# OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS AND

## INDEPENDENT AUDITORS' REPORT

## DECEMBER 31, 2024 AND 2023

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

OFCO INDUSTRIAL CORPORATION

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare

OFCO Industrial Corporation

March 12, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OFCO Industrial Corporation:

## Opinion

We have audited the accompanying consolidated balance sheets of OFCO Industrial Corporation and its subsidiaries (the "Group") as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

## Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Group 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 Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

## Valuation of inventories

Description

Refer to Note 4(12) for the accounting policy on inventory valuation, Note 5(2) for the information on the uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(6) for details of inventory items. As of December 31, 2024, the balance of inventories and allowance for inventory valuation losses were NT$481,117 thousand and NT$40,728 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of screws and related products. Due to the market demand and fluctuations in international steel prices, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventories aged over a certain period and individually identified as obsolete or slow-moving, the management determines the net realisable values based on historical information on the extent of inventory depletion, and recognizes loss on decline in market price.

Given that the amount of inventory is significant and contains many items, and the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgment, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Based on our understanding of the nature of the business and the industry, assessed the reasonableness of the policies and procedures in relation to the provision of allowance for inventory valuation losses.
2. Verified the correctness of the inventory aging report used for valuation, recalculated and evaluated the reasonableness of the allowance for inventory valuation losses and confirmed whether the information was consistent with the policy.
3. Evaluated and randomly checked the reasonableness of the relevant statements of the net realisable value of inventories, and then evaluated the rationality of the provision of allowance for inventory valuation losses.

## Cut-off of export operating revenue

Description

Refer to Note 4(30) for the accounting policies on revenue recognition.

The Group's export operating revenues account for a significant percentage of total revenue, and the export operating revenue is recognized based on the terms specified in the contracts. As different customers have different transaction terms, and the procedures involve manual process and judgment of the management and have a material impact on the financial statements, we considered the cut-off of export operating revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding, assessed and tested the effectiveness of internal controls related to the cut-off of export operating revenue.

2. Obtained the transaction details of the export operating revenue for a specific period before and after the balance sheet date, confirmed the completeness and randomly checked the supporting documents (including confirming transaction terms, checking orders, shipping slips, customs declarations, and bills of lading, etc.), to verify whether the export operating revenue has been recorded in the appropriate period.

## Estimation of the stage of completion of projects

Description

Please refer to Note 4(30) for the accounting policies.
The construction revenue of the environmental protection business of the Group arises mainly from the waste turnkey business and engineering projects such as solar power projects. Revenue from projects are recognized by adopting the percentage of completion method based on the input level during the contract period, and the contract cost is recognized as the cost in the period in which it is incurred. The stage of completion is calculated by referring to the cost incurred by each contract up to the end of the reporting period as a percentage of the estimated total cost of such contract. As the aforementioned estimated total cost involves uncertainty in accounting estimates and the estimated total cost can affect the calculation of stage of completion and the recognition of construction revenue, therefore, we considered the estimation of the stage of completion of projects a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding on the internal operating procedures for the calculation of estimated total cost evaluation, randomly checked the calculation of estimated total cost of major projects, and confirmed whether the cost evaluation process was consistent with the internal operating procedures.
2. For major projects of the year, randomly checked the estimated total cost had been properly approved, including supporting documents for added and reduced amounts in the year.

3. Obtain detailed account, of costs and expenses for the year, and randomly checked relevant vouchers to confirm whether the amount of input used to calculate the stage of completion of projects during the year had been properly accounted for.

## Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of OFCO Industrial Corporation as of and for the years ended December 31, 2024 and 2023.

## 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the Group’s 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 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Group 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 12, 2025

