-Hong Co., Ltd. from key management personnel, and the amount of transaction was NT$ 620 thousand.

(3) Other related parties

Accounting item	Type of related parties		2024	2023
Operating cost	Subsidiary	$	110	107
Operating expenses	Subsidiary		5,065	2,558
	Other related parties		663	1,624
Non-Operating revenue	Subsidiary		51	36

11. Other expenses

The Company and its subsidiaries have entered into a repair contracting agreement; the repair expenses (accounted for as other expenses) were NT$46,920 thousand and NT$45,935 thousand in 2024 and 2023, respectively.

(IV) Key management transaction

The compensation of the key management includes:

		2024	2023
Short-term employee benefits	$	13,053	13,577
Post-employment benefits		258	222
	$	13,311	13,799

The Company provided 4 company cars with a cost of NT$7,801 thousand for the key management's use in 2024 and 2023.

VIII. Pledged assets

The breakdown of the carrying amount of assets provided by the Company for pledge and security is as follows:

Asset Name	Target		2024.12.31	2023.12.31
Property, plant and equipment - Land and houses	Long-term and short-term borrowings	$	1,774,468	1,797,357
Investment property - Land and houses	Long-term and short-term borrowings		396,542	402,730
Restricted assets (recognized as other non-current assets - other)	Bid bond and performance bond for projects		2,358	2,332
Refundable deposits	House lease and deposits for construction		21,516	23,641
		$	2,194,884	2,226,060

IX. Significant contingencies and unrecognized contractual commitments

(I) Material unrecognized contractual commitments:

1. Promissory notes issued by the Company for engineering and product warranty and subject guarantee:

	2024.12.31	2023.12.31
Promissory notes for engineering and product warranty and subject guarantee	$ 29,180	36,182

X. Losses due to major disasters: None.

XI. Significant events after the period: None.

XII. Others

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By nature	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary expenses	309,124	276,670	585,794	315,510	281,997	597,507
Labor and health insurance	33,302	28,896	62,198	34,903	29,831	64,734
Pension costs	6,787	11,135	17,922	1,179	3,842	5,021
Directors' remuneration	-	3,117	3,117	-	2,769	2,769
Other employee benefits expense	12,355	14,894	27,249	11,839	13,692	25,531
Depreciation expenses (Note)	76,764	54,291	131,055	85,932	57,745	143,677
Amortization expense	117	4,241	4,358	106	4,747	4,853

(Note): The abovementioned depreciation expenses exclude the depreciation expenses of investment properties; in 2024 and 2023, the expenses amounted to NT$6,234 thousand and NT$6,116 thousand (accounted for under other gains and losses).

Additional information on the number of employees and employee benefits of the Company in 2024 and 2023 is as follows:

	2024	2023
Number of employees	968	999
Number of employees who are not concurrently Directors	4	4
Average employee benefits expenses	$ 719	696
Average employee salary expenses	$ 608	601
Average adjustments to employee salary expenses	1.16%	(3.84)%

Information on the Company's remuneration policies (including Directors, managerial officerial officers, and employees) is as follows:

The distribution of remuneration, salaries, incentives, and employee bonuses of the directors and managerial officers are subject to the dividend policy in the Company's Articles of Incorporation, Remuneration Committee Charter, and other relevant requirements and are determined based on the industrial characteristics and business nature of the Company. Remuneration related to Directors and managerial officers is implemented after being reviewed by the Remuneration Committee and approved by the Board.

XIII. Other disclosures

(I) Information on significant transactions

Information on significant transactions required to be disclosed by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the Company for the year ended December 31, 2024 is as follows:

1. Loans to others: None.

2. Guarantees and endorsements for others:

Unit: NT$ thousand

No.	Endorsement/Guarantee	Party being endorsed/guaranteed		Single enterprise	Maximum balance of the period	At the end of the period	Actual drawdown amount	Property as collateral	Accumulated endorsement/guarantee amount	Endorsement/Guarantee	Belonging to the parent company	Belonging to the Subsidiary	Belonging to the party in China
	Name of the certificate	Company name	Relationship (Note 1)	Limit of endorsements/guarantees Note 2	Balance of endorsement/guarantee	Balance of endorsement/guarantee	Amount	Amount of endorsement/guarantee with properties as collateral	Ratio of accumulated amount of endorsement/guarantee to the net worth on the latest financial statements Note 4	Highest limit of securities Note 3	Endorsement/guarantee provided to a subsidiary	Endorsement/guarantee provided to a parent company	Endorsement and guarantee for regional
0	Hocheng Corporation	Hocheng Philippines Corporation	3	6,839,502	226,251	210,801	-	-	3.08%	6,839,502	Y		
0	〃	Bao Long Interior Crafts Co., Ltd.	3	6,839,502	150,000	150,000	-	50,000	2.19%	6,839,502	Y		
1	Hoceng Service Co., Ltd.	Hocheng Corporation	3	131,391	5,840	5,840	4,017	-	0.09%	131,391		Y	

Note 1: The relationship between the endorser/guarantor and the counterparties is as follows:
1. A Company with business relationships.
2. A company in which the Company, directly and indirectly, holds over 50% of shares with voting rights.
3. A company, directly and indirectly, holds over 50% of shares with voting rights in the Company.
4. A company in which the Company, directly and indirectly, holds over 90% of shares with voting rights.
5. Companies within the industry provide mutual guarantees according to contracts due to the requirement of engineering contracting.

