

**CHC Resources Corporation and
Subsidiaries**

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of affiliates of CHC Resources Corporation as of and for the year ended December 31, 2025, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, CHC Resources Corporation did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

CHC Resources Corporation

By

Wen-Hsien Chou
Chairman

February 25, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
CHC Resources Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition

The Corporation and its subsidiaries mainly engage in the sale of Ground-Granulated Blast-Furnace Slag (GGBFS), accounting for the largest proportion of total sales revenue. Since revenue is a presumed risk in the Statement of Auditing Standards and it is mainly the focus of users of financial statements. Thus, we considered the occurrence of the sales revenue of GGBFS as a key audit matter. For the accounting policy of sales revenue, please refer to Note 4 of the consolidated financial statements.

Our audit procedures performed included the following:

1. We obtained an understanding of and evaluated design and implementation of internal control of sales of GGBFS and tested its operating effectiveness.
2. We selected samples and verified the occurrence and validity of the sales revenue of GGBFS and confirmed the correctness of the shipping documents and cash collection receipts.

Other Matter

We have also audited the parent company only financial statements of CHC Resources Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yu-Shiang Liu and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2026

Notice to Readers

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

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

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 352,883	3	\$ 490,442	4
Financial assets at fair value through other comprehensive income- current (Notes 7 and 28)	205,687	2	212,724	2
Contract assets - current (Notes 23 and 29)	109	-	308	-
Notes receivable (Note 8)	224,355	2	311,067	3
Accounts receivable (Note 8)	250,673	2	203,540	2
Accounts receivable - related parties (Notes 8 and 29)	1,020,128	9	926,316	8
Other receivables	5,436	-	24,909	-
Other receivables - related parties (Note 29)	34,086	-	38,054	-
Current tax assets (Note 25)	592	-	-	-
Inventories (Notes 5 and 9)	468,684	4	402,947	3
Prepayments (Notes 10 and 29)	161,732	2	97,430	1
Other financial assets - current (Notes 11 and 30)	162,383	2	91,577	1
Refundable deposits - current (Note 15)	22,797	-	15,348	-
Costs to fulfil a contract (Note 23)	12,793	-	14,691	-
Other current assets	20,231	-	17,632	-
Total current assets	2,942,569	26	2,846,985	24
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 7 and 28)	36,922	-	35,320	-
Investments accounted for using the equity method (Note 13)	287,225	2	279,582	2
Property, plant and equipment (Notes 14, 29 and 30)	4,428,558	39	4,562,251	39
Right-of-use assets (Notes 15, 29 and 30)	1,092,980	10	1,344,963	11
Investment properties (Note 16)	2,322,792	20	2,325,783	20
Intangible assets (Note 17)	5,294	-	6,099	-
Deferred tax assets (Note 25)	86,915	1	105,637	1
Prepayments for equipment	59,920	-	59,147	1
Refundable deposits - noncurrent (Note 15)	219,725	2	229,517	2
Net defined benefit assets (Note 21)	9,153	-	3,318	-
Other financial assets - noncurrent (Notes 11 and 30)	3,850	-	3,850	-
Other noncurrent assets	467	-	822	-
Total noncurrent assets	8,553,801	74	8,956,289	76
TOTAL	\$ 11,496,370	100	\$ 11,803,274	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 303,836	3	\$ 355,234	3
Contract liabilities - current (Notes 23 and 29)	56,390	-	46,230	-
Notes payable	7,848	-	15,086	-
Accounts payable	178,882	2	158,885	1
Accounts payable - related parties (Note 29)	100,880	1	103,159	1
Payables on equipment	23,355	-	16,524	-
Payables for dividends	413	-	410	-
Other payables (Note 19)	785,522	7	854,614	8
Other payables - related parties (Notes 19 and 29)	191,171	2	178,597	2
Current tax liabilities (Note 25)	138,114	1	173,673	1
Lease liabilities - current (Notes 15 and 29)	370,716	3	348,955	3
Current portion of long-term borrowings (Notes 18 and 30)	60,247	1	64,862	1
Guarantee deposits received - current	38,172	-	36,967	-
Other current liabilities	6,940	-	5,132	-
Total current liabilities	2,262,486	20	2,358,328	20
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 30)	1,178,267	10	1,329,724	11
Provisions - noncurrent (Note 20)	393,760	3	377,107	4
Deferred tax liabilities (Note 25)	152,032	2	142,985	1
Lease liabilities - noncurrent (Notes 15 and 29)	675,822	6	926,974	8
Net defined benefit liabilities (Note 21)	-	-	8,262	-
Guarantee deposits received - noncurrent	7,025	-	5,851	-
Total noncurrent liabilities	2,406,906	21	2,790,903	24
Total liabilities	4,669,392	41	5,149,231	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Ordinary shares	2,485,404	22	2,485,404	21
Capital surplus	162,398	1	162,411	1
Retained earnings				
Legal reserve	1,776,482	15	1,657,720	14
Special reserve	104,464	1	17,532	-
Unappropriated earnings	2,227,243	19	2,195,338	19
Total retained earnings	4,108,189	35	3,870,590	33
Other equity	(161,784)	(1)	(104,465)	(1)
Total equity attributable to owners of the Corporation	6,594,207	57	6,413,940	54
NON-CONTROLLING INTERESTS (Note 22)	232,771	2	240,103	2
Total equity	6,826,978	59	6,654,043	56
TOTAL	\$ 11,496,370	100	\$ 11,803,274	100

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

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)				
Sales	\$ 8,243,515	59	\$ 7,816,089	59
Construction revenue	7,889	-	14,203	-
Service revenue	<u>5,739,980</u>	<u>41</u>	<u>5,460,261</u>	<u>41</u>
Total operating revenue	<u>13,991,384</u>	<u>100</u>	<u>13,290,553</u>	<u>100</u>
OPERATING COSTS (Notes 9, 24 and 29)				
Cost of goods sold	6,415,389	46	6,063,759	46
Construction costs	7,514	-	13,527	-
Service costs	<u>5,456,914</u>	<u>39</u>	<u>5,216,321</u>	<u>39</u>
Total operating costs	<u>11,879,817</u>	<u>85</u>	<u>11,293,607</u>	<u>85</u>
GROSS PROFIT	<u>2,111,567</u>	<u>15</u>	<u>1,996,946</u>	<u>15</u>
OPERATING EXPENSES (Notes 8, 24 and 29)				
Selling and marketing expenses	230,377	2	222,706	2
General and administrative expenses	287,445	2	273,607	2
Research and development expenses	27,317	-	25,810	-
Expected credit impairment loss	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>547,599</u>	<u>4</u>	<u>522,123</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>1,563,968</u>	<u>11</u>	<u>1,474,823</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	6,990	-	7,106	-
Other income	46,731	-	49,025	-
Other gains and losses	(7,872)	-	(2,561)	-
Finance costs	(54,465)	-	(69,598)	(1)
Share of profit or loss of associates accounted for using the equity method	<u>18,425</u>	<u>-</u>	<u>9,797</u>	<u>-</u>
Total non-operating income and expenses	<u>9,809</u>	<u>-</u>	<u>(6,231)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,573,777	11	1,468,592	10
INCOME TAX EXPENSE (Note 25)	<u>319,654</u>	<u>2</u>	<u>285,403</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,254,123</u>	<u>9</u>	<u>1,183,189</u>	<u>9</u>

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (5,301)	-	\$ 31,890	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(5,436)	-	(77,813)	-
Gain on hedging instruments	-	-	42	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	2,301	-	(16,825)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	1,060	-	(6,378)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(59,889)	-	12,606	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>(224)</u>	<u>-</u>	<u>26</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(67,489)</u>	<u>-</u>	<u>(56,452)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,186,634</u>	<u>9</u>	<u>\$ 1,126,737</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,233,105	9	\$ 1,159,134	9
Non-controlling interests	<u>21,018</u>	<u>-</u>	<u>24,055</u>	<u>-</u>
	<u>\$ 1,254,123</u>	<u>9</u>	<u>\$ 1,183,189</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,174,441	9	\$ 1,100,815	9
Non-controlling interests	<u>12,193</u>	<u>-</u>	<u>25,922</u>	<u>-</u>
	<u>\$ 1,186,634</u>	<u>9</u>	<u>\$ 1,126,737</u>	<u>9</u>

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 4.96</u>		<u>\$ 4.66</u>	
Diluted	<u>\$ 4.94</u>		<u>\$ 4.65</u>	

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

(Concluded)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

	Total Equity Attributable to Owners of the Corporation						Other Equity						
	Ordinary Shares	Capital Surplus	Retained Earnings			Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2024	\$ 2,485,404	\$ 162,024	\$ 1,574,514	\$ -	\$ 1,854,078	\$ 3,428,592	\$ (36,463)	\$ 18,973	\$ (42)	\$ (17,532)	\$ 6,058,488	\$ 226,615	\$ 6,285,103
Appropriation of 2023 earnings (Note 22)	-	-	83,206	-	(83,206)	-	-	-	-	-	-	-	-
Legal reserve	-	-	83,206	-	(83,206)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	17,532	(17,532)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(745,621)	(745,621)	-	-	-	-	(745,621)	-	(745,621)
	-	-	83,206	17,532	(846,359)	(745,621)	-	-	-	-	(745,621)	-	(745,621)
Changes in capital surplus from investments in associates accounted for using the equity method	-	13	-	-	(129)	(129)	-	-	-	-	(116)	-	(116)
Net profit for the year ended December 31, 2024	-	-	-	-	1,159,134	1,159,134	-	-	-	-	1,159,134	24,055	1,183,189
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	25,463	25,463	10,741	(94,565)	42	(83,782)	(58,319)	1,867	(56,452)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,184,597	1,184,597	10,741	(94,565)	42	(83,782)	1,100,815	25,922	1,126,737
Changes in ownership interests in subsidiaries	-	374	-	-	-	-	-	-	-	-	374	42	416
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,476)	(12,476)
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	3,151	3,151	-	(3,151)	-	(3,151)	-	-	-
BALANCE AT DECEMBER 31, 2024	2,485,404	162,411	1,657,720	17,532	2,195,338	3,870,590	(25,722)	(78,743)	-	(104,465)	6,413,940	240,103	6,654,043
Appropriation of 2024 earnings (Note 22)	-	-	118,762	-	(118,762)	-	-	-	-	-	-	-	-
Legal reserve	-	-	118,762	-	(118,762)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	86,932	(86,932)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(994,161)	(994,161)	-	-	-	-	(994,161)	-	(994,161)
	-	-	118,762	86,932	(1,199,855)	(994,161)	-	-	-	-	(994,161)	-	(994,161)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(13)	-	-	-	-	-	-	-	-	(13)	-	(13)
Net profit for the year ended December 31, 2025	-	-	-	-	1,233,105	1,233,105	-	-	-	-	1,233,105	21,018	1,254,123
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	(4,383)	(4,383)	(51,130)	(3,151)	-	(54,281)	(58,664)	(8,825)	(67,489)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	1,228,722	1,228,722	(51,130)	(3,151)	-	(54,281)	1,174,441	12,193	1,186,634
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(19,525)	(19,525)
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	-	3,038	3,038	-	(3,038)	-	(3,038)	-	-	-
BALANCE AT DECEMBER 31, 2025	\$ 2,485,404	\$ 162,398	\$ 1,776,482	\$ 104,464	\$ 2,227,243	\$ 4,108,189	\$ (76,852)	\$ (84,932)	\$ -	\$ (161,784)	\$ 6,594,207	\$ 232,771	\$ 6,826,978