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2024 AMOUNT | % | December 31, 2023 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 371,660 | 7 | $ 844,894 | 16 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 59,452 | 1 | 66,999 | 1 |
| 1120 | Financial assets at fair value through other comprehensive income - current | 6(3) | 25,643 | - | 95,707 | 2 |
| 1136 | Financial assets at amortised cost - current | 6(1)(4) and 8 | 245,667 | 4 | 74,245 | 2 |
| 1140 | Current contract assets | 6(25) | 3,103 | - | 5,881 | - |
| 1150 | Notes receivable, net | 6(5) | 18 | - | 74 | - |
| 1170 | Accounts receivable, net | 6(5) | 385,425 | 7 | 567,419 | 11 |
| 1180 | Accounts receivable - related parties | 6(5) and 7 | 144,897 | 3 | 113,734 | 2 |
| 1200 | Other receivables | 7 | 15,376 | - | 20,844 | 1 |
| 1220 | Current income tax assets | 6(32) | 15,765 | - | 5,423 | - |
| 130X | Inventories | 5(2) and 6(6) | 440,389 | 8 | 261,953 | 5 |
| 1410 | Prepayments | 6(7) | 593,588 | 11 | 312,833 | 6 |
| 1476 | Other current financial assets | | 500 | - | - | - |
| 11XX | **Total current assets** | | 2,301,483 | 41 | 2,370,006 | 46 |
| | **Non-current assets** | | | | | |
| 1510 | Financial assets at fair value through profit or loss - non-current | 6(2)(18) | 221,316 | 4 | 127,466 | 3 |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(3)(8) | 139,531 | 2 | 21,842 | - |
| 1535 | Financial assets at amortised cost - non-current | 6(1)(4) and 8 | 109,006 | 2 | 155,184 | 3 |
| 1600 | Property, plant and equipment | 6(9)(14), 7 and 8 | 1,130,201 | 20 | 1,091,951 | 21 |
| 1755 | Right-of-use assets | 6(10) | 111,528 | 2 | 113,382 | 2 |
| 1760 | Investment property, net | 6(11) and 8 | 32,452 | 1 | 32,452 | 1 |
| 1780 | Intangible assets | 6(12) | 849,866 | 15 | 813,977 | 16 |
| 1840 | Deferred income tax assets | 6(32) | 309,426 | 5 | 228,682 | 4 |
| 1915 | Prepayments for equipment | 6(9)(12) | 158,072 | 3 | 118,645 | 2 |
| 1920 | Guarantee deposits paid | 8 | 12,990 | - | 15,224 | - |
| 1975 | Net defined benefit asset, non-current | 6(20) | 7,426 | - | 7,397 | - |
| 1990 | Other non-current assets | 6(13) and 7 | 293,730 | 5 | 107,090 | 2 |
| 15XX | **Total non-current assets** | | 3,375,544 | 59 | 2,833,292 | 54 |
| 1XXX | **Total assets** | | $ 5,677,027 | 100 | $ 5,203,298 | 100 |

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OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2024 AMOUNT | % | December 31, 2023 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(15) and 8 | $ 649,922 | 11 | $ 156,144 | 3 |
| 2110 | Short-term notes and bills payable | 6(16) and 8 | 114,414 | 2 | 70,007 | 1 |
| 2130 | Current contract liabilities | 6(25) | 50,908 | 1 | 98,183 | 2 |
| 2150 | Notes payable | | 7,622 | - | 19,068 | 1 |
| 2160 | Notes payable - related parties | 7 | - | - | 10,761 | - |
| 2170 | Accounts payable | | 454,659 | 8 | 824,434 | 16 |
| 2180 | Accounts payable - related parties | 7 | 132,075 | 2 | 93,100 | 2 |
| 2200 | Other payables | 6(17) and 7 | 211,353 | 4 | 175,497 | 3 |
| 2230 | Current income tax liabilities | 6(32) | 8,019 | - | 3,909 | - |
| 2280 | Current lease liabilities | 6(10) | 18,728 | - | 15,946 | - |
| 2320 | Long-term liabilities, current portion | 6(19) and 8 | 201,266 | 4 | 306,331 | 6 |
| 21XX | **Total current liabilities** | | 1,848,966 | 32 | 1,773,380 | 34 |
| | **Non-current liabilities** | | | | | |
| 2527 | Contract liabilities - non-current | 6(25) | - | - | 108,000 | 2 |
| 2530 | Corporate bonds payable | 6(18) | 348,356 | 6 | 340,843 | 7 |
| 2540 | Long-term borrowings | 6(19) and 8 | 722,719 | 13 | 216,427 | 4 |
| 2570 | Deferred income tax liabilities | 6(32) | 13,934 | - | 13,923 | - |
| 2580 | Lease liabilities - non-current | 6(10) | 99,526 | 2 | 102,316 | 2 |
| 2645 | Guarantee deposits received | | 41,096 | 1 | 33,628 | 1 |
| 2670 | Other non-current liabilities | | 564 | - | 564 | - |
| 25XX | **Total non-current liabilities** | | 1,226,195 | 22 | 815,701 | 16 |
| 2XXX | **Total liabilities** | | 3,075,161 | 54 | 2,589,081 | 50 |
| | **Equity attributable to owners of parent** | | | | | |
| | Share capital | 6(18)(21)(23) | | | | |
| 3110 | Common stock | | 1,006,697 | 18 | 1,000,587 | 19 |
| 3130 | Certificate of entitlement to new shares from convertible bonds | | - | - | 1,320 | - |
| 3140 | Capital collected in advance | | - | - | 2,076 | - |
| 3200 | Capital surplus | 4(3), 6(18)(21)(22)(23) | 1,110,464 | 19 | 1,095,632 | 20 |
| | Retained earnings | 6(3)(24) | | | | |
| 3310 | Legal reserve | | 51,123 | 1 | 35,725 | 1 |
| 3320 | Special reserve | | 14,827 | - | 44,211 | 1 |
| 3350 | Unappropriated retained earnings | | 35,692 | 1 | 154,689 | 3 |
| 3400 | Other equity interest | 6(3)(8) | ( 10,568) | - | ( 14,827) | - |
| 31XX | **Equity attributable to owners of parent** | | 2,208,235 | 39 | 2,319,413 | 44 |
| 36XX | **Non-controlling interests** | 4(3) | 393,631 | 7 | 294,804 | 6 |
| 3XXX | **Total equity** | | 2,601,866 | 46 | 2,614,217 | 50 |
| | Contingent Liabilities and Commitments | 6(12) and 9 | | | | |
| | Significant Events After the Balance Sheet Date | 11 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 5,677,027 | 100 | $ 5,203,298 | 100 |