Note 2: The endorsement and guarantee limit made by the Company, Hostan Corporation, and Hoceng Service Co., Ltd. shall not exceed 100% of the net value of their financial statements.

Note 3: The cap of endorsements and guarantees is the net worth of the financial statements.

Note 4: For non-public companies, the ratio is calculated based on the net worth of the parent company.

3. Securities held at the end of the period (excluding investments in the equity of subsidiaries, associates, and joint ventures):

Hocheng Corporation Parent Company Only Financial Statements (cont’d)

Unit: NT$ thousand/share

Names of companies held	Securities Type and name	and securities Relationship with the issuer	Accounting item	Period: End Number of shares	Carrying amount:	Shareholding percentage	Fair value (Note 2)	Remarks
The Company	Cathay Financial Holdings Limited	-	Financial assets at fair value through other comprehensive income -- Non-current	651,834	44,520	- %	44,520	
	KGI Financial Holding Co., Ltd.	-	〃	452,067	7,775	- %	7,775	
	Taishin Financial Holding Co., Ltd.	-	〃	580,174	10,095	- %	10,095	
	United Microelectronics Corporation	-	〃	800,000	34,440	0.01%	34,440	
	Taiwan PCB Techvest Co., Ltd.	-	〃	6,575,315	225,205	2.42%	225,205	
	Capital Securities Corporation	-	〃	8,551,000	210,782	0.39%	210,782	
	Pegatron Corporation	-	〃	75,000	6,893	- %	6,893	
	Mega Financial Holding Company Ltd.	-	〃	1,412,268	54,655	0.01%	54,655	
	CTBC Financial Holding Co., Ltd.	-	〃	2,498,000	97,672	0.01%	97,672	
	Core Pacific City Co., Ltd.	-	〃	49,205	251	0.49%	251	

Hocheng Corporation Parent Company Only Financial Statements (cont'd)

Names of companies held	Securities Type and name	and securities Relationship with the issuer	Accounting item	Period: End Number of shares	Carrying amount:	Shareholding percentage	Fair value (Note 2)	Remarks
The Company	Union Securities Investment Trust Co., Ltd.	-	Financial assets at fair value through other comprehensive income -- Non-current	98,869	1,344	0.32%	1,344	
	Power Chip Technology Corporation	-	〃	27,816	274	- %	274	
	Power Chip Semiconductor Manufacturing Corp.	-	〃	50,336	800	- %	800	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss -- Current	1,890,737	26,748	- %	26,748	
	Yuanta Wan Tai Money Market Fund	-	〃	1,299,788	20,502	- %	20,502	
	Sinopac TWD Money Market Fund	-	〃	2,027,912	29,418	- %	29,418	
	Capital Money Market Fund	-	〃	1,821,545	30,639	- %	30,639	
	Hua Nan Phoenix Money Market Fund	-	〃	1,088,967	18,470	- %	18,470	
	Hua Nan Kirin Money Market Fund	-	〃	338,550	4,221	- %	4,221	
Hohong Co., Ltd.	GREAT WALL ENTERPRISE CO., LTD.	-	Financial assets at fair value through other comprehensive income -- Non-current	40,000	2,060	- %	2,060	
	Formosa Plastics Corporation	-	〃	30,000	1,065	- %	1,065	
	CATHAY CONSOLIDATED INC.	-	〃	1,099	110	- %	110	
	Zeng Hsing Industrial Co., Ltd.	-	〃	10,743	1,191	0.02%	1,191	
	Standard Chemical & Pharmaceutical Co. Ltd.	-	〃	20,000	1,238	0.01%	1,238	
	Hocheng Corporation	Is its subsidiary	〃	445,484	7,707	0.15%	7,707	Note1
	Longchen Paper & Packaging Co., Ltd.	-	〃	268,152	3,110	0.02%	3,110	
	Sheh Kai Precision Co., Ltd.	-	〃	75,000	2,565	0.15%	2,565	
	Iron Force Industrial Co., Ltd.	-	〃	39,410	3,893	0.05%	3,893	
	Turvo International Co.,Ltd.	-	〃	50,000	14,125	0.08%	14,125	
	Compeq Manufacturing Co., Ltd.	-	〃	40,000	2,804	- %	2,804	
	Hong Hai Precision Industrial Co., Ltd.	-	〃	58,480	10,760	- %	10,760	
	Yageo Corporation	-	〃	4,754	2,572	- %	2,572	
	Taiwan Semiconductor Manufacturing Company Limited	-	〃	31,365	33,717	- %	33,717	
	Foxconn Technology Co., Ltd.	-	〃	10,000	744	- %	744	
	Elite Material Co., Ltd.	-	〃	20,000	12,360	0.01%	12,360	
	Walsin Technology Corporation	-	〃	10,000	925	- %	925	
	Evergreen International Storage and Transport Corporation	-	〃	160,000	5,000	0.01%	5,000	
	Aerospace Industrial Development Corp.	-	〃	100,000	4,485	0.01%	4,485	
	Cathay Financial Holdings Limited	-	〃	151,426	10,342	- %	10,342	