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

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,573,777	\$ 1,468,592
Adjustments for:		
Depreciation expense	848,222	860,962
Amortization expense	26,054	26,982
Expected credit impairment loss	2,460	-
Net gain on financial assets at fair value through profit or loss	(590)	(415)
Finance costs	54,465	69,598
Interest income	(6,990)	(7,106)
Dividend income	(7,580)	(7,704)
Share of profit of associates accounted for using the equity method	(18,425)	(9,797)
Gain on disposal of property, plant and equipment	(79)	(158)
Write-down (reversal) of inventories	16,253	(869)
Impairment loss on property, plant and equipment	16,292	49,541
Recognition of provisions	49,141	70,961
Others	(4)	(177)
Changes in operating assets and liabilities		
Contract assets - current	199	1,374
Notes receivable	86,712	(40,470)
Accounts receivable	(49,593)	23,505
Accounts receivable - related parties	(93,812)	(75,018)
Other receivables	19,771	(2,055)
Other receivables - related parties	3,968	(17,209)
Inventories	(81,990)	38,427
Prepayments	(64,302)	23,433
Other current assets	(2,599)	29,894
Other financial assets	(70,806)	11,209
Costs to fulfil a contract	1,898	(2,625)
Contract liabilities - current	10,160	(10,571)
Notes payable	(7,238)	(1,122)
Accounts payable	19,997	13,275
Accounts payable - related parties	(2,279)	1,521
Other payables	(68,165)	(128,311)
Other payables - related parties	12,574	99,000
Provisions	(32,488)	-
Other current liabilities	1,808	(1,145)
Net defined benefit liabilities	(19,398)	(16,002)
Cash generated from operations	<u>2,217,413</u>	<u>2,467,520</u>
Income tax paid	<u>(326,830)</u>	<u>(314,475)</u>
Net cash generated from operating activities	<u>1,890,583</u>	<u>2,153,045</u>

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	\$ (990,000)	\$ (530,000)
Proceeds from disposal of financial assets at fair value through profit or loss	990,590	530,415
Proceeds of financial assets for hedging	-	4,321
Acquisition of property, plant and equipment	(438,651)	(359,827)
Proceeds from disposal of property, plant and equipment	232	381
Decrease in refundable deposits	2,343	30,958
Payments for intangible assets	(3,325)	(2,880)
Increase in other noncurrent assets	(21,587)	(21,549)
Interest received	6,692	6,824
Dividends received from others	7,580	7,704
Dividends received from associates	<u>12,845</u>	<u>12,476</u>
Net cash used in investing activities	<u>(433,281)</u>	<u>(321,177)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,377,411	5,881,107
Repayments of short-term borrowings	(4,423,465)	(6,121,930)
Proceeds from short-term bills payable	-	5,000
Repayments of short-term bills payable	-	(5,000)
Proceeds from long-term borrowings	2,118,020	4,680,000
Repayments of long-term borrowings	(2,260,452)	(4,923,542)
Proceeds from guarantee deposits received	2,379	-
Refund of guarantee deposits received	-	(18,616)
Repayments of principal portion of lease liabilities	(319,997)	(316,288)
Dividends paid to owner of the Company	(994,161)	(745,621)
Interest paid	(57,948)	(70,786)
Dividends paid to non-controlling interests	<u>(19,525)</u>	<u>(12,476)</u>
Net cash used in financing activities	<u>(1,577,738)</u>	<u>(1,648,152)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS		
	<u>(17,123)</u>	<u>4,405</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(137,559)	188,121
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>490,442</u>	<u>302,321</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 352,883</u>	<u>\$ 490,442</u>

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

(Concluded)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

CHC Resources Corporation (the “Corporation”) was jointly incorporated by China Steel Corporation (CSC), TCC Group Holdings Co., LTD. (TCC) and other shareholders in May 1991. CSC is the parent company that has substantive control over the Corporation. As of December 31, 2025, CSC and its subsidiaries owned 35.6% of the Corporation’s issued ordinary shares. The Corporation mainly engages in the production, processing and sales of Ground-Granulated Blast-Furnace Slag (GGBFS), Portland Blast-Furnace Slag Cement and reutilization of resources.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since November 1999.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue on February 25, 2026.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries’ accounting policies.

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

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

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact of the application of the amendments on the Corporation and subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation and its subsidiaries does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation and its subsidiaries' ownership interests in subsidiaries that do not result in the Corporation and its subsidiaries losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Corporation and its subsidiaries and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 12 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and which is not a subsidiary.

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

Any excess of the cost of acquisition over the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

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

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

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

h. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, and some equipment of Blast-Furnace Slag Cement Division which are recognized using the depreciation method of working hours, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Assets related to contract costs

The expenditures that relate directly to a contract and that generate or enhance resources to be used in satisfying performance obligations are recognized as assets (costs to fulfil a contract) to the extent of the expected recoverable costs and are amortized on a straight-line basis over the contract term.

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets at FVTPL are subsequently measured at fair value, and the remeasurement gains or losses (excluding any dividends or interest earned on such financial assets) on such financial assets are recognized in gains or losses.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred: significant financial difficulty of the issuer or the borrower; breach of contract, such as a default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and accounts receivable) as well as contract assets.

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

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

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

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii Financial asset is more than 180 days past due unless the Corporation and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets and contract assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Hedge accounting

The Corporation and its subsidiaries designate certain hedging instruments (non-derivatives in respect of foreign currency risk) as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

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

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

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

o. Provisions

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

p. Carbon fee provision

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

q. Revenue recognition

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

1) Merchandise sales revenue

Merchandise sales revenue comes from the sale of products such as GGBFS. According to the contract, when GGBFS and other products are delivered to the customer, the customer has set the price and the right to use the product, bears the responsibility for resale, obsolescence of the product risks, the Corporation and its subsidiaries recognize revenue and accounts receivable at that point in time, and prepayments are recognized as contract liabilities.

2) Service revenue

Service revenue comes from services such as slag processing. For services such as processing, the customer obtains and consumes the performance benefits at the same time. The revenue is recognized when the service is provided by the Corporation and its subsidiaries. Specifically, the actual calculation is performed and the advance payment for the service is recognized as a contract liability.

3) Construction revenue

Contracts such as land and water remediation that are under the control of the customer during the implementation process, the Corporation and its subsidiaries gradually recognize income over time. Since the cost of implementation is directly related to the degree of completion of the performance obligation, the Corporation and its subsidiaries measure the progress of completion based on the actual input cost as a percentage of the expected total cost. The Corporation and its subsidiaries gradually recognize contract assets during the implementation process and converts them to accounts receivable when billing. If the received construction payment exceeds the amount of recognized revenue, the difference is recognized as a contract liability.

r. Leases

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

For a contract that contains a lease component and non-lease components, the Corporation and its subsidiaries allocate the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation and its subsidiaries as lessor

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

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

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

2) The Corporation and its subsidiaries as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

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

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

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the year in which they are incurred.

s. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation and its subsidiaries' defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation and its subsidiaries can no longer withdraw the offer of the termination benefit, and when the Corporation and its subsidiaries recognize any related restructuring costs.

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination or the acquisition of a subsidiary, the tax effect is included in the accounting for the business combination or investments in a subsidiary.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Corporation and its subsidiaries consider the possible impact of volatility in markets on the relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 270	\$ 108
Checking accounts and demand deposits	323,813	390,984
Cash equivalents (time deposits with original maturities of 3 months or less)	<u>28,800</u>	<u>99,350</u>
	<u>\$ 352,883</u>	<u>\$ 490,442</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Domestic and foreign investments (investments in equity instruments)		
Listed shares	\$ 205,687	\$ 212,724
Unlisted shares	<u>36,922</u>	<u>35,320</u>
	<u>\$ 242,609</u>	<u>\$ 248,044</u>
Current	\$ 205,687	\$ 212,724
Noncurrent	<u>36,922</u>	<u>35,320</u>
	<u>\$ 242,609</u>	<u>\$ 248,044</u>

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

Dividends income of NT\$7,580 thousand and NT\$7,704 thousand were recognized for the years ended December 31, 2025 and 2024, respectively.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Notes receivable</u>		
At amortized cost		
Operating	\$ <u>224,355</u>	\$ <u>311,067</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 1,270,801	\$ 1,129,856
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>
	<u>\$ 1,270,801</u>	<u>\$ 1,129,856</u>

The Corporation and its subsidiaries make prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation and its subsidiaries continue to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes receivable and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Corporation and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The Corporation and its subsidiaries write off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Corporation and its subsidiaries continue attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2025

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 365 Days	Total
Gross carrying amount	\$1,485,760	\$ 8,125	\$ 855	\$ 379	\$ 37	\$1,495,156
Loss allowance (Lifetime ECLs)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Amortized cost	<u>\$1,485,760</u>	<u>\$ 8,125</u>	<u>\$ 855</u>	<u>\$ 379</u>	<u>\$ 37</u>	<u>\$1,495,156</u>

December 31, 2024

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 365 Days	Total
Gross carrying amount	\$1,284,354	\$ 153,585	\$ 2,984	\$ -	\$ -	\$1,440,923
Loss allowance (Lifetime ECLs)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Amortized cost	<u>\$1,284,354</u>	<u>\$ 153,585</u>	<u>\$ 2,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,440,923</u>

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

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ -	\$ -
Allowance for impairment loss	2,460	-
Amounts written off	<u>(2,460)</u>	<u>-</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

9. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$ 140,537	\$ 130,557
Supplies	201,676	194,396
Finished goods	119,392	71,842
Merchandise	3,261	4,307
Materials and supplies in transit	<u>3,818</u>	<u>1,845</u>
	<u>\$ 468,684</u>	<u>\$ 402,947</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 was NT\$6,415,389 thousand and NT\$6,063,759 thousand, respectively, which included loss on inventories NT\$16,253 thousand and reversal of loss on inventories of NT\$869 thousand, respectively. The reversal of loss on inventory was mainly due to the continuous consumption of inventory.