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2024 | | 2023 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 5(2), 6(12)(25) and 7 | $ 4,135,922 | 100 | $ 4,321,072 | 100 |
| 5000 | Operating costs | 6(6)(10)(12)(20)(30)(31) and 7 | ( 4,276,993) | ( 104) | ( 4,235,684) | ( 98) |
| 5900 | Net operating (loss) margin | | ( 141,071) | ( 4) | 85,388 | 2 |
| | Operating expenses | 6(10)(12)(20)(23)(30)(31) and 7 | | | | |
| 6100 | Selling expenses | | ( 32,386) | ( 1) | ( 39,998) | ( 1) |
| 6200 | General and administrative expenses | | ( 138,326) | ( 3) | ( 146,864) | ( 4) |
| 6300 | Research and development expenses | | ( 2,930) | - | ( 88) | - |
| 6000 | Total operating expenses | | ( 173,642) | ( 4) | ( 186,950) | ( 5) |
| 6900 | Operating loss | | ( 314,713) | ( 8) | ( 101,562) | ( 3) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(4)(26) | 8,405 | - | 12,838 | - |
| 7010 | Other income | 6(3)(27) | 43,611 | 1 | 11,506 | - |
| 7020 | Other gains and losses | 4(3), 6(2)(10)(28)(34), 7 and 12 | 111,384 | 3 | 119,824 | 3 |
| 7050 | Finance costs | 6(10)(29) | ( 49,541) | ( 1) | ( 22,972) | - |
| 7060 | Share of profit of associates and joint ventures accounted for under equity method | 6(8) | - | - | 335 | - |
| 7000 | Total non-operating income and expenses | | 113,859 | 3 | 121,531 | 3 |
| 7900 | **(Loss) profit before income tax** | | ( 200,854) | ( 5) | 19,969 | - |
| 7950 | Income tax benefit | 6(32) | 74,896 | 2 | 130,401 | 3 |
| 8200 | **(Loss) profit for the year** | | ($ 125,958) | ( 3) | $ 150,370 | 3 |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income (loss) that will not be reclassified to profit or loss** | | | | | |
| 8311 | Remeasurement of defined benefit obligations | 6(20) | ($ 22) | - | $ 3,224 | - |
| 8316 | Unrealised gains on valuation of financial assets at fair value through other comprehensive income | 6(3) | 7,815 | - | 29,953 | 1 |
| 8320 | Share of other comprehensive loss of associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss | 6(8) | - | - | ( 2) | - |
| 8349 | Income tax benefit (expense) related to components of other comprehensive income that will not be reclassified to profit or loss | 6(32) | 5 | - | ( 645) | - |
| 8300 | **Other comprehensive income for the year** | | $ 7,798 | - | $ 32,530 | 1 |
| 8500 | **Total comprehensive (loss) income for the year** | | ($ 118,160) | ( 3) | $ 182,900 | 4 |
| | (Loss) profit attributable to: | | | | | |
| 8610 | Owners of the parent | | ($ 36,012) | ( 1) | $ 150,839 | 3 |
| 8620 | Non-controlling interest | | ( 89,946) | ( 2) | ( 469) | - |
| | | | ($ 125,958) | ( 3) | $ 150,370 | 3 |
| | Comprehensive (loss) income attributable to: | | | | | |
| 8710 | Owners of the parent | | ($ 28,214) | ( 1) | $ 183,369 | 4 |
| 8720 | Non-controlling interest | | ( 89,946) | ( 2) | ( 469) | - |
| | | | ($ 118,160) | ( 3) | $ 182,900 | 4 |
| | (Loss) earnings per share (in dollars) | 6(33) | | | | |
| 9750 | Basic | | ($ 0.36) | | $ 1.51 | |
| 9850 | Diluted | | ($ 0.36) | | $ 1.38 | |