Hocheng Corporation Parent Company Only Financial Statements (cont'd)

Names of companies held	Securities Type and name	and securities Relationship with the issuer	Accounting item	Period: End Number of shares	Carrying amount:	Shareholding percentage	Fair value (Note 2)	Remarks
Hohong Co., Ltd.	KGI Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income -- Non-current	132,288	2,275	- %	2,275	
	Taishin Financial Holding Co., Ltd.	-	〃	384,256	6,686	- %	6,686	
	National Aerospace Fasteners Corporation	-	〃	22,000	2,035	0.04%	2,035	
	Getac Technology Corporation	-	〃	40,000	4,240	0.03%	4,240	
	COMPUCASE ENTERPRISE CO., LTD.	-	〃	10,000	894	0.01%	894	
	TXC Corporation	-	〃	20,000	2,010	0.01%	2,010	
	Tripod Technology Corporation	-	〃	80,000	15,800	0.02%	15,800	
	Ardentec Corporation	-	〃	130,205	6,914	0.03%	6,914	
	Xintec Inc.	-	〃	5,000	990	- %	990	
	Topco Technologies Corp.	-	〃	8,538	593	0.01%	593	
	Foxsemicon Integrated Technology Inc.	-	〃	15,000	4,560	0.01%	4,560	
	Avalue Technology Inc.	-	〃	52,000	4,649	0.07%	4,649	
	Well Shin Technology Co., Ltd.	-	〃	26,000	1,604	0.02%	1,604	
	FORMOSA SUMCO TECHNOLOGY CORPORATION	-	〃	40,000	3,920	0.01%	3,920	
	Shih Her Technologies Inc.	-	〃	70,000	8,890	0.12%	8,890	
	Materials Analysis Technology Inc.	-	〃	14,725	3,652	0.02%	3,652	
	Arcadyan Technology Corporation	-	〃	45,000	7,898	0.02%	7,898	
	TSC Auto ID Technology Co., Ltd.	-	〃	16,496	3,283	0.03%	3,283	
	Alchip Technologies, Limited	-	〃	1,000	3,280	- %	3,280	
	Bizlink Holding Inc.	-	〃	10,354	6,337	0.01%	6,337	
	ASE Technology Holding Co., Ltd.	-	〃	80,000	12,960	- %	12,960	
	WELLELL INC.	-	〃	15,000	374	0.01%	374	
	Global Tek Fabrication Co., Ltd.	-	〃	2,000	164	- %	164	
	Wistron Information Technology & Services Corporation	-	〃	74,619	8,469	0.10%	8,469	
	Zhen Ding Technology Holding Limited	-	〃	120,000	14,400	0.01%	14,400	
	KMC (Kuei Meng) International Inc.	-	〃	30,100	3,597	0.02%	3,597	
	Sino American Silicon Products Inc.	-	〃	50,000	6,725	0.01%	6,725	
	Chailease Holding Company Limited	-	〃	40,184	4,541	- %	4,541	
	Simplo Co., Ltd.	-	〃	10,000	3,970	0.01%	3,970	
	Chipbond Technology Corporation	-	〃	30,000	1,932	- %	1,932	

Hocheng Corporation Parent Company Only Financial Statements (cont'd)

Names of companies held	Securities Type and name	and securities Relationship with the issuer	Accounting item	Period: End Number of shares	Carrying amount:	Shareholding percentage	Fair value (Note 2)	Remarks
Hohong Co., Ltd.	Powertech Technology Inc.	-	Financial assets at fair value through other comprehensive income -- Non-current	65,000	7,930	0.01%	7,930	
	Lanner Electronics Inc.	-	〃	80,700	7,602	0.06%	7,602	
	Tong Hsing Electronic, Ltd.	-	〃	20,000	2,780	0.01%	2,780	
	GlobalWafers Co., Ltd	-	〃	10,000	3,815	- %	3,815	
	GEM Services, Inc.	-	〃	60,450	3,978	0.05%	3,978	
	Crystalvue Medical Corporation	-	〃	6,300	535	0.02%	535	
	Nova Technology Corp.	-	〃	26,000	4,680	0.03%	4,680	
	KEYSTONE MICROTECH CO.	-	〃	5,000	2,138	0.02%	2,138	
	Acer Cyber Security Inc.	-	〃	9,893	2,043	0.04%	2,043	
	Sensortek Technology Corp.	-	〃	10,000	2,500	0.02%	2,500	
	Unictron Technologies Corporation	-	〃	10,000	640	0.02%	640	
	Acer E-Enabling Service Business Inc.	-	〃	7,000	2,013	0.02%	2,013	
	WONDER PETS ENTERPRISES CORPORATION	-	〃	10,000	603	0.02%	603	
	Formosa Advanced Technologies Co., Ltd.	-	〃	75,000	2,115	0.02%	2,115	
	Allied Circuit Co., Ltd.	-	〃	30,000	3,600	0.06%	3,600	
	Chenbro Micom Co., Ltd.	-	〃	10,000	2,665	0.01%	2,665	
	Taiwan PCB Techvest Co., Ltd.	-	〃	1,602,000	54,869	0.59%	54,869	
	Actron Technology Corporation	-	〃	5,000	833	- %	833	
	Cleanaway Company Limited	-	〃	10,000	1,800	0.01%	1,800	
	Pou Chen Corporation	-	〃	140,000	5,166	- %	5,166	
	Macauto Industrial Co., Ltd.	-	〃	40,000	2,140	0.05%	2,140	
	Power Chip Technology Corporation	-	〃	66,404	657	- %	657	
	Power Chip Semiconductor Manufacturing Corp.	-	〃	50,000	795	- %	795	
	D NET International Corporation	-	Financial assets at fair value through profit or loss -- Current	10,025	-	- %	-	
	Syntronix Corporation	-	〃	1,150	-	- %	-	
	CASA Cost (AbGenomics Holding Ltd. Formosa Pharmaceuticals, Inc.)	-	〃	20,000	-	- %	-	
	UPAMC James Bond Money Market Fund	-	〃	1,229,315	21,381	- %	21,381	
	Franklin Templeton Sinoam Money Market Fund	-	〃	756,571	8,158	- %	8,158	
	Yunata De-Li Money Market Fund	-	〃	122,436	2,082	- %	2,082	