10. PREPAYMENT

	December 31	
	2025	2024
Prepayment for purchases	\$ 122,151	\$ 56,545
Others	<u>39,581</u>	<u>40,885</u>
	<u>\$ 161,732</u>	<u>\$ 97,430</u>

11. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
Time deposits with original maturities of more than 3 months	\$ 129,275	\$ 84,325
Pledged time deposits - performance bond (Note 30)	<u>36,958</u>	<u>11,102</u>
	<u>\$ 166,233</u>	<u>\$ 95,427</u>
Current	\$ 162,383	\$ 91,577
Noncurrent	<u>3,850</u>	<u>3,850</u>
	<u>\$ 166,233</u>	<u>\$ 95,427</u>

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Nature of Activities	Percentage of Ownership (%)	
			2025	2024
CHC Resources Corporation	Union Steel Development Corporation	a.	93	93
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	b.	51	51
CHC Resources Corporation	Yu Cheng Lime Corporation	c.	90	90
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd.	d.	85	85

- a. The company mainly engages in the manufacture and sales of iron powder, OEM and sales of refractory, trading, and labor dispatch.
- b. The company mainly engages in sales of fly ash, manufacture and sales of dry-mix mortar, and trading.
- c. The company mainly engages in real estate leasing and management of raw materials.
- d. The company mainly engages in the manufacture and sales of GGBFS, sales of Granulated Blast - Furnace Slag (GBFS).

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31	
	2025	2024
Associates that are not individually material	<u>\$ 287,225</u>	<u>\$ 279,582</u>
	For the Year Ended December 31	
	2025	2024
The Corporation and its subsidiaries' share of:		
Net profit for the year	\$ 18,425	\$ 9,797
Other comprehensive income (loss)	<u>2,077</u>	<u>(16,799)</u>
Total comprehensive income (loss)	<u>\$ 20,502</u>	<u>\$ (7,002)</u>

The Corporation and its subsidiaries held more than 20% of the shares of CSC and fellow subsidiaries; thus, the subsidiaries were accounted for using the equity method.

14. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 6 for the movements in property, plant and equipment for the year ended December 31, 2025 and 2024.

The property, plant and equipment of the Corporation and its subsidiaries are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	
Drainage system	30 years
Others	2-15 years
Buildings	
Main buildings	5-55 years
Rain shelters and container houses	3-35 years
Pipelines and other facilities	2-20 years
Machinery and equipment	2-28 years
Transportation equipment	5-10 years
Office equipment	1-10 years
Leasehold improvement	2-35 years
Other equipment	2-35 years

The carrying amounts of property, plant and equipment that were pledged by the Corporation and its subsidiaries for bank financing credit line are set out in Note 30.

Due to the expansion of the Taichung grinding Plant, the equipment at the Nanti Plant will be relocated in the near future, and certain facilities of the plant will subsequently be demolished. The Corporation assessed that the facilities and equipment scheduled for disposal will not generate probable future economic benefits. The Corporation carried out a review of the carrying amount that exceeded the recoverable amount and recognized an impairment loss of NT\$16,292 thousand for the year ended December 31, 2025 as operating costs.

Due to the replacement of the plant's coal-fired equipment with natural gas equipment and buildings, the Corporation assessed that the coal-fired equipment will not generate probable future economic benefits. The Corporation carried out a review of the carrying amount that exceeded the recoverable amount and recognized an impairment loss of NT\$49,541 thousand for the year ended December 31, 2024 as operating costs.

In February 2025, the Corporation received a ruling from the Kaohsiung District Court for a criminal provisional attachment, ordering the seizure of the Corporation's land located at Lot No. 1310, Erqiao Section, Xiaogang District, Kaohsiung City, up to an amount of NT\$128,104 thousand. For further details, please refer to Note 32.

For the years ended December 31, 2025 and 2024, the Corporation and its subsidiaries entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2025	2024
Affect both cash and non-cash items from investing activities		
Increase in property, plant and equipment	\$ 447,268	\$ 271,517
Increase in prepayments for equipment	773	58,671
Decrease (increase) in payables on equipment	(6,831)	31,047
Capitalized interest	<u>(2,559)</u>	<u>(1,408)</u>
Paid in cash	<u>\$ 438,651</u>	<u>\$ 359,827</u>

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2025	2024
<u>Carrying amount</u>		
Land	\$ 815,206	\$ 1,061,733
Buildings	264,347	267,561
Transportation equipment	<u>13,427</u>	<u>15,669</u>
	<u>\$ 1,092,980</u>	<u>\$ 1,344,963</u>
	<u>For the Year Ended December 31</u>	
	2025	2024
Additions to right-of-use assets	<u>\$ 74,947</u>	<u>\$ 45,742</u>
Depreciation charge for right-of-use assets		
Land	\$ 278,012	\$ 289,151
Buildings	47,495	46,723
Machinery and equipment	-	30
Transportation equipment	<u>7,606</u>	<u>7,824</u>
	<u>\$ 333,113</u>	<u>\$ 343,728</u>

Except for the addition and recognition of depreciation expenses listed above, the Corporation and its subsidiaries did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2025 and 2024.

b. Lease liabilities

	<u>December 31</u>	
	2025	2024
<u>Carrying amount</u>		
Current	<u>\$ 370,716</u>	<u>\$ 348,955</u>
Noncurrent	<u>\$ 675,822</u>	<u>\$ 926,974</u>

Range of discount rates (%) for lease liabilities was as follows:

	<u>December 31</u>	
	2025	2024
Land	0.59-2.05	0.59-1.97
Buildings	1.67-3.45	0.86-3.45
Transportation equipment	0.59-1.92	0.59-1.91

c. Material leasing activities and terms

1) Blast-Furnace Slag Cement and resource reutilization business of Taichung Factory

In order to expand business in Taichung, the Corporation signed the investment permission “The Contract Investment, Construction and Operating of Slag Grinding and Processing Plant in the Special Zone for Industry (IV) of Taichung Port” (the “Taichung Factory”) with Port of Taichung Taiwan International Ports Corporation, Ltd (the “Ports Corporation”) in December 2006. The Corporation entered operation in the 2nd quarter of 2009 and 1st quarter of 2016.

For one year beginning from operation date of the first period, the Corporation has committed that the quantities of import and export goods at Taichung Port should be at least the minimum of annual guaranteed traffic volume, which is settled once a year. If the traffic volume is not reached, the Corporation should pay punitive damage to the Ports Corporation for unreached quantities according to the agreed calculation method. As of December 31, 2025, the Corporation had no punitive damages payable.

The Taichung Factory investment permission described above is for a period of 50 years, commencing from January 1, 2007 to December 31, 2056. Additionally, the lease term of land associated with the Taichung Factory investment permission is for a period of 20 years, commencing from January 1, 2007 to December 31, 2026. The lease cost of land includes rent, fixed operating royalty and variable operating royalty. The Corporation could apply for renewal before the contract expires. The period is limited to 20 years each time, until the permission period expires. The terms of renewal are to be arranged.

The rents for land of the Taichung Factory and the fixed operating royalty described above are paid every three months; the variable operating royalty paid is according to operating gross profit of the Taichung Factory audited by accountant every year multiplies by the agreed contribution rate.

In addition, for the expansion of stacking volume of slag and the Corporation’s long-term policy regarding the land in Taichung Factory, the Corporation has continued to rent land in the Special Zone for industry of Taichung Port from the Ports Corporation. The lease will expire in 2036 and the Corporation could apply for renewal before the contract expires. The terms of renewal are to be arranged.

The Corporation had provided performance bond amounted to NT\$3,040 thousand, and classified it as noncurrent refundable deposits according to its liquidity. The bank also provided performance bond amounted to NT\$49,940 thousand.

2) Blast-Furnace Slag Cement business in Taipei Port

The Corporation signed an agreement with Chia Hsin Cement Corp. in 2010 to acquire the exclusive right of GGBFS storage facility in Taipei Port. The period is up to 31 years from the beginning operation date of the storage facility (from May 2014 to May 2045). As of December 31, 2025, the Corporation had paid performance bonds amounted to NT\$196,000 thousand, and classified it as current and noncurrent refundable deposits according to its liquidity.

The Corporation is committed to pay Chia Hsin Cement Corp. for storage and delivery expenses from the beginning operation date of the storage facility to the date of termination of the contract (from January 2015 to May 2045) on the basis of the agreed rates and minimum capacity agreed with Chia Hsin Cement Corp.

Additionally, the Corporation has to pay NT\$13,834 thousand for site management expenses arising from storage and delivery every year from May 2014 to May 2045, and the amount is paid on a pro-rata basis if the operating period is less than one year.

3) Other resource reutilization business

The Corporation leases land and plants from non-related parties as a premise for resource reutilization business. The leases will successively expire through February 2036.

4) Land use right

CHC Resources Vietnam Co. Ltd. acquired the land use rights in July 2019 from the government of Vietnam, and the lease will expire in May 2051. The carrying amounts of right-of-use assets that had been pledged by the subsidiary for bank borrowing are set out in Note 30.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases and low-value asset leases	<u>\$ 13,224</u>	<u>\$ 13,314</u>
Total cash outflow for leases	<u>\$ 357,084</u>	<u>\$ 355,534</u>

The Corporation and its subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities as short-term and low-value asset leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2025

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2025 and December 31, 2025	<u>\$ 2,308,845</u>	<u>\$ 51,865</u>	<u>\$ 2,360,710</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2025	\$ -	\$ 34,927	\$ 34,927
Depreciation expenses	-	<u>2,991</u>	<u>2,991</u>
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 37,918</u>	<u>\$ 37,918</u>
Carrying amount at December 31, 2025	<u>\$ 2,308,845</u>	<u>\$ 13,947</u>	<u>\$ 2,322,792</u>

For the year ended December 31, 2024

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2024 and December 31, 2024	<u>\$ 2,308,845</u>	<u>\$ 51,865</u>	<u>\$ 2,360,710</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ -	\$ 31,937	\$ 31,937
Depreciation expenses	<u>-</u>	<u>2,990</u>	<u>2,990</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 34,927</u>	<u>\$ 34,927</u>
Carrying amount at December 31, 2024	<u>\$ 2,308,845</u>	<u>\$ 16,938</u>	<u>\$ 2,325,783</u> (Concluded)

The maturity analysis of lease receivables under operating leases of investment properties was as follows:

	<u>December 31</u>	
	2025	2024
Year 1	\$ 29,638	\$ 29,014
Year 2	22,055	29,014
Year 3	7,219	21,531
Year 4	-	7,013

Buildings are depreciated over 3-26 years on a straight-line basis.