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | Equity attributable to owners of the parent | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital | | | | Retained Earnings | | | Other Equity Interest | | | | |
| | Notes | Common stock | Certificate of entitlement to new shares from convertible bonds | Capital collected in advance | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealised (losses) gains on valuation of financial assets at fair value through other comprehensive income | Total | Non-controlling interests | Total equity |
| For the year ended December 31, 2023 | | | | | | | | | | | | | |
| Balance at January 1, 2023 | | $ 994,101 | $ - | $ 3,366 | $ 1,102,214 | $ 12,997 | $ 38,566 | $ 228,494 | $ 373 | ($ 44,584) | $ 2,335,527 | $ 279,811 | $ 2,615,338 |
| Net income (loss) for the year ended December 31, 2023 | | - | - | - | - | - | - | 150,839 | - | - | 150,839 | ( 469) | 150,370 |
| Other comprehensive income for the year ended December 31, 2023 | 6(3) | - | - | - | - | - | - | 2,579 | - | 29,951 | 32,530 | - | 32,530 |
| Total comprehensive income (loss) for the year ended December 31, 2023 | | - | - | - | - | - | - | 153,418 | - | 29,951 | 183,369 | ( 469) | 182,900 |
| Distrubution of 2022 earnings: | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 22,728 | - | ( 22,728) | - | - | - | - | - |
| Special reserve | | - | - | - | - | - | 5,645 | ( 5,645) | - | - | - | - | - |
| Cash dividends | 6(24) | - | - | - | - | - | - | ( 199,417) | - | - | ( 199,417) | - | ( 199,417) |
| Disposal of financial assets at fair value through other comprehensive income | 6(3) | - | - | - | - | - | - | 567 | - | ( 567) | - | - | - |
| Proceeds from employee stock options exercised | 6(21) | - | - | 10,771 | - | - | - | - | - | - | 10,771 | - | 10,771 |
| Exercise of employee stock options | 6(21)(22) | 6,449 | - | ( 12,061) | 5,612 | - | - | - | - | - | - | - | - |
| Conversion of convertible bonds | 6(18)(22) | 37 | 1,320 | - | 1,981 | - | - | - | - | - | 3,338 | - | 3,338 |
| Employee stock options compensation costs | 6(22)(23)(31) | - | - | - | 1,159 | - | - | - | - | - | 1,159 | 128 | 1,287 |
| Effect of organisational restructuring | 6(22) | - | - | - | ( 15,334) | - | - | - | - | - | ( 15,334) | 15,334 | - |
| Balance at December 31, 2023 | | $ 1,000,587 | $ 1,320 | $ 2,076 | $ 1,095,632 | $ 35,725 | $ 44,211 | $ 154,689 | $ 373 | ($ 15,200) | $ 2,319,413 | $ 294,804 | $ 2,614,217 |
| For the year ended December 31, 2024 | | | | | | | | | | | | | |
| Balance at January 1, 2024 | | $ 1,000,587 | $ 1,320 | $ 2,076 | $ 1,095,632 | $ 35,725 | $ 44,211 | $ 154,689 | $ 373 | ($ 15,200) | $ 2,319,413 | $ 294,804 | $ 2,614,217 |
| Net loss for the year ended December 31, 2024 | | - | - | - | - | - | - | ( 36,012) | - | - | ( 36,012) | ( 89,946) | ( 125,958) |
| Other comprehensive income (loss) for the year ended December 31, 2024 | 6(3) | - | - | - | - | - | - | ( 17) | - | 7,815 | 7,798 | - | 7,798 |
| Total comprehensive income (loss) for the year ended December 31, 2024 | | - | - | - | - | - | - | ( 36,029) | - | 7,815 | ( 28,214) | ( 89,946) | ( 118,160) |
| Distrubution of 2023 earnings: | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 15,398 | - | ( 15,398) | - | - | - | - | - |
| Reversal of special reserve | | - | - | - | - | - | ( 29,384) | 29,384 | - | - | - | - | - |
| Cash dividends | 6(24) | - | - | - | - | - | - | ( 100,510) | - | - | ( 100,510) | - | ( 100,510) |
| Disposal of financial assets at fair value through other comprehensive income | 6(3) | - | - | - | - | - | - | 3,556 | - | ( 3,556) | - | - | - |
| Proceeds from employee stock options exercised | 6(21) | - | - | 5,960 | - | - | - | - | - | - | 5,960 | - | 5,960 |
| Exercise of employee stock options | 6(21)(22) | 4,710 | - | ( 8,036) | 3,326 | - | - | - | - | - | - | - | - |
| Conversion of convertible bonds | 6(18)(22) | 1,400 | ( 1,320) | - | 118 | - | - | - | - | - | 198 | - | 198 |
| Adjustments for cash capital increase in subsidiaries not based on shareholding ratio | 4(3) and 6(22) | - | - | - | 11,388 | - | - | - | - | - | 11,388 | ( 11,388) | - |
| Non-controlling interests participate in cash capital increase of subsidiaries | 4(3) | - | - | - | - | - | - | - | - | - | - | 201,300 | 201,300 |
| Change in non-controlling interest | | - | - | - | - | - | - | - | - | - | - | ( 1,139) | ( 1,139) |
| Balance at December 31, 2024 | | $ 1,006,697 | $ - | $ - | $ 1,110,464 | $ 51,123 | $ 14,827 | $ 35,692 | $ 373 | ($ 10,941) | $ 2,208,235 | $ 393,631 | $ 2,601,866 |