Names of companies held	Securities Type and name	and securities Relationship with the issuer	Accounting item	Period: End				Remarks
				Number of shares	Carrying amount:	Shareholding percentage	Fair value (Note 2)	
Hohong Co., Ltd.	Capital Money Market Fund	-	Financial assets at fair value through profit or loss -- Current	1,149,229	19,330	- %	19,330	
	Hua Nan Phoenix Money Market Fund	-	〃	241,557	4,097	- %	4,097	
	Taishin 1699 Money Market Fund	-	〃	217,086	3,071	- %	3,071	
Ritiboon International Limited	JPMorgan Funds–China Fund–JPM	-	〃	5,626	11,286	- %	11,286	
	Pyxis	-	〃	65,000,000	-	- %	-	
	Asia Technology	-	〃	1,400	-	- %	-	
Bao Long Interior Crafts Co., Ltd.	HOTA INDUSTRIAL MFG. CO., LTD.	-	〃	1,000	68	- %	68	
	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	-	〃	5,000	313	- %	313	
	United Microelectronics Corporation	-	〃	7,000	301	- %	301	
	CO-TECH DEVELOPMENT CORP.	-	〃	5,000	293	- %	293	
	TCI Co., Ltd.	-	〃	50	6	- %	6	
Swatton International Co., Ltd.	PFBC	-	Financial assets at fair value through other comprehensive income -- Non-current	30,000	84,959	- %	84,959	
	NEXTEER MOTOR CO.,LTD	-	〃	50,000	701	- %	701	
	HKT Trust and HKT Ltd.	-	〃	100,000	4,052	- %	4,052	
	CK HUTCHISON HOLDINGS LTD	-	〃	20,000	3,503	- %	3,503	
	FOCONN INTERCONNECT TECHNOLOGY LTD.	-	〃	95,000	1,463	- %	1,463	
	MINTH GROUP LTD	-	〃	60,000	3,829	- %	3,829	
	Amazon	-	〃	1,000	7,193	- %	7,193	
	TSMC GLOBAL LTD	-	〃	3,000	9,399	- %	9,399	
	JPMorgan Chase Bank	-	Financial assets at fair value through profit or loss -- Current	20	10,249	- %	10,249	
	Black Rock	-	〃	3,000	11,872	- %	11,872	

Note 1: The Company’s shares possessed by subsidiaries have been deducted from the carrying amount. The shares are treated as treasury shares.
Note 2: The securities quoted in an active market are presented at the closing price on the last day of the accounting period. The securities without public quotes used the net value per share of the investee.

4. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of a property with an amount exceeding NT$300 million or 20% of the paid-in capital: None.
6. Disposal of a property with an amount exceeding NT$300 million or 20% of the paid-in capital: None.

7. Purchases or sales with a related party with an amount exceeding NT$100 million or 20% of the paid-in capital:

Unit: NT$ thousand

Company of purchase (sales)	Counterparty Name	Relationship	Transaction status				Differences between transaction conditions and general transactions and the reason therefor		Notes and accounts receivable (payable)		Remarks
			Purchases (sales)	Amount	Ratio to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
Hocheng Corporation	Bao Long Interior Crafts Co., Ltd.	Subsidiary	Purchases	262,755	15.74%	Three months	-	No general transaction is comparable	(54,933)	(17.26)%	
〃	Yuhuang Co., Ltd.	Substantive Related Party	Purchases	139,052	8.33%	Four months	-	〃	(48,895)	(15.37)%	

8. Amount receivable from related parties exceeding NT$100 million or 20% of the paid-in capital: None.

9. Derivative transaction: None.

(II) Information on investees:

Information on the investees of the Company in 2024 is as follows:

Unit: NT$ thousand/share

Investors	Investees	Where the Company is located	Main business line	Original / investment amount		Held at the end of the period			Investees	Investment gains recognized during the period	
Name and title	Name and title	Region	Item	Ending balance of the period	At the end of last year	Shares	Percentage	Carrying amount:	(losses) gains recognized during the period	Investment (losses) gains recognized during the period	Remarks
Hocheng Corporation	Ritiboon International Limited	British V	Holding	2,410,366	2,410,366	78,646,373	100.00%	638,103	(39,838)	(39,035)	Note2
	Hohong Co., Ltd.	Taiwan	Invested in production and trading business	198,620	198,620	34,713,522	99.60%	719,192	2,787	2,689	Note1
	Hoceng Service Co., Ltd.	Taiwan	Interior design, trading, installment, and repair of bathroom and stove equipment and its components	6,000	6,000	1,050,000	70.00%	73,196	7,290	4,511	Note2
	Bao Long Interior Crafts Co., Ltd.	Taiwan	Manufacturing, processing, and trading of porcelain, ceramic boards, and tiles	804,761	804,761	21,001,000	100.00%	238,473	17,112	16,172	Note2
Ritiboon International Limited	Philippines Property	Philippines	Land lease	29,040	29,040	13,974,571	40.00%	61,312	3,007	2,256	
	Hocheng Group Holding	Cayman Islands	Holding	1,392,323	1,392,323	49,389,182	100.00%	400,690	(46,469)	(46,469)	

	Corp.										
	HCG North American, LLC	USA	Sale of bathroom equipment	14,230	14,230	-	49.00%	-	-	-	
Hohong Co., Ltd.	Swatton International Co., Ltd.	British V	Holding	41,590	41,590	13,004	100.00%	227,541	6,545	6,545	
Hocheng Group Holding Corp.	Hoceng Philippines Corporation	Philippines	Production and sale of plumbing products	395,155	395,155	507,843,879	100.00%	601,153	14,465	14,465	
	Triple S Holdings Corp.	Philippines	Holding	46,086	46,086	8,040,000	40.00%	53,073	616	542	Note 3
Hoceng Philippines Corporation	PT HCG Indonesia	Indonesia	Sale of bathroom equipment	12,400	12,400	420,000	35.00%	-	-	-	

Note 1: The Company's shares held by subsidiaries are deemed as treasury shares; therefore, gains or losses from investments in subsidiaries recognized by the Company exclude the gains or losses of subsidiaries generated from holding the shares of the Company.
Note 2: The difference between recognized gains or losses from investment and investee is unrealized gains or losses or difference of equity net worth.
Note 3: The Company is entitled to 88% of the rights to allocation regarding the earnings of the company.

(III) Information on investment in Mainland China:

1. Information on investment in businesses in Mainland China:

Unit: NT$ thousand

Investee in Mainland China	Main business line	Paid-in capital	(2) Investments Method	Accumulated investment amount of remittance from Taiwan at the beginning of the period	Investment flows		Accumulated investment amount of remittance from Taiwan at the ending of the period	Investees	The Company's direct or indirect investments	Investment (losses) gains recognized during the period	At the end of the period Carrying amount	Accumulated investment gains remitted back to Taiwan as of the end of the period
Company name	Item	Paid-in capital	(Note 1)	Investment amount	Remitted	Recovered	Investment amount	Total comprehensive income for the period	Ownership	Note 2	Price/Value	Investment income
Hocheng (China) Corporation	Production and sale of plumbing products	953,760	(II)	894,627	-	-	894,627	(59,438)	100.00%	(59,438)	(404,880)	-
Hocheng TRADING (SHANGHAI) CO., LTD.	Sale of bathroom equipment	29,805	(II)	5,961	-	-	5,961	(3,765)	100.00%	(3,765)	12,019	-
Hocheng (China) Corporation												
Hocheng Shanghai Corporation	Sale of bathroom equipment	4,581	(II)	-	-	-	-	(17,974)	100.00%	(17,974)	(118,317)	-
Hocheng (Ningbo) Corporation (Note 8)	Sale of bathroom equipment	-	(II)	-	-	-	-	-	- %	-	-	-
Hocheng Jianlang (Shamghai) Kitchen and Bathroom Co., Ltd.	Sale of bathroom equipment	4,300	(II)	-	-	-	-	(5,330)	50.00%	(798)	-	-

2. Limit on investment in Mainland China:

Accumulated investment amount of remittance from Taiwan to China at the end of the period	Investment amounts authorized by Investment Commission, MOEA	Ceiling on investments in China imposed by the Investment Commission of MOEA (Note 3)
900,588	928,336	4,103,701

Note 1: There are three types of investment methods; please mark the type:
(I) Direct investment in Mainland China.
(II) Investing in Mainland China through companies in a third-party region (the investing company in the third-party region is Ritiboon International Limited).
(III) Others methods.
Note 2: The investment gains (losses) recognized for the current period were based on the financial statements of investees audited by CPAs.
Note 3: The limit is 60% of the net worth.
Note 4: Relevant figures in the table are presented in NTD.
Note 5: The difference between the paid-in capital and the amount remitted from Taiwan is due to the capital increase from earnings in the amount of US$2,000 thousand performed by Hocheng (China) Corporation in 2009.
Note 6: The difference between the paid-in capital and the amount remitted from Taiwan is due to the direct investment and indirect investment of Ritiboon International Limited in Hocheng Group Holding Corp. and UPEX, respectively, in the amount of US$800 thousand.
Note 7: The difference between recognized gains or losses from investment and investee is unrealized gains or losses.
Note8: The business license was obtained on December 24, 2024, and as of December 31, 2024, no capital has been contributed.