As of December 31, 2025 and 2024, the fair values of investment properties at the Corporation and its subsidiaries were both NT\$2,484,004 thousand. Part of the land fair values were measured using Level 3 inputs based on appraisals by real estate professionals. These appraisals were based on the actual transaction prices of comparable land in the same area with significant unobservable inputs including the related expense ratio. Other properties were not evaluated by independent qualified professional valuers. The management of the Corporation and its subsidiaries applied valuation models commonly used by market participants, and the fair values were determined using Level 3 inputs.

All investment properties of the Corporation and its subsidiaries are from self-owned equity.

17. INTANGIBLE ASSETS

For the year ended December 31, 2025

<u>Cost</u>	Computer Software
Balance at January 1, 2025	\$ 15,449
Additions	3,325
Derecognition	(6,048)
Effects of foreign currency exchange differences	<u>(82)</u>
Balance at December 31, 2025	<u>\$ 12,644</u>

(Continued)

	Computer Software
<u>Accumulated amortization</u>	
Balance at January 1, 2025	\$ 9,350
Amortization expenses	4,112
Derecognition	(6,048)
Effects of foreign currency exchange differences	<u>(64)</u>
Balance at December 31, 2025	<u>\$ 7,350</u>
Carrying amount at December 31, 2025	<u>\$ 5,294</u> (Concluded)

For the year ended December 31, 2024

	Computer Software
<u>Cost</u>	
Balance at January 1, 2024	\$ 15,780
Additions	2,880
Derecognition	(3,229)
Effects of foreign currency exchange differences	<u>18</u>
Balance at December 31, 2024	<u>\$ 15,449</u>

	Computer Software
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 7,800
Amortization expenses	4,768
Derecognition	(3,229)
Effects of foreign currency exchange differences	<u>11</u>
Balance at December 31, 2024	<u>\$ 9,350</u>
Carrying amount at December 31, 2024	<u>\$ 6,099</u>

Intangible assets are computer software, which are amortized over 3-5 years on a straight-line basis.

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2025	2024
Unsecured bank loans - annual interest rates range was 1.75%-5.55% and 1.80%-5.23% as of December 31, 2025 and 2024, respectively	\$ 280,223	\$ 324,609
Letters of credit - annual interest rates range was 1.84% and 1.83%-1.92% as of December 31, 2025 and 2024, respectively	<u>23,613</u>	<u>30,625</u>
	<u>\$ 303,836</u>	<u>\$ 355,234</u>

b. Long-term borrowings

	<u>December 31</u>	
	2025	2024
Unsecured bank loans - due in May 2030, annual interest rates range was 1.72%-1.80% and 1.78%-1.82% as of December 31, 2025 and 2024, respectively	\$ 1,118,020	\$ 1,200,000
Secured bank loans - due in July 2027, annual interest rates range was 6.44%-9.20% and 5.26%-6.40% as of December 31, 2025 and 2024, respectively	<u>120,494</u>	<u>194,586</u>
	1,238,514	1,394,586
Less: Current portion	<u>60,247</u>	<u>64,862</u>
	<u>\$ 1,178,267</u>	<u>\$ 1,329,724</u>

19. OTHER PAYABLES (INCLUDING RELATED PARTIES)

	<u>December 31</u>	
	2025	2024
Freight	\$ 292,856	\$ 304,201
Salaries and bonus	212,610	208,218
Outsourced salaries	120,926	126,240
Compensation of employees and remuneration of directors and supervisors	64,252	59,183
Utility bill	48,586	49,429
Subcontracting expenses	13,894	14,920
Professional service payable	17,642	13,461
Taxes payable	11,040	11,290
Others	<u>194,887</u>	<u>246,679</u>
	<u>\$ 976,693</u>	<u>\$ 1,033,621</u>

In October 2020, the Environmental Protection Bureau of Kaohsiung City issued a letter requesting the Corporation and other jointly liable parties to submit a cleanup plan for the Basic Oxygen Furnace Slag Aggregate backfilled on certain land parcels in the Dalin Section, Qishan District. In response to this letter, the Corporation submitted a cleanup plan, and the estimated expenses were NT\$235,036 thousand and NT\$318,886 thousand as of December 31, 2025 and 2024, respectively. The amounts were recognized as other payables-others and provisions.

20. PROVISIONS - NONCURRENT

	<u>December 31</u>	
	2025	2024
Cost of resource reutilization	<u>\$ 393,760</u>	<u>\$ 377,107</u>

	For the Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 377,107	\$ 306,146
Recognized	49,141	70,961
Provisions used during the year	<u>(32,488)</u>	<u>-</u>
Balance, end of the year	<u>\$ 393,760</u>	<u>\$ 377,107</u>

The provision for resource reutilization represents the amount of the best estimate for product promotion based on recent experience because the Corporation is required to settle obligations on the balance sheet date, which would be adjusted in accordance with relevant laws and regulations.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation and domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Besides, the overseas subsidiary makes contributions in accordance with local laws and regulations.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and its domestic subsidiaries in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation and its domestic subsidiaries contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and domestic subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation and its domestic subsidiaries have no right to influence the investment policy and strategy.

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

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 396,255	\$ 375,725
Fair value of plan assets	<u>(405,408)</u>	<u>(370,781)</u>
Net defined benefit liabilities (assets)	<u>\$ (9,153)</u>	<u>\$ 4,944</u>
Net defined benefit assets	\$ (9,153)	\$ (3,318)
Net defined benefit liabilities	<u>-</u>	<u>8,262</u>
	<u>\$ (9,153)</u>	<u>\$ 4,944</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2024	<u>\$ 383,689</u>	<u>\$ (337,231)</u>	<u>\$ 46,458</u>
Service cost			
Current service cost	4,856	-	4,856
Interest expense (income)	<u>4,746</u>	<u>(4,260)</u>	<u>486</u>
Recognized in profit or loss	<u>9,602</u>	<u>(4,260)</u>	<u>5,342</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(29,565)	(29,565)
Actuarial gain - changes in financial assumptions	(7,578)	-	(7,578)
Actuarial loss - experience adjustments	<u>5,253</u>	<u>-</u>	<u>5,253</u>
Recognized in other comprehensive income (loss)	<u>(2,325)</u>	<u>(29,565)</u>	<u>(31,890)</u>
Contributions from the employer	<u>-</u>	<u>(14,925)</u>	<u>(14,925)</u>
Benefits paid	<u>(15,241)</u>	<u>15,200</u>	<u>(41)</u>
Balance at December 31, 2024	<u>375,725</u>	<u>(370,781)</u>	<u>4,944</u>
Service cost			
Current service cost	3,227	-	3,227
Interest expense (income)	<u>5,590</u>	<u>(5,639)</u>	<u>(49)</u>
Recognized in profit or loss	<u>8,817</u>	<u>(5,639)</u>	<u>3,178</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26,393)	(26,393)
Actuarial loss - changes in financial assumptions	7,555	-	7,555
Actuarial loss - experience adjustments	<u>24,139</u>	<u>-</u>	<u>24,139</u>
Recognized in other comprehensive income (loss)	<u>31,694</u>	<u>(26,393)</u>	<u>5,301</u>
Contributions from the employer	<u>-</u>	<u>(14,802)</u>	<u>(14,802)</u>
Benefits paid	<u>(19,981)</u>	<u>12,207</u>	<u>(7,774)</u>
Balance at December 31, 2025	<u>\$ 396,255</u>	<u>\$ (405,408)</u>	<u>\$ (9,153)</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation and its domestic subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management.

However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposits with local banks.

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2025	2024
Discount rate (%)	1.25-1.38	1.38-1.63
Expected rate of salary increase (%)	2.00-2.50	2.00-2.50

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

	December 31	
	2025	2024
Discount rate		
0.25% increase	<u>\$ (7,686)</u>	<u>\$ (7,521)</u>
0.25% decrease	<u>\$ 7,892</u>	<u>\$ 7,730</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 7,669</u>	<u>\$ 7,525</u>
0.25% decrease	<u>\$ (7,508)</u>	<u>\$ (7,358)</u>

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

	December 31	
	2025	2024
Expected contributions to the plan for the next year	<u>\$ 14,569</u>	<u>\$ 14,723</u>
Average duration of the defined benefit obligation		
Managers	7.0 years	5.1 years
Employees	7.8 years	8.2 years
Employees of domestic subsidiaries	10.7-12.9 years	8.5-13.2 years

22. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands of shares)	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>248,540</u>	<u>248,540</u>
Shares issued	<u>\$ 2,485,404</u>	<u>\$ 2,485,404</u>

Issued ordinary shares with a par value of NT\$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset deficits, distribute as cash dividends, or transfer to share capital (Note 1)		
Additional paid-in capital	\$ 4,419	\$ 4,419
Consolidation excess	157,497	157,497
Donations	108	108
May only be used to offset deficits		
Changes in ownership interests in subsidiaries (Note 2)	374	374
Changes in capital surplus from investments in associates accounted for using the equity method	<u>-</u>	<u>13</u>
	<u>\$ 162,398</u>	<u>\$ 162,411</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

Note 2: Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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

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

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

The appropriations of earnings for 2024 and 2023, which were approved in the shareholders' meeting in June 2025 and 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
Legal reserve	\$ 118,762	\$ 83,206
Special reserve	86,932	17,532
Cash dividends	994,161	745,621
Cash dividends per share (NT\$)	4.0	3.0

The appropriations of earnings for 2025 were proposed by the Corporation's board of directors in February 2026 as follows:

	For the Year Ended December 31, 2025
Legal reserve	\$ 123,176
Special reserve	57,319
Cash dividends	994,161
Cash dividend per share (NT\$)	4.0

The appropriations of earnings for 2025 will be resolved by the shareholders in their meeting to be held in May 2026.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ (25,722)	\$ (36,463)
Recognized for the year		
Exchange differences on translating of the financial statements of foreign operations	(50,906)	10,715
Share from associates accounted for using the equity method	<u>(224)</u>	<u>26</u>
Balance, end of the year	<u>\$ (76,852)</u>	<u>\$ (25,722)</u>

- 2) Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ (78,743)	\$ 18,973
Recognized for the year		
Unrealized loss - equity instruments	(5,444)	(77,683)
Share from associates accounted for using the equity method	2,293	(16,882)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(3,038)</u>	<u>(3,151)</u>
Balance, end of the year	<u>\$ (84,932)</u>	<u>\$ (78,743)</u>

- 3) Gain (loss) on Hedging Instruments

Cash flow hedges

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ -	\$ (42)
Recognized for the year		
Changes in fair value of hedging instruments - other comprehensive income		
Foreign currency risk - foreign currency deposits	<u>-</u>	<u>42</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

- e. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 240,103	\$ 226,615
Share of profit for the year	21,018	24,055
Other comprehensive income (loss) for the year		
Exchange differences on translating of the financial statements of foreign operations	(8,983)	1,891
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	8	(130)
Remeasurement of defined benefit plans	188	132
Income tax effect	(38)	(26)
Dividend distributed	(19,525)	(12,476)
Others	<u>-</u>	<u>42</u>
Balance, end of the year	<u>\$ 232,771</u>	<u>\$ 240,103</u>

23. REVENUE

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable and accounts receivable (Note 8)	<u>\$ 1,495,156</u>	<u>\$ 1,440,923</u>	<u>\$ 1,348,940</u>
Contract assets - current			
Construction contracts	\$ -	\$ -	\$ 1,348
Sales receivable and retention receivables	109	308	334
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 109</u>	<u>\$ 308</u>	<u>\$ 1,682</u>
Contract liabilities - current			
Sale received in advance	\$ 54,780	\$ 44,052	\$ 55,846
Services received in advance	1,610	2,178	478
Construction contracts	<u>-</u>	<u>-</u>	<u>477</u>
	<u>\$ 56,390</u>	<u>\$ 46,230</u>	<u>\$ 56,801</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation and its subsidiaries' performance and the respective customer's payment. There was no significant change in the balance of contract assets and contract liabilities of the Corporation and its subsidiaries for the years ended December 31, 2025 and 2024.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous period was NT\$46,754 thousand and NT\$51,665 thousand, respectively.

b. Assets related to contract costs

	December 31	
	2025	2024
Current		
Cost to fulfil a contract		
Executing cost	<u>\$ 12,793</u>	<u>\$ 14,691</u>

c. Disaggregation of revenue

Refer to Note 35 for information on the disaggregation of revenue.

24. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2025	2024
Rental income	\$ 30,017	\$ 30,063
Dividend income	7,580	7,704
Others	<u>9,134</u>	<u>11,258</u>
	<u>\$ 46,731</u>	<u>\$ 49,025</u>

b. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net gain on disposal of property, plant and equipment	\$ 79	\$ 158
Net gain on financial assets at fair value through profit or loss	590	415
Net foreign exchange gain	2,439	1,985
Depreciation	(3,080)	(3,081)
Others	<u>(7,900)</u>	<u>(2,038)</u>
	<u>\$ (7,872)</u>	<u>\$ (2,561)</u>

c. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on borrowings	\$ 33,161	\$ 45,074
Interest on lease liabilities	<u>23,863</u>	<u>25,932</u>
	57,024	71,006
Less: Amounts included in the cost of qualifying assets	<u>2,559</u>	<u>1,408</u>
	<u>\$ 54,465</u>	<u>\$ 69,598</u>

Information on capitalized interest was as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amounts	<u>\$ 2,559</u>	<u>\$ 1,408</u>
Capitalization rates (%)	1.78-1.81	1.55-1.81

d. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 512,118	\$ 514,244
Right-of-use assets	333,113	343,728

(Continued)

	For the Year Ended December 31	
	2025	2024
Investment properties	\$ 2,991	\$ 2,990
Intangible assets	4,112	4,768
Other noncurrent assets	<u>21,942</u>	<u>22,214</u>
	<u>\$ 874,276</u>	<u>\$ 887,944</u>
 An analysis of depreciation by function		
Operating costs	\$ 800,814	\$ 814,850
Operating expenses	44,328	43,031
Others	<u>3,080</u>	<u>3,081</u>
	<u>\$ 848,222</u>	<u>\$ 860,962</u>
 An analysis of amortization by function		
Operating costs	\$ 22,145	\$ 22,356
Operating expenses	<u>3,909</u>	<u>4,626</u>
	<u>\$ 26,054</u>	<u>\$ 26,982</u>

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits		
Salaries	\$ 680,381	\$ 654,917
Labor and health insurance	49,868	47,934
Others	<u>35,905</u>	<u>32,898</u>
	<u>766,154</u>	<u>735,749</u>
Post-employment benefits		
Defined contribution plans	15,131	14,751
Defined benefit plans (Note 21)	<u>3,178</u>	<u>5,342</u>
	<u>18,309</u>	<u>20,093</u>
Termination benefits	<u>64</u>	<u>25</u>
	<u>\$ 784,527</u>	<u>\$ 755,867</u>
 Analysis of employee benefits expense by function		
Operating costs	\$ 491,290	\$ 476,765
Operating expenses	<u>293,237</u>	<u>279,102</u>
	<u>\$ 784,527</u>	<u>\$ 755,867</u>

f. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Corporation had resolved the amendments to the Corporation's Articles at their 2025 regular meeting, stipulating that no less than 30% of the total employee compensation shall be distributed to non-executive employees.

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

	<u>For the Year Ended December 31</u>	
	2025	2024
Compensation of employees	\$ 52,630	\$ 47,672
Remuneration of directors	10,526	9,534

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

There is no difference between the amount recognized and approved in the consolidated financial statements for the year ended December 31, 2024 and 2023.

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

25. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Current tax		
In respect of the current year	\$ 290,394	\$ 284,061
Adjustment for prior year	431	(5,546)
Deferred tax	<u>28,829</u>	<u>6,888</u>
	<u>\$ 319,654</u>	<u>\$ 285,403</u>

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

	<u>For the Year Ended December 31</u>	
	2025	2024
Profit before income tax	<u>\$ 1,573,777</u>	<u>\$ 1,468,592</u>
Income tax expense calculated at the statutory rate	\$ 305,279	\$ 281,272
Tax-exempt income and deductible income tax difference	13,944	10,156
Unrecognized loss carryforwards	-	(479)
Adjustments for prior year	<u>431</u>	<u>(5,546)</u>
	<u>\$ 319,654</u>	<u>\$ 285,403</u>

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

	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Deferred tax</u>		
Remeasurement of defined benefit plans	\$ <u>1,060</u>	\$ <u>(6,378)</u>

c. Current income tax assets and liabilities

	<u>December 31</u>	
	2025	2024
Current income tax assets		
Tax refund receivable	\$ <u>592</u>	\$ <u>-</u>
Current income tax liabilities		
Income tax payable	\$ <u>138,114</u>	\$ <u>173,673</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit liabilities	\$ 1,651	\$ (2,798)	\$ 1,147	\$ -
Cleanup costs	18,188	(18,188)	-	-
Provision	75,422	3,330	-	78,752
Others	<u>10,376</u>	<u>(2,213)</u>	<u>-</u>	<u>8,163</u>
	<u>\$ 105,637</u>	<u>\$ (19,869)</u>	<u>\$ 1,147</u>	<u>\$ 86,915</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 120,448	\$ -	\$ -	\$ 120,448
Investment income	21,825	7,927	-	29,752
Defined benefit assets	663	1,081	87	1,831
Others	<u>49</u>	<u>(48)</u>	<u>-</u>	<u>1</u>
	<u>\$ 142,985</u>	<u>\$ 8,960</u>	<u>\$ 87</u>	<u>\$ 152,032</u>

For the year ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit liabilities	\$ 9,881	\$ (1,929)	\$ (6,301)	\$ 1,651
Cleanup costs	32,399	(14,211)	-	18,188
Provision	61,229	14,193	-	75,422
Others	<u>1,821</u>	<u>8,555</u>	<u>-</u>	<u>10,376</u>
	<u>\$ 105,330</u>	<u>\$ 6,608</u>	<u>\$ (6,301)</u>	<u>\$ 105,637</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 120,448	\$ -	\$ -	\$ 120,448
Investment income	8,374	13,451	-	21,825
Defined benefit assets	590	(4)	77	663
Others	<u>-</u>	<u>49</u>	<u>-</u>	<u>49</u>
	<u>\$ 129,412</u>	<u>\$ 13,496</u>	<u>\$ 77</u>	<u>\$ 142,985</u>

e. Income tax assessments

The Corporation and its domestic subsidiaries' income tax returns through 2023, have been assessed by the tax authorities. The foreign subsidiary calculated the tax in accordance with the local laws.

26. EARNINGS PER SHARE

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

	<u>For the Year Ended December 31</u>	
	2025	2024
Net profit attributable to owners of the Corporation	<u>\$ 1,233,105</u>	<u>\$ 1,159,134</u>
<u>Number of ordinary shares (in thousands of shares)</u>		
	<u>For the Year Ended December 31</u>	
	2025	2024
Weighted average number of ordinary shares used in computation of basic earnings per share	248,540	248,540
Effect of potential dilutive ordinary shares:		
Compensation of employees	<u>853</u>	<u>808</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>249,393</u>	<u>249,348</u>

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential

shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage its capital to ensure that entities in the Corporation and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Corporation and its subsidiaries consist of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings, other equity).