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Years ended December 31, 2024 | 2023 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss) profit before tax | | ($ 200,854 ) | $ 19,969 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Gain on financial assets at fair value through profit or loss | | ( 91,468 ) | ( 94,907 ) |
| Provision (reversal of allowance) for inventory market price decline | 6(6) | 555 | ( 2,068 ) |
| Share of profit of associated and joint ventures accounted for under equity method | 6(8) | - | ( 335 ) |
| (Gain) loss on disposal of investments accounted for under equity method | 6(28) | ( 490 ) | 3,684 |
| Depreciation | 6(9)(10)(30) | 148,665 | 138,563 |
| Gain on disposal of property, plant and equipment | 6(28) | ( 1,248 ) | ( 11,295 ) |
| Gain from lease modification | 6(10)(28) | ( 1 ) | ( 5 ) |
| Amortisation | 6(12)(30) | 48,130 | 15,688 |
| Prepayments for equipment reclassified to expense | | - | 266 |
| Unrealised concession revenue | 6(12) | ( 68,983 ) | ( 717,747 ) |
| Employee stock options compensation costs | 6(31) | - | 1,287 |
| Interest income | 6(26) | ( 8,405 ) | ( 12,838 ) |
| Dividend income | 6(3)(27) | ( 1,049 ) | ( 1,387 ) |
| Interest expense | 6(29) | 49,541 | 22,972 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Financial assets at fair value through profit or loss - current | | 5,165 | ( 27,662 ) |
| Current contract assets | | 2,778 | 6,830 |
| Notes receivable | | 56 | 70 |
| Accounts receivable | | 181,094 | ( 142,065 ) |
| Accounts receivable - related parties | | ( 31,163 ) | ( 26,516 ) |
| Other receivables | | 5,468 | ( 17,994 ) |
| Inventories | | ( 178,991 ) | 101,952 |
| Prepayments | | ( 130,458 ) | ( 102,093 ) |
| Net defined benefit assets - non-current | | ( 51 ) | ( 20 ) |
| Changes in operating liabilities | | | |
| Contract liability | | ( 155,275 ) | 78,998 |
| Notes payable | | ( 11,446 ) | ( 4,803 ) |
| Notes payable - related parties | | ( 1,714 ) | ( 2,915 ) |
| Accounts payable | | ( 374,416 ) | 535,554 |
| Accounts payable - related parties | | 38,975 | 55,376 |
| Other payables | | 60,577 | ( 22,692 ) |
| Cash outflow generated from operations | | ( 715,008 ) | ( 206,133 ) |
| Interest received | | 8,405 | 12,838 |
| Dividends received | | 1,049 | 1,387 |
| Interest paid | | ( 41,745 ) | ( 14,639 ) |
| Income taxes paid | | ( 12,064 ) | ( 55,182 ) |
| Net cash flows used in operating activities | | ( 759,363 ) | ( 261,729 ) |

(Continued)

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

| | Notes | Years ended December 31, 2024 | Years ended December 31, 2023 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through profit or loss - non-current | | $ - | ($ 36,000 ) |
| Acquisition of financial assets at fair value through other comprehensive income - current | | - | ( 14,107 ) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income - current | | 59,590 | 25,753 |
| Increase in financial assets at amortised cost - current | | ( 171,422 ) | ( 30,461 ) |
| Increase in other current financial assets | | ( 500 ) | - |
| Acquisition of financial assets at fair value through other comprehensive income - non-current | | ( 99,400 ) | - |
| Decrease (increase) in financial assets at amortised cost - non-current | | 46,178 | ( 53,558 ) |
| Proceeds from disposal of subsidiaries | 6(34) | 1,733 | - |
| Cash paid for acquisition of property, plant and equipment | 6(34) | ( 121,268 ) | ( 132,531 ) |
| Proceeds from disposal of property, plant and equipment | | 4,862 | 153,496 |
| Increase in intangible assets | 6(12) | ( 8,386 ) | ( 150 ) |
| Increase in prepayments for equipment | | ( 128,093 ) | ( 157,184 ) |
| Decrease (increase) in guarantee deposits paid | | 2,221 | ( 1,082 ) |
| Increase in other non-current assets | | ( 333,937 ) | ( 117,241 ) |
| Net cash flows used in investing activities | | ( 748,422 ) | ( 363,065 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in short-term borrowings | 6(35) | 2,660,133 | 541,626 |
| Decrease in short-term borrowings | 6(35) | ( 2,166,355 ) | ( 448,482 ) |
| Increase in short-term notes and bills payable | 6(35) | 456,800 | 627,800 |
| Decrease in short-term notes and bills payable | 6(35) | ( 412,400 ) | ( 653,600 ) |
| Payments of lease liabilities | 6(35) | ( 17,933 ) | ( 16,190 ) |
| Increase in long-term borrowings | 6(35) | 1,958,018 | 809,973 |
| Decrease in long-term borrowings | 6(35) | ( 1,556,791 ) | ( 423,277 ) |
| Increase (decrease) in guarantee deposits received | 6(35) | 7,468 | ( 1,562 ) |
| Proceeds from employee stock options exercised | 6(21) | 5,960 | 10,771 |
| Payments of cash dividends | 6(24) | ( 100,510 ) | ( 199,417 ) |
| Non-controlling interests participate in cash capital increase of subsidiaries | 4(3) | 201,300 | - |
| Change in non-controlling interests | | ( 1,139 ) | - |
| Net cash flows from financing activities | | 1,034,551 | 247,642 |
| Net decrease in cash and cash equivalents | | ( 473,234 ) | ( 377,152 ) |
| Cash and cash equivalents at beginning of year | 6(1) | 844,894 | 1,222,046 |
| Cash and cash equivalents at end of year | 6(1) | $ 371,660 | $ 844,894 |