3. Significant transactions:

For details of the significant transactions between the Company and investees in Mainland China in 2024, please refer to "Information on significant transactions."

(IV) Major shareholders: None.

XIV. Segment information

For details, please refer to the 2024 consolidated financial statements.

Hocheng Corporation

Breakdown of cash and cash equivalents

December 31, 2024 **Unit: NT$ thousand**

Item	Summary	Amount
Cash	Cash in hand	$ 260
	Working capital	2,762
	Subtotal	3,022
Bank deposits	Checking account deposits	2,117
	Demand deposit	364,992
	Deposits in foreign currency	6,229
	Subtotal	373,338
		$ 376,360

Hocheng Corporation

Breakdown of financial assets at fair value through profit or loss - Current

December 31, 2024

Unit: NT$ thousand

Name and title	Period: Beginning		Increase this period		Decrease this period		Period: End		Guarantee or pledge Pledge and mortgage	Note
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value		
Taishin 1699 Money Market Fund	1,890,737	$ 26,362	-	387	-	-	1,890,737	26,749	None	
Yuanta Wan Tai Money Market Fund	981,110	15,259	318,678	5,243	-	-	1,299,788	20,502	〃	
Sinopac TWD Money Market Fund	1,612,066	23,054	415,846	6,364	-	-	2,027,912	29,418	〃	
Capital Money Market Fund	1,821,545	30,214	-	425	-	-	1,821,545	30,639	〃	
Hua Nan Phoenix Money Market Fund	1,088,967	18,213	-	257	-	-	1,088,967	18,470	〃	
Hua Nan Kirin Money Market Fund	338,550	4,164	-	56	-	-	338,550	4,220	〃	
		$ 117,266		12,732		-		129,998		

Hocheng Corporation

Breakdown of notes receivable

December 31, 2024 **Unit: NT$ thousand**

Client Name	Summary	Amount	Note
Related party:			
Hoceng Service Co., Ltd.	Due within one year	$ 8,369	
Yuhuang Co., Ltd.	〃	4	
Subtotal		8,373	
Non-related party:			
Company A	Due within one year	114,264	
Company B	〃	31,362	
Others	〃	152,386	The balance of a single customer has not exceeded 5%
Subtotal		298,012	
Total		**$ 306,385**	

Hocheng Corporation

Breakdown of accounts receivable

December 31, 2024 **Unit: NT$ thousand**

Client Name	Summary	Amount	Note
Related party:			
Hoceng Service Co., Ltd.		$ 8,529	
Hocheng (China) Corporation		647	
Bao Long Interior Crafts Co., Ltd.		385	
Hocheng Philippines Corporation		488	
Subtotal		10,049	
Non-related party:			
Company A		69,139	
Company C		46,460	
Others		371,127	The balance of a single customer has not exceeded 5%
Subtotal		486,726	
Less: Impairment loss allowance		(782)	
Net amount		485,944	
Total		**$ 495,993**	

Breakdown of other receivables

Item	Summary	Amount	Note
Related party:			
Hocheng (China) Corporation	Use of trademark rights	$ 23,064	
Others	Rental income and rights to use trademarks	13,196	
Subtotal		36,260	
Non-related party	Trademark income	34,989	
Total		**$ 71,249**	

Hocheng Corporation

Breakdown of inventories

December 31, 2024 **Unit: NT$ thousand**

Item	Amount		Note
	Amounts received	Net realized value	
Raw materials	$ 220,853	216,588	
Materials	8,974	8,759	
Work in process	181,109	560,870	
Finished goods	503,333	793,603	
Products	244,430	337,889	
In transit inventory	31,483	31,483	
Subtotal	1,190,182	**1,949,192**	
Less: loss allowance	(54,806)		
Total	**$ 1,135,376**		

Breakdown of other current assets

Item	Summary	Amount	Note
Paid temporarily	Provisional rents and payment for natural gas	$ 22,276	
Prepayments	Prepaid rent and advertisement fees	10,760	
	Others	22,909	
Prepayment for supplies purchases	Prepayment for raw material purchases	5,730	
Total		**$ 61,675**	

Hocheng Corporation

Breakdown of financial assets at fair value through other comprehensive income - Non-current