The Corporation and its subsidiaries are not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

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

The management considers the carrying amounts of financial instruments that are not measured at fair value approximate their fair value.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 205,687	\$ -	\$ -	\$ 205,687
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>36,922</u>	<u>36,922</u>
	<u>\$ 205,687</u>	<u>\$ -</u>	<u>\$ 36,922</u>	<u>\$ 242,609</u>
<u>December 31, 2024</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 212,724	\$ -	\$ -	\$ 212,724
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>35,320</u>	<u>35,320</u>
	<u>\$ 212,724</u>	<u>\$ -</u>	<u>\$ 35,320</u>	<u>\$ 248,044</u>

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

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

	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Financial assets at fair value through other comprehensive income (equity instruments)</u>		
Balance, beginning of the year	\$ 35,320	\$ 33,564
Recognized in other comprehensive income	<u>1,602</u>	<u>1,756</u>
Balance, end of the year	<u>\$ 36,922</u>	<u>\$ 35,320</u>

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

The fair value of unlisted equity securities were determined based on industry types, valuations of similar companies and operations.

c. Categories of financial instruments

	<u>December 31</u>	
	2025	2024
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income - equity instruments	\$ 242,609	\$ 248,044
Financial assets at amortized cost (Note 1)	2,296,316	2,334,620
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	2,877,576	3,119,648

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

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable (including related parties), payables on equipment, other payables (including related parties), guarantee deposits received, refund liabilities (under other current liabilities) and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

The Corporation and its subsidiaries place great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation and its subsidiaries were equipped with sufficient and cost - efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation and its subsidiaries for executing financial projects. Compliance with policies and exposure limits is

continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to financial risks as follows:

a) Foreign currency risk

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

The carrying amounts of the Corporation and its subsidiaries' foreign currency-denominated monetary assets and monetary liabilities at the end of the year are set out in Note 33.

Sensitivity analysis

The Corporation and its subsidiaries are mainly exposed to the USD.

The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, other receivables, accounts payables and other payables. If the foreign exchange rates of the New Taiwan dollar against the relevant currency had been 1% higher/lower, the amount of profit before income tax for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$422 thousand and NT\$500 thousand, respectively.

b) Interest rate risk

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

	December 31	
	2025	2024
Fair value interest rate risk		
Financial liabilities	\$ 1,046,538	\$ 1,275,929
Cash flow interest rate risk		
Financial assets	463,473	544,115
Financial liabilities	1,542,350	1,749,820

The sensitivity analysis below was determined based on the Corporation and its subsidiaries' exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' cash flows for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$15,424 thousand and NT\$17,498 thousand, respectively, which were mainly a result of variable-rate borrowings.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through its investments in listed and unlisted equity securities, which are held for strategic rather than trading purposes, the Corporation and its subsidiaries do not actively trade these investments. The Corporation and its subsidiaries' equity price risk is mainly concentrated in equity instruments of listed and unlisted companies in the steel industry and unlisted companies in the cement industry.

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$2,426 thousand and NT\$2,480 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Corporation and its subsidiaries. At the end of the reporting period, the Corporation and its subsidiaries' maximum exposure to credit risk, which would cause a financial loss to the Corporation and its subsidiaries due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Corporation and its subsidiaries, could be equal mainly to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The adopted policies are only for transactions with creditworthy counterparty to obtain sufficient guarantees to mitigate the risk of financial losses arising from defaults. The Corporation and its subsidiaries use other publicly available financial information and mutual transaction records to evaluate major customers, and also continuously monitor credit risk and credit rating of counterparties, and distribute the total transaction amount to qualified customers. The Corporation and its subsidiaries also control credit risk insurance by credit limit every year.

The Corporation and its subsidiaries' concentrations of credit risk in the industries were as follows:

	December 31	
	2025	2024
Cement industry	\$ 459,250	\$ 378,200
Steel industry	<u>676,829</u>	<u>589,375</u>
	<u>\$ 1,136,079</u>	<u>\$ 967,575</u>

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitor the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to ensure compliance with loan covenants.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of the balance sheet date, the Corporation and subsidiaries had available unutilized short-term and long-term bank loan facilities as set out in (b) below.

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

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

	Less Than 1 Year	Over 1 Years	Total
<u>December 31, 2025</u>			
Non-interest bearing liabilities	\$ 1,328,201	\$ 7,025	\$ 1,335,226
Variable interest rate instruments	372,719	1,220,920	1,593,639
Lease liabilities	<u>380,200</u>	<u>774,103</u>	<u>1,154,303</u>
	<u>\$ 2,081,120</u>	<u>\$ 2,002,048</u>	<u>\$ 4,083,168</u>

Additional information on the maturity analysis was as follows:

	Less Than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	\$ 380,200	\$ 510,407	\$ 263,696
Variable interest rate instruments	<u>372,719</u>	<u>1,220,920</u>	<u>-</u>
	<u>\$ 752,919</u>	<u>\$1,731,327</u>	<u>\$ 263,696</u>

	Less Than 1 Year	Over 1 Years	Total
<u>December 31, 2024</u>			
Non-interest bearing liabilities	\$ 1,363,977	\$ 5,851	\$ 1,369,828
Variable interest rate instruments	434,680	1,380,221	1,814,901
Lease liabilities	<u>361,748</u>	<u>1,041,183</u>	<u>1,402,931</u>
	<u>\$ 2,160,405</u>	<u>\$ 2,427,255</u>	<u>\$ 4,587,660</u>

Additional information on the maturity analysis was as follows:

	Less Than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	\$ 361,748	\$ 755,184	\$ 285,999
Variable interest rate instruments	<u>434,680</u>	<u>1,380,221</u>	<u>-</u>
	<u>\$ 796,428</u>	<u>\$2,135,405</u>	<u>\$ 285,999</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and its subsidiaries and other related parties were disclosed as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
China Steel Corporation (CSC)	Parent of the Corporation
Chung Hung Steel Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation (USECC)	Fellow subsidiary
China Steel Resources Corporation (CSRC)	Fellow subsidiary
China Steel Security Corporation (CSSC)	Fellow subsidiary
China Steel Express Corporation (CSEC)	Fellow subsidiary
Universal Exchange Inc.	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
China Steel Chemical Corporation	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
InfoChamp Systems Corporation	Fellow subsidiary
China Steel Structure Co., Ltd.	Fellow subsidiary
C.S.Aluminium Corporation	Fellow subsidiary
CSC Solar Corporation (CSC SOLAR)	Fellow subsidiary
Betacera Inc.	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	Fellow subsidiary
TCC Group Holdings Co., Ltd. (TCC)	Director of the Corporation
Asia Cement Corporation (ACC)	Director of the Corporation
Universal Cement Corporation	Director of the Corporation
Southeast Cement Corporation	Director of the Corporation
Taiwan Transport & Storage Corporation (TTSC)	Subsidiary of director of the Corporation
Nan-Hwa Cement Corporation (NHCC)	Subsidiary of director of the Corporation
Ta-Ho Maritime Corporation	Subsidiary of director of the Corporation
Ya Tung Ready Mixed Concrete Co., Ltd.	Subsidiary of director of the Corporation
Universal Cement Concrete Corporation	Subsidiary of director of the Corporation
Kuan-Ho Refractories Industry Corporation	Subsidiary of director of the Corporation
Ya Li Transportation Corporation (YL)	Subsidiary of director of the Corporation
Ya Sing Ready - Mixed Concrete Corp.	Subsidiary of director of the Corporation
Southeast Topgood Resources Recycling Co., Ltd.	Subsidiary of director of the Corporation
Formosa Ha Tinh Steel Corporation (FHSC)	Other related party

b. Operating revenue

Account Items	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Sales	Parent entity - CSC	\$ 109,144	\$ 162,429
	Fellow subsidiaries	173,035	48,549
	Directors and its subsidiaries		
	TCC	867,410	886,068
	Others	<u>955,717</u>	<u>995,903</u>
		<u>\$ 2,105,306</u>	<u>\$ 2,092,949</u>
Service revenue	Parent entity - CSC	\$ 3,012,593	\$ 2,701,367
	Fellow subsidiaries		
	DSC	1,469,394	1,532,707
	CSRC	712,808	701,306
	Others	1,819	1,884
	Directors and its subsidiaries	167,711	168,332
	Other related parties	<u>193,244</u>	<u>201,129</u>
		<u>\$ 5,557,569</u>	<u>\$ 5,306,725</u>
Construction revenue	Fellow subsidiaries - CSRC	<u>\$ 7,889</u>	<u>\$ 14,203</u>

The prices at which the Corporation and its subsidiaries sell goods, provide services, and perform engineering work to related parties are generally not comparable to those with non-related parties due to the lack of similar transactions. However, the sales prices of GGBFS to directors and their subsidiaries did not differ materially from those with non-related parties. The collection terms for both related and non-related parties are mutually agreed upon by the Corporation and its subsidiaries.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Parent entity - CSC	\$ 804,436	\$ 830,780
Fellow subsidiaries	893,742	940,122
Directors and its subsidiaries	537,806	446,654
Others - FHSC	<u>379,277</u>	<u>472,660</u>
	<u>\$ 2,615,261</u>	<u>\$ 2,690,216</u>

Purchases of cement from directors and their subsidiaries were made at arm's length and were consistent with similar market transactions. Other transactions did not involve non-related parties for comparison. The payment terms for both related and non-related parties are mutually agreed upon by the Corporation and its subsidiaries.

d. Contract liabilities - current

Related Party Category	December 31	
	2025	2024
Directors and its subsidiaries	<u>\$ 797</u>	<u>\$ 1,255</u>

e. Other material transactions with related parties

	<u>For the Year Ended December 31</u>	
	2025	2024
1) Operating lease Rental income Parent entity - CSC	\$ 29,002	\$ 28,994
2) Security expense Fellow subsidiary - CSSC	49,455	47,587
3) Outsourced manufacturing expense Subsidiary of director - NHCC	135,894	111,161
4) Charges for handling service and freight Fellow subsidiary CSEC	742,134	638,057
USECC	40,409	53,076
Subsidiary of director YL	231,818	225,005
TTSC	27,280	43,970
5) Other professional service expense Director - ACC	113,405	118,617
6) Renewable energy expense Fellow subsidiary - CSC SOLAR	14,185	14,191

The above transaction prices, collection and payment term are agreed upon by both parties.

f. Accounts receivable - related parties

Related Party Category/Name	<u>December 31</u>	
	2025	2024
Parent entity - CSC	\$ 504,164	\$ 344,230
Fellow subsidiaries		
DSC	120,610	209,504
Others	79,287	67,675
Directors and its subsidiaries		
TCC	187,707	190,025
Others	106,308	90,970
Others related parties	<u>22,052</u>	<u>23,912</u>
	<u>\$ 1,020,128</u>	<u>\$ 926,316</u>