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) OFCO Industrial Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 21, 1984. The Company is primarily engaged in the manufacture of fastener screws and related products, metal heat treatment OEM and trading. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (the "Group"), please refer to Note 4(3).

(2) The Company's shares have been listed on the Taipei Exchange since May 1999.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIALSTATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

| New Standards, Interpretations and Amendments | Effective date by International Accounting Standards Board ("IASB") |
|---|---|
| Amendments to IFRS 16, 'Lease liability in a sale and leaseback' | January 1, 2024 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2024 |
| Amendments to IAS 1, 'Non-current liabilities with covenants' | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements' | January 1, 2024 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) <u>Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group</u>

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

| New Standards, Interpretations and Amendments | Effective date by IASB |
|---|---|
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) <u>IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC</u>

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

| New Standards, Interpretations and Amendments | Effective date by IASB |
|---|---|
| Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments' | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity' | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by IASB |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| IFRS 18, 'Presentation and disclosure in financial statements' | January 1, 2027 |
| IFRS 19, 'Subsidiaries without public accountability: disclosures' | January 1, 2027 |
| Annual Improvements to IFRS Accounting Standards—Volume 11 | January 1, 2026 |

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements':

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. 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.

(e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) December 31, 2024 | Ownership (%) December 31, 2023 | Description |
|---|---|---|---|---|---|
| OFCO Industrial Corporation | TSG Transport Corp. | Container rental, transportation and packing services | 100.00 | 100.00 | — |
| | TSG Environmental Technology Corp. | Recycling of materials, waste disposal services, etc. | 100.00 | 100.00 | — |
| | TSG Power Corp. | Energy technology services | 100.00 | 100.00 | Note 1 |
| | TSG Engineering Corp. | Comprehensive construction, etc. | — | 100.00 | Note 2<br>Note 3 |
| | Yung Fu Co., Ltd. | Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects | 54.89 | 67.15 | Note 4 |

| Name of investor | Name of subsidiary | Main business activities | Ownership (%) December 31, 2024 | Ownership (%) December 31, 2023 | Description |
|---|---|---|---|---|---|
| TSG Transport Corp. | Yung Fu Co., Ltd. | Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects | 0.27 | 0.34 | Note 4 |
| TSG Environmental Technology Corp. | Yung Fu Co., Ltd. | Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects | 0.42 | 0.51 | Note 4 |

(Note 1) To effectively manage the Group and increase investment profit, the Board of Directors of the Company resolved to acquire 100% equity interest of TSG Power Corp. (formerly named TSG Power and Engineering Co., Ltd.) from the subsidiary, Yung Fu Co., Ltd., in cash amounting to $194,554 on November 8, 2023, and the effective date for the transfer was set on November 30, 2023. As the transaction is considered a group organisational restructuring, the Company recognized this transaction based on the carrying amount of the shares of TSG Power Corp. held by the subsidiary, Yung Fu Co., Ltd., at the effective date of the transfer, and accordingly, capital surplus-additional paid-in capital decreased by $15,334 (including the difference between the acquisition price and investment amount of $47,919 and adjustments on capital surplus of the subsidiary, Yung Fu Co., Ltd., accounted for under equity method arising from the transaction amounting to $32,585).

(Note 2) To seek business diversification and lower investment risk, the Board of Directors of the Company resolved to acquire 100% equity interest in TSG Engineering Corp. from TSG United Co., Ltd. in cash amounting to $20,070 on November 8, 2023, and the Company participated in the cash capital increase of TSG Engineering Corp. amounting to $2,400.

(Note 3) Based on the overall development plan of the Group, the Board of Directors of the Company resolved to sell 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. in cash amounting to $23,480 on May 7, 2024, and recognized gain on disposal of investments accounted for under equity method of $490 (listed as "Other gains or losses"). The effective date for transfer was set on June 30, 2024.