For the year ended December 31, 2024 **Unit: NT$ thousand**

	Period: Beginning		Increase this period		Decrease this period		Period: End		Provision of guarantees or pledges	
Name and title	**Number of shares**	**Fair value**	**Number or amount of shares**	**Amount**	**Number or amount of shares**	**Amount**	**Number of shares**	**Fair value**	**Pledge and mortgage**	**Note**
Listed stocks										
Cathay Financial Holdings Limited	651,834	$ 29,821	-	14,699	-	-	651,834	44,520	None	Based on the closing price on December 31, 2024
China Development Financial Holdings Limited	452,067	5,674	-	2,101	-	-	452,067	7,775	″	″
Taishin Financial Holding Co., Ltd.	557,860	10,097	22,314	-	-	2	580,174	10,095	″	″
United Microelectronics Corporation	800,000	42,080	-	-	-	7,640	800,000	34,440	″	″
Taiwan PCB Techvest Co., Ltd.	6,575,315	284,711	-	-	-	59,506	6,575,315	225,205	″	″
Capital Securities Corporation	8,551,000	139,809	-	70,973	-	-	8,551,000	210,782	″	″
Pegatron Corporation	75,000	6,548	-	345	-	-	75,000	6,893	″	″
Taishin Financial Holding Co., Ltd. Preferred Stock E	16,280	832	-	-	16,280	832	-	-	″	″
Cathay Financial Holding Co., Ltd. Preferred Stock A	14,808	883	-	-	14,808	883	-	-	″	″
Mega Financial Holding Company Ltd.	1,343,160	52,652	69,108	2,003	-	-	1,412,268	54,655	″	″
Cathay Financial Holding Co., Ltd. Stock B	12,284	733	-	-	12,284	733	-	-	″	″
Taishin Financial Holding Co., Ltd. Preferred Stock E II	9,753	445	-	-	9,753	445	-	-	″	″
CTBC Financial Holding Co., Ltd.	2,498,000	70,818	-	26,854	-	-	2,498,000	97,672	″	″
Yuhuang Co., Ltd.	49,205	429	-	-	-	178	49,205	251	″	″
Core Pacific City Co., Ltd.	98,869	1,396	-	-	-	52	98,869	1,344	″	″
Power Chip Technology Corporation	27,816	353	-	-	-	79	27,816	274	″	″
Power Chip Semiconductor Manufacturing Corp.	50,336	1,482	-	-	-	682	50,336	800	″	″
		$ 648,763		116,975		71,032		694,706		

Hocheng Corporation

Breakdown of changes in investments accounted for using the equity method

For the year ended December 31, 2024

Unit: NT$ thousand

Name and title	Beginning balance: Number of shares	Beginning balance: Amount	Increase this period: Number of shares	Increase this period: Amount	Decrease this period: Number of shares	Decrease this period: Amount	Ending balance: Number of shares	Ending balance: Ownership	Ending balance: Amount	Market value or equity net value: Unit price	Market value or equity net value: Total price	Provision of guarantees or pledges: Pledge and mortgage	Note
Ritiboon International Limited	78,646,373	$ 650,374	-	-	-	12,271	78,646,373	100.00%	638,103	8.12	638,980	None	Note
Hohong Co., Ltd.	34,713,522	687,319	-	31,873	-	-	34,713,522	100.00%	719,192	21.07	731,325	〃	〃
Hoceng Service Co., Ltd.	1,050,000	62,008	-	11,188	-	-	1,050,000	70.00%	73,196	87.59	91,973	〃	〃
Bao Long Interior Crafts Co., Ltd.	21,001,000	219,275	-	19,198	-	-	21,001,000	- %	238,473	11.53	242,224	〃	〃
		$ 1,618,976		62,259		12,271			1,668,964				

Note: Differences between the balance at the end of the period and the net worth of equity are unrealized gains or losses.

Hocheng Corporation

Breakdown of other non-current assets

December 31, 2024 **Unit: NT$ thousand**

Item	Summary	Amount	Note
Prepayments for equipment		$ 20,966	
Others		11,611	
Total		**$ 32,577**	

Hocheng Corporation

Breakdown of short-term borrowings

December 31, 2024

Unit: NT$ thousand

Types of borrowings	Description:	Ending balance	Contract Duration	Interest rates	Financing limit	Pledge or Guarantee	Note
Credit borrowings	Borrowings from financial institutions	$ 100,000	2024.12.25-2025.03.25	1.95%	120,000	None	Note1
〃	〃	50,000	2024.12.06-2025.03.06	1.95%	50,000	〃	〃
〃	〃	18,615	2024.07.18-2025.06.02	5.83%-6.65%	150,000	〃	〃
		$ 168,615			**$ 320,000**		

Note 1: A comprehensive limit is executed, which is included in the total limit of credit and secured borrowings.