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

g. Other receivables - related parties

Related Party Category/Name	December 31	
	2025	2024
Parent entity - CSC	\$ 34,086	\$ 38,053
Fellow subsidiaries	<u>-</u>	<u>1</u>
	<u>\$ 34,086</u>	<u>\$ 38,054</u>

h. Accounts payable - related parties

Related Party Category/Name	December 31	
	2025	2024
Parent entity - CSC	\$ 23,301	\$ 12,803
Fellow subsidiaries	33,436	39,367
Directors and its subsidiaries	<u>44,143</u>	<u>50,989</u>
	<u>\$ 100,880</u>	<u>\$ 103,159</u>

The outstanding accounts payable to related parties are unsecured.

i. Other payables - related parties

Related Party Category/Name	December 31	
	2025	2024
Parent entity - CSC	\$ 5,515	\$ 3,338
Fellow subsidiaries	119,638	107,168
Directors and its subsidiaries	65,167	67,485
Other related parties	<u>851</u>	<u>606</u>
	<u>\$ 191,171</u>	<u>\$ 178,597</u>

j. Prepayment

Related Party Category/Name	December 31	
	2025	2024
Parent entity - CSC	\$ 1,971	\$ 1,328
Fellow subsidiaries	10,854	-
Other related parties - FHSC	<u>20,982</u>	<u>22,365</u>
	<u>\$ 33,807</u>	<u>\$ 23,693</u>

k. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Year Ended December 31	
	2025	2024
Parent entity - CSC	\$ 250	\$ 2,982
Fellow subsidiaries	<u>-</u>	<u>258</u>
	<u>\$ 250</u>	<u>\$ 3,240</u>

l. Lease arrangements

Account Item	Related Party Category/Name	December 31	
		2025	2024
Lease liabilities	Parent entity - CSC	<u>\$ 17,044</u>	<u>\$ 33,971</u>
		For the Year Ended December 31	
	Related Party Category/Name	2025	2024
Interest expense			
Parent entity - CSC		<u>\$ 422</u>	<u>\$ 687</u>
Lease expense			
Parent entity - CSC		\$ 2,610	\$ 1,593
Fellow subsidiaries		440	308
Other related parties		<u>543</u>	<u>581</u>
		<u>\$ 3,593</u>	<u>\$ 2,482</u>

m. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits (including salaries, remuneration and bonus)	\$ 39,136	\$ 37,965
Post-employment benefits	<u>264</u>	<u>646</u>
	<u>\$ 39,400</u>	<u>\$ 38,611</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for performance guarantees, bank overdrafts and bank borrowing as follows:

	December 31	
	2025	2024
Pledged time deposits (under other financial assets)	\$ 36,958	\$ 11,102
Property, plant and equipment		
Land	40,172	40,172
Buildings	199,317	224,793
Machinery and equipment	381,414	436,293
Right-of-use assets		
Land	<u>119,264</u>	<u>133,451</u>
	<u>\$ 777,125</u>	<u>\$ 845,811</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. Unused letters of credit for importation of materials amounted to NT\$572,299 thousand.
- b. The Corporation provided performance bond of NT\$65,540 thousand guaranteed by financial institutions.
- c. To expand the production line, the Corporation entered into the construction contracts amounted to NT\$540,946 thousand, which have not been recorded yet.

32. Others

In February 2025, the Corporation received an indictment from the Kaohsiung District Prosecutors Office, accusing that relevant personnel of the Corporation's Transportation Department breached the Water Pollution Control Act and others, enabling the Corporation to obtain benefits such as underpayment of sewage treatment fees amounting to approximately NT\$116 million. The Kaohsiung District Prosecutors Office filed a public prosecution, and the case is currently being tried by the Kaohsiung District Court. The Corporation has doubts about the alleged amount of underpayment of sewage treatment fees and has filed an appeal.

Regarding the aforementioned case, the Kaohsiung District Court ordered a provisional attachment on the Corporation's land located at No. 1310, Erciao Section, Xiaogang District, Kaohsiung City, within the value of approximately NT\$128 million. The Corporation filed an appeal against the attachment order, which was dismissed by the court in March 2025.

The Corporation assesses that the above matters have no significant impact on its operations and finances.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2025</u>			
Monetary financial assets			
USD	\$ 1,574	31.43	\$ 49,460
Non-monetary financial assets			
Financial assets at fair value through other comprehensive income			
CNY	4,141	4.496	18,619 (Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Investments accounted for using the equity method			
VND	\$ 615,982,128	0.001175	\$ 723,779
Monetary financial liabilities			
USD	230	31.43	7,231
<hr/> December 31, 2024 <hr/>			
Monetary financial assets			
USD	1,871	32.785	61,339
JPY	22,244	0.2099	4,669
Non-monetary financial assets			
Financial assets at fair value through other comprehensive income			
CNY	4,068	4.478	18,218
Investments accounted for using the equity method			
VND	581,069,565	0.001265	735,053
Monetary financial liabilities			
USD	345	32.785	11,311 (Concluded)

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Significant marketable securities held : Table 1
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 2
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
- 6) Intercompany relationships and significant intercompany transactions: Table 4

b. Information on investees: Table 5

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China areas: None
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

35. SEGMENT INFORMATION

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

- Blast-Furnace Slag Cement Division - production and marketing of Blast-Furnace Slag Cement products from the Corporation and CHC Resources Vietnam Co., Ltd.
- Resource Reutilization Division - disposal of waste, reutilization of resources and remediation, etc.
- Others - Union Steel Development Corporation (manufacture and sales of iron powder, OEM and sales of refractory, trading, labor dispatch), Pao Good Industrial Co., Ltd. (sales of fly ash, manufacture and sales of dry-mix mortar, trading) and Yu Cheng Lime Corporation (real estate leasing and management of raw materials).

a. Segment revenue and results

The details of the Corporation and its subsidiaries' reporting segments were as follows:

	Blast-Furnace Slag Cement Division	Resource Reutilization Division	Others	Total
<u>For the year ended December 31, 2025</u>				
Revenue from external customers	\$ 7,974,707	\$ 5,711,361	\$ 305,316	\$ 13,991,384
Inter segment revenue	<u>81,563</u>	<u>22,515</u>	<u>280,927</u>	<u>385,005</u>
Segment revenue	<u>\$ 8,056,270</u>	<u>\$ 5,733,876</u>	<u>\$ 586,243</u>	14,376,389
Eliminations				<u>(385,005)</u>
Consolidated revenue				<u>\$ 13,991,384</u>
Segment income	<u>\$ 1,744,897</u>	<u>\$ 298,238</u>	<u>\$ 68,432</u>	\$ 2,111,567
Operating expense				(547,599)
Share of profit of associates accounted for using the equity method				18,425
Other non-operating gains and losses				<u>(8,616)</u>
Profit before income tax				<u>\$ 1,573,777</u>
<u>For the year ended December 31, 2024</u>				
Revenue from external customers	\$ 7,353,729	\$ 5,527,813	\$ 409,011	\$ 13,290,553
Inter segment revenue	<u>216,591</u>	<u>21,557</u>	<u>339,522</u>	<u>577,670</u>
Segment revenue	<u>\$ 7,570,320</u>	<u>\$ 5,549,370</u>	<u>\$ 748,533</u>	13,868,223
Eliminations				<u>(577,670)</u>
Consolidated revenue				<u>\$ 13,290,553</u>
Segment income	<u>\$ 1,628,086</u>	<u>\$ 254,522</u>	<u>\$ 114,338</u>	\$ 1,996,946
Operating expense				(522,123)
Share of profit of associates accounted for using the equity method				9,797
Other non-operating gains and losses				<u>(16,028)</u>
Profit before income tax				<u>\$ 1,468,592</u>

Segment income represented the profit before tax earned by each segment without administration costs and directors' salaries, share of profit of associates, rental revenue, interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

Revenue from major products and services of the Corporation and its subsidiaries was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
GGBFS	\$ 5,631,781	\$ 5,448,529
Fly Ash GGBFS	84,789	81,282

(Continued)

	For the Year Ended December 31	
	2025	2024
Blast-Furnace Slag Cement	\$ 318,988	\$ 381,458
Special-Purpose Materials	1,151,349	696,404
Resource reutilization processing business	5,267,321	4,991,303
Resource reutilization production business	442,899	525,140
Sales of goods	613,709	683,261
Construction contracts revenue	7,889	14,203
Others	<u>472,659</u>	<u>468,973</u>
	<u>\$ 13,991,384</u>	<u>\$ 13,290,553</u>

(Concluded)

c. Geographical information

The Corporation and its subsidiaries operate in Taiwan.

The Corporation and its subsidiaries' information on its noncurrent assets by geographical location were as follows:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	\$ 12,776,159	\$ 12,223,730	\$ 7,146,729	\$ 7,426,151
Others	<u>1,215,225</u>	<u>1,066,823</u>	<u>763,282</u>	<u>872,914</u>
	<u>\$ 13,991,384</u>	<u>\$ 13,290,553</u>	<u>\$ 7,910,011</u>	<u>\$ 8,299,065</u>

Noncurrent assets excluded those classified as financial instruments, investment accounted for using the equity method, deferred tax assets, refundable deposits and net defined benefit assets.

d. Information on major customers

Revenue from individual customer that exceeded 10% of the Corporation and its subsidiaries' total revenue for the years ended December 31, 2025 and 2024 was earned by Blast-Furnace Slag Cement Division and Resource Reutilization Division. Main clients were as follows:

	For the Year Ended December 31	
	2025	2024
CSC	\$ 3,121,737	\$ 2,863,796
DSC	<u>1,505,072</u>	<u>1,570,170</u>
	<u>\$ 4,626,809</u>	<u>\$ 4,433,966</u>

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**SIGNIFICANT MARKETABLE SECURITIES HELD
DECEMBER 31, 2025**

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

Holding Company Name	Type and Name of Marketable Securities		Relationship with The Holding Company	Financial Statement Account	DECEMBER 31, 2025			Note	
					Shares/Units	Carrying Value	Percentage of Ownership (%)		Fair Value
CHC Resources Corporation	Ordinary shares	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	10,401,806	<u>\$ 197,634</u>	-	<u>\$ 197,634</u>	
CHC Resources Corporation	Ordinary shares	Feng Sheng Enterprise Corporation	No relationship	Financial assets at fair value through other comprehensive income - noncurrent	932,053	<u>\$ 18,303</u>	2	<u>\$ 18,303</u>	
Union Steel Development Corporation	Ordinary shares	China Steel Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	423,849	<u>\$ 8,053</u>	-	<u>\$ 8,053</u>	
Union Steel Development Corporation	Ordinary shares	Shanghai Bao Shun Steel Corporation	The holding company as its director	Financial assets at fair value through other comprehensive income - noncurrent	Certificate of rights	<u>\$ 18,619</u>	19	<u>\$ 18,619</u>	