(Note 4) The shareholders of the subsidiary, Yung Fu Co., Ltd., during their extraordinary meeting on July 31, 2024, resolved to increase cash capital by $201,300 through private placement. The Group did not participate to the capital increase in proportion to its shareholding percentage, resulting to a difference of $11,388 which was recognized as additional paid-in capital (related account listed as "Non-controlling interest"). Non-controlling interest increase by $201,300 due to cash capital increase.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

(a) As of December 31, 2024 and 2023, the non-controlling interest amounted to $393,631 and $294,804, respectively. The information on non-controlling interest and respective subsidiary is as follows:

| | | Non-controlling interest | | | |
|---|---|---|---|---|---|
| | Principal | December 31, 2024 | | December 31, 2023 | |
| Name of subsidiary | place of business | Amount | Ownership (%) | Amount | Ownership (%) |
| Yung Fu Co., Ltd. | Taiwan | $ 393,631 | 44.42% | $ 294,804 | 32.00% |

(b) Summarized financial information of the subsidiary－Yung Fu Co., Ltd.:

| Balance sheets | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Current assets | $ 705,826 | $ 893,909 |
| Non-current assets | 1,738,133 | 1,552,104 |
| Current liabilities | ( 946,532) | ( 1,300,448) |
| Non-current liabilities | ( 607,004) | ( 213,435) |
| Total net assets | $ 890,423 | $ 932,130 |

| Statements of comprehensive income | For the years ended December 31, 2024 | 2023 |
|---|---|---|
| Revenue | $ 817,103 | $ 1,586,263 |
| Loss before income tax | ($ 308,693) | ($ 102,097) |
| Income tax benefit | 69,154 | 140,627 |
| (Loss) profit for the year | ($ 239,539) | $ 38,530 |
| Total comprehensive (loss) income for the year | ($ 239,539) | $ 38,530 |
| Comprehensive loss attributable to non-controlling interest | ($ 89,946) | ($ 469) |

| Statements of cash flows | For the years ended December 31, 2024 | 2023 |
|---|---|---|
| Net cash used in operating activities | ($ 526,648) | ($ 443,598) |
| Net cash (used in) provided from investing activities | ( 470,180) | 26,001 |
| Net cash provided from financing activities | 813,008 | 399,315 |
| Net decrease in cash and cash equivalents | ( 183,820) | ( 18,282) |
| Cash and cash equivalents at beginning of the year | 242,372 | 260,654 |
| Cash and cash equivalents at end of the year | $ 58,552 | $ 242,372 |

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits and pledged demand deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value 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. If the cost exceeds net realisable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating.

(13) Investments accounted for under equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost, except for those items that have been reralued in accordance with the law. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

| Asset | Estimated useful lives |
|---|---|
| Buildings and structures (including auxiliary equipment) | 3～50 years |
| Machinery and equipment | 2～23 years |
| Transportation equipment | 3～15 years |
| Office equipment | 3～11 years |
| Leasehold improvements | 1～26 years |
| Other equipment | 2～26 years |

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(16) Leasing arrangements (lessor)－operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(17) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payment is comprised to fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Intangible assets

A. Concession

Separately acquired concession is stated at historical cost. Concession has a finite useful life and is amortised on a straight-line basis over its estimated useful lives of 20 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1～5 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible bonds payable

Convertible bonds or issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument (capital surplus－share options) in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequent is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus－share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total carrying amount of the abovementioned liability component and 'capital surplus－share options'.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realised the asset and settle the liability simultaneously.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings of the Company and its domestic subsidiary and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(29) Dividends

Cash dividends are recorded in the financial statements as liabilities in the period in which they are resolved by the Board of Directors of the Company; stock dividends are recorded in the financial statements as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells products such as fastener screws. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

(a) The Group provides processing services. Revenue from providing services is recognized in the accounting period in which the services are rendered Fixed price contracts revenue is recognized based on the actual service provided to the end of the balance sheet date as a proportion of the total services to be provided.

(b) The Group provides logistics and distribution services. Revenue from providing services is recognized in the accounting period in which the services are provided to customers.

(c) The Group provides ocean freight forwarding services and import and export customs clearance services, etc. Revenue from providing services is recognized in the period in which the services are provided to customers.

(d) The Group sells the electricity generated from the operation of the incinerator and the sales revenue of electricity is based on the kWh and rate actually received by Taiwan Power Company during a time period, and is recognized at the time of collection.

(e) The Group provides incinerator operation and management services, and recognizes revenue based on the volume of completed disposals over a time period.

(f) The Group's estimate about revenues, costs and stage of completion are subject to revision whenever there is a change in circumstances. Any increase or decrease in revenues or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Revenue from construction

(a) The Group provides waste turnkey and solar power projects related services. Revenue is recognized in the accounting period in which the services are rendered. Fixed price contracts revenue is recognized at the proportion of the services actually provided to the total services to be provided as of the balance sheet date, and the proportion of completion of services is determined based on the actual cost incurred to the estimated total cost. Customers pay the contract price in accordance with the payment schedule agreed upon. When the services already provided by the Group exceed the customers' payables, they will be considered as contract assets. If the customers' payables exceed the services already provided by the Group, they will be considered as contract liabilities.

(b) The Group's estimates about revenues, costs, and stage of completion are subject to revision whenever there is a change in circumstances. Any increase or decrease in revenues or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

D. Service concession arrangements

(a) The service concession arrangements signed between the Group and the government (the grantor), in which the Group constructs the infrastructure for the provision of public services and provides operation services during the contract period. After the operation period ends, the operating assets providing the public services will be returned to the government. The consideration received or receivable for the construction and operation services provided by the Group in accordance with the contract shall be apportioned with reference to its relative fair value, and the related revenue shall be recognized in accordance with IFRS 15 “Revenue from Contracts with Customers”.

(b) The cost of providing construction or upgrading services in accordance with the service concession arrangement shall be handled in accordance with the provisions of IFRS 15 “Revenue from Contracts with Customers”.

(c) The consideration received or receivable provided by the grantor shall be recognized at fair value. It shall be recognized as an intangible asset according to the way the grantor provides the consideration to the operator as agreed in the contract. The operator recognizes an intangible asset to the extent that it receives a right to charge users of the public service.

E. Revenue from waste disposal

The Group provides waste transportation and disposal and other related services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The revenue from contracts is determined by multiplying the amount of waste actually processed by the unit price on the contract as of the balance sheet date.

F. Revenue from electricity sales

The Group sells the electricity generated from the operation of the incinerator and solar power generation system, and the sales revenue of electricity is based on the kWh and rate actually received by Taiwan Power Company during a time period, and is recognized at the time of collection.

G. Revenue from operation services

The Group provides incinerator operation and management services, and recognizes revenue based on the volume of completed disposals over a time period.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was $440,389.

B. Revenue recognition from construction

The Group judges the estimated total cost of completion based on the characteristics of the project and various objective factors, and the revenue recognition is estimated based on the percentage of the input cost to the estimated total cost of completion. The Group regularly reviews the reasonableness of the estimates. However, changes in the industry environment and construction conditions may lead to changes in the estimated total cost of completion, which will affect the amount recognized as revenue by the Group. Refer to Note 6(25) for the explanation on the recognition of construction revenue.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Cash: | | |
| Cash on hand | $ 1,017 | $ 1,905 |
| Checking accounts and demand deposits | 281,816 | 504,083 |
| | 282,833 | 505,988 |
| Cash equivalents: | | |
| Time deposits | 88,827 | 145,125 |
| Repurchase agreement | - | 193,781 |
| | 88,827 | 338,906 |
| | $ 371,660 | $ 844,894 |

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2024 and 2023, the Group has transferred $354,673 and $229,429 of demand deposits and time deposits, pledged as collateral to "Financial assets at amortised cost - current" and "Financial assets at amortised cost - non-current", respectively.

C. Details of the Group's cash and cash equivalents pledged to others as collateral (listed as "Financial assets at amortised cost - current" and "Financial assets at amortised cost - non-current") as of December 31, 2024 and 2023 are described in Note 8.

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

| Items | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Current items: | | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| Listed stocks | $ | 17,283 | $ | 59,921 |
| Emerging stocks | | 40,500 | | - |
| Beneficiary certificates | | - | | 3,027 |
| | | 57,783 | | 62,948 |
| Valuation adjustment | | 1,669 | | 4,051 |
| | $ | 59,452 | $ | 66,999 |
| Non-current items: | | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| Listed stocks-private placement | $ | 36,000 | $ | 36,000 |
| Call options of bonds | | 416 | | 416 |
| | | 36,416 | | 36,416 |
| Valuation adjustment | | 184,900 | | 91,050 |
| | $ | 221,316 | $ | 127,466 |

A. The Group recognized net gain on financial assets mandatorily measured at fair value through profit or loss amounting to $101,533 and $103,842 (listed as "Other gains and losses") for the years ended December 31, 2024 and 2023, respectively.

B. No gain or loss on call options of bonds measured at fair value through profit or loss was recognized for the years ended December 31, 2024 and 2023.

C. In November 2023, the Group subscribed a total 5,000 thousand shares of King House Co., Ltd. (formerly named Ensure Global Corp., Ltd.) through private placement, and the transfer of the private placement stock is restricted within three years.

D. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

E. Information relating to credit risk is provided Note 12(2).

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

| Items | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Current item: | | |
| Equity instruments | | |
| Listed stocks | $ 58,386 | $ 114,420 |
| Valuation adjustment | ( 32,743) | ( 18,713) |
| | $ 25,643 | $ 95,707 |
| Non-current item: | | |
| Equity instruments | | |
| Listed stocks - private placement | $ 99,400 | $ - |
| Unlisted stocks | 18,361 | 18,361 |
| | 117,761 | 18,361 |
| Valuation adjustment