Hocheng Corporation

Breakdown of notes payable

December 31, 2024

Unit: NT$ thousand

Client Name	Summary	Amount	Note
Related party:			
Yuhuang Co., Ltd.		$ 36,544	
Non-related party:			
Company A		6,112	
Company B		4,199	
Others		903	The balance of a single supplier has not exceeded 5%
Subtotal		11,214	
Total		**$ 47,758**	

Breakdown of accounts payable

Client Name	Summary	Amount	Note
Related party:			
Bao Long Interior Crafts Co., Ltd.		$ 54,933	
Yuhuang Co., Ltd.		12,351	
Hocheng (China) Corporation		8,834	
Subtotal		76,118	
Non-related party:			
Company C		53,680	
Company D		22,241	
Others		118,401	The balance of a single supplier has not exceeded 5%
Subtotal		194,322	
Total		**$ 270,440**	

Hocheng Corporation

Breakdown of other payables

December 31, 2024 **Unit: NT$ thousand**

Item	Summary	Amount	Note
Salary, annual bonus, and board wages payable		$ 131,325	
Labor and health insurance payable		11,762	
Pension payable		3,465	
Others		67,277	
Total		**$ 213,829**	

Breakdown of other current liabilities

Item	Summary	Amount	Note
Contract liabilities	Advances for products	$ 28,062	
Tax payable	Business tax	8,952	
Temporary credit	Provisional advances for taxes, labor and health insurance premiums, and rent	15,669	
Total		**$ 52,683**	

Hocheng Corporation

Breakdown of long-term borrowings

December 31, 2024

Unit: NT$ thousand

Creditors	Summary	Borrowing amount	Contract Duration	Interest rate	Pledge or Guarantee	Note
Mega International Commercial Bank		$ 400,000	2024.10.19-2029.10.19	2.49%	Land	Every half-year is an installment starting from the day following the first anniversary from the initial drawdown date with repayment of a total of 9 installments; the repayment for the 1st to 8th installments shall be NT$25,000 thousand, and the repayment for the last installment shall be NT$200,000 thousand.
Less: Portion due within one year		(25,000)				
Total		$ 375,000				

Hocheng Corporation

Breakdown of operating costs

For the year ended December 31, 2024 Unit: NT$ thousand

Item	Amount Sub-total	Amount Total
Cost of sales for self-produced products		
Raw materials at the beginning of the period	$ 207,701	
Add: Incoming stock during the period	576,739	
Others	1,062	
Less: Transfer to various expenses	(4,465)	
Disposals of raw materials	(15,656)	
Report and scrap	(1,631)	
Raw materials at the end of the period	(220,853)	542,897
Indirect raw materials		
Supplies at the beginning of the period	8,577	
Add: Incoming stock during the period	66,013	
Less: Others	(28)	
Disposals of supplies	(123)	
Report and scrap	(7)	
Transfer to other equipment	(10,772)	
Transfer to various expenses	(24,533)	
Supplies at the end of the period	(8,974)	30,153
Direct labor costs		237,246
Manufacturing expenses		467,718
Manufacturing costs		1,278,014
Add: Work in progress at the beginning of the period	165,317	
Work in progress purchased	11,877	
Others	96	
Less: Work in progress sold	(1,135)	
Report and scrap	(301)	
Transfer to various expenses	(236)	
Losses on inventory	(51)	
Work in progress at the end of the period	(181,109)	(5,542)
Cost of finished good		1,272,472
Finished good at the beginning of the period		537,831
Add: Gain on inventory		155
Others - Finished good processing		8,710
Less: Scrapping		(2,656)
Losses on inventory		(970)
Transfer to other equipment		(14,579)
Transfer to various expenses		(8,760)
Others		(17,198)
Finished good at the end of the period		(503,333)
Costs of production and sales		1,271,672
Cost of sales for purchased products		
Products purchased at the beginning of the period	282,011	
Add: Purchases during the period	1,083,224	
Gains on inventory	62	
Others	10,520	
Less: Products purchased at the end of the period	(275,913)	
Report and scrap	(1,309)	
Transfer to various expenses	(12,989)	
Losses on inventory	(152)	
Cost of sales - Products		1,085,454
Disposals of semi-finished good		1,135
Disposals of raw materials and supplies		15,656
Disposals of supplies		123
Cost of sales		2,374,040
Add: Loss on inventory		956
Processing costs		2,710
Inventory scraping losses		5,904
Gain from the recovery of inventory write-down or obsolescence		4,831
Less: Income from disposal of scraps		(524)
Total operating cost		**$ 2,387,917**

Hocheng Corporation

Breakdown of marketing expenses

For the year ended December 31, 2024 **Unit: NT$ thousand**

Item	Summary	Amount	Note
Salary expenses		$ 141,097	
Advertising expenses		77,371	
Freight expenses		34,398	
Entertainment expenses		26,322	
Depreciation		26,205	
Other expenses		167,692	Any single amount has not exceeded 5%
Total		**$ 473,085**	

Breakdown of management fees

Item	Summary	Amount	Note
Salary expenses		$ 67,051	
Tax and levy		17,748	
Depreciation		16,272	
Entertainment expenses		12,021	
Other expenses		62,430	Any single amount has not exceeded 5%
Total		**$ 175,522**	

Hocheng Corporation

Breakdown of R&D expenses

For the year ended December 31, 2024 **Unit: NT$ thousand**

Item	Summary	Amount	Note
Salary expenses		$ 44,083	
Research and experiment expenses		13,981	
Depreciation		11,814	
Other expenses		30,499	Any single amount has not exceeded 5%
		$ 100,377	