TABLE 2

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
CHC Resources Corporation	TCC Group Holdings Co., Ltd.	Director of the Corporation	Sales	\$ (867,410)	(7)	Open account 60 days	Note 1	Note 1	\$ 187,707	13	
CHC Resources Corporation	Ya Tung Ready Mixed Concrete Co., Ltd.	Subsidiary of director of the Corporation	Sales	(571,399)	(5)	Open account 60 days	Note 1	Note 1	76,655	6	
CHC Resources Corporation	Universal Cement Corporation	Director of the Corporation	Sales	(251,004)	(2)	Open account 60 days	Note 1	Note 1	14,974	1	
CHC Resources Corporation	C.S.Aluminium Corporation	Fellow subsidiary	Sales	(126,807)	(1)	Open account 30 days	Note 1	Note 1	17,586	1	
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(3,012,593)	(24)	Payment after final acceptance	Note 1	Note 1	487,124	35	
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(1,469,394)	(12)	Payment after final acceptance	Note 1	Note 1	118,129	8	
CHC Resources Corporation	China Steel Resources Corporation	Fellow subsidiary	Service revenue	(712,808)	(6)	Payment after final acceptance	Note 1	Note 1	61,480	4	
CHC Resources Corporation	TCC Group Holdings Co., Ltd.	Director of the Corporation	Service revenue	(136,544)	(1)	Open account 60 days	Note 1	Note 1	187,707	13	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	804,436	21	Letter of credit	Note 1	Note 1	(23,301)	(9)	
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	354,311	9	Letter of credit	Note 1	Note 1	(10,308)	(4)	
CHC Resources Corporation	Asia Cement Corporation	Director of the Corporation	Purchases	201,149	5	Net 45 days from B/L	Note 1	Note 1	(14,060)	(5)	
CHC Resources Corporation	Chung Hung Steel Corporation	Fellow subsidiary	Purchases	177,488	5	Letter of credit	Note 1	Note 1	(12,945)	(5)	
CHC Resources Corporation	TCC Group Holdings Co., Ltd.	Director of the Corporation	Purchases	143,871	4	Net 45 days from B/L	Note 1	Note 1	(17,340)	(7)	
CHC Resources Corporation	China Steel Express Corporation	Fellow subsidiary	Purchases	138,415	4	According to the shipping date, pay after shipment	Note 1	Note 1	-	-	
CHC Resources Corporation	China Steel Global Trading Corporation	Fellow subsidiary	Purchases	131,631	3	Prepaid before shipping	Note 1	Note 1	-	-	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(260,421)	(65)	According to the contract	Note 1	Note 1	46,804	80	Note 2
CHC Resources Vietnam Co., Ltd.	Formosa Ha Tinh Steel Corporation	Other related party	Service revenue	(193,243)	(15)	Net 10 days from invoice date	Note 1	Note 1	22,052	34	
CHC Resources Vietnam Co., Ltd.	Formosa Ha Tinh Steel Corporation	Other related party	Purchases	379,277	89	Prepaid before shipping	Note 1	Note 1	-	-	

Note 1: Refer to Note 29.

Note 2: The above transactions have been eliminated during the preparation of the consolidated financial statements.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
CHC Resources Corporation	China Steel Corporation	Parent company	\$ 487,124	7	\$ -		\$ 320,221	\$ -
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	118,129	9	-		70,630	-
CHC Resources Corporation	TCC Group Holdings Co., Ltd.	Director of the Corporation	187,707	5	4,205	Expected to be received before the end of February	4,199	-

CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenue or Assets
				Financial Statement Accounts	Amount	Payment Terms	
1	Union Steel Development Corporation	CHC Resources Corporation	Subsidiary to parent Company	Service revenue	\$ 260,421	According to the contract	2

TABLE 5

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Manufacture and sales of GGBFS, sales of Granulated Blast-Furnace Slag	\$ 647,338	\$ 647,338	-	85	\$ 723,779	\$ 107,376	\$ 92,281	Subsidiary (Note 1)
CHC Resources Corporation	Yu Cheng Lime Corporation	Republic of China	Real estate leasing, management of raw materials	126,010	126,010	108,000	90	142,193	3,089	2,722	Subsidiary (Note 1)
CHC Resources Corporation	Union Steel Development Corporation	Republic of China	Manufacture and sales of iron powder, OEM and sales of refractory, trading, labor dispatch	53,345	53,345	4,668,333	93	96,912	21,802	20,365	Subsidiary (Note 1)
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	Republic of China	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	50,937	50,937	5,408,550	51	87,722	8,504	4,337	Subsidiary (Note 1)
CHC Resources Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	73,269	73,269	9,298,583	10	133,196	130,861	14,624	Note 2
CHC Resources Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	3	33,086	22,315	558	
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	30,000	30,000	3,000,000	2	22,789	(62,293)	(1,032)	
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	21,289	113	40	
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	18,808	1,872	749	
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	17,445	3,079	1,232	
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	16,234	4,232	1,270	
CHC Resources Corporation	Jiing-Cheng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	14,900	1,703	681	
CHC Resources Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	10,970	10,970	716,938	2	9,478	16,916	303	

Note 1: The amount was eliminated in the consolidated financial statements.

Note 2: The share of profit included amortization of the difference between the equity and carrying amounts of the investment.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

For the year ended December 31, 2025

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Property under Construction and Equipment under Acceptance	Total
<u>Cost</u>										
Balance at January 1, 2025	\$ 1,136,268	\$ 224,453	\$ 2,850,572	\$ 6,445,801	\$ 18,645	\$ 71,043	\$ 1,163,839	\$ 360	\$ 113,340	\$ 12,024,321
Additions	-	1,682	34,422	243,099	1,642	3,975	11,716	-	150,732	447,268
Disposals	-	-	(28,692)	(92,779)	(1,216)	(504)	-	-	-	(123,191)
Reclassification	-	-	(138)	138	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	(5,248)	(18,170)	(41,515)	(127)	(428)	-	-	-	(65,488)
Balance at December 31, 2025	<u>\$ 1,136,268</u>	<u>\$ 220,887</u>	<u>\$ 2,837,994</u>	<u>\$ 6,554,744</u>	<u>\$ 18,944</u>	<u>\$ 74,086</u>	<u>\$ 1,175,555</u>	<u>\$ 360</u>	<u>\$ 264,072</u>	<u>\$ 12,282,910</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2025	\$ 6,370	\$ 160,198	\$ 1,299,903	\$ 5,149,443	\$ 18,146	\$ 50,189	\$ 777,461	\$ 360	\$ -	\$ 7,462,070
Depreciation expense	-	17,895	98,272	251,075	635	7,572	136,669	-	-	512,118
Disposals	-	-	(28,692)	(92,660)	(1,216)	(470)	-	-	-	(123,038)
Reclassification	-	-	(101)	101	-	-	-	-	-	-
Impairment loss	-	-	15,634	658	-	-	-	-	-	16,292
Effects of foreign currency exchange differences	-	(3,668)	(2,348)	(6,673)	(103)	(298)	-	-	-	(13,090)
Balance at December 31, 2025	<u>\$ 6,370</u>	<u>\$ 174,425</u>	<u>\$ 1,382,668</u>	<u>\$ 5,301,944</u>	<u>\$ 17,462</u>	<u>\$ 56,993</u>	<u>\$ 914,130</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 7,854,352</u>
Carrying amount at December 31, 2025	<u>\$ 1,129,898</u>	<u>\$ 46,462</u>	<u>\$ 1,455,326</u>	<u>\$ 1,252,800</u>	<u>\$ 1,482</u>	<u>\$ 17,093</u>	<u>\$ 261,425</u>	<u>\$ -</u>	<u>\$ 264,072</u>	<u>\$ 4,428,558</u>

For the year ended December 31, 2024

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Property under Construction and Equipment under Acceptance	Total
<u>Cost</u>										
Balance at January 1, 2024	\$ 1,136,268	\$ 218,141	\$ 2,807,783	\$ 6,313,806	\$ 18,657	\$ 68,663	\$ 1,137,468	\$ 360	\$ 64,269	\$ 11,765,415
Additions	-	5,148	38,891	146,428	-	2,303	29,676	-	49,071	271,517
Disposals	-	-	(140)	(23,473)	(41)	(16)	(3,305)	-	-	(26,975)
Effects of foreign currency exchange differences	-	1,164	4,038	9,040	29	93	-	-	-	14,364
Balance at December 31, 2024	<u>\$ 1,136,268</u>	<u>\$ 224,453</u>	<u>\$ 2,850,572</u>	<u>\$ 6,445,801</u>	<u>\$ 18,645</u>	<u>\$ 71,043</u>	<u>\$ 1,163,839</u>	<u>\$ 360</u>	<u>\$ 113,340</u>	<u>\$ 12,024,321</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2024	\$ 6,370	\$ 140,062	\$ 1,183,072	\$ 4,886,883	\$ 17,554	\$ 41,587	\$ 646,914	\$ 360	\$ -	\$ 6,922,802
Depreciation expense	-	19,448	95,862	255,907	611	8,564	133,852	-	-	514,244
Disposals	-	-	(140)	(23,250)	(41)	(16)	(3,305)	-	-	(26,752)
Impairment loss	-	-	20,730	28,811	-	-	-	-	-	49,541
Effects of foreign currency exchange differences	-	688	379	1,092	22	54	-	-	-	2,235
Balance at December 31, 2024	<u>\$ 6,370</u>	<u>\$ 160,198</u>	<u>\$ 1,299,903</u>	<u>\$ 5,149,443</u>	<u>\$ 18,146</u>	<u>\$ 50,189</u>	<u>\$ 777,461</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 7,462,070</u>
Carrying amount at December 31, 2024	<u>\$ 1,129,898</u>	<u>\$ 64,255</u>	<u>\$ 1,550,669</u>	<u>\$ 1,296,358</u>	<u>\$ 499</u>	<u>\$ 20,854</u>	<u>\$ 386,378</u>	<u>\$ -</u>	<u>\$ 113,340</u>	<u>\$ 4,562,251</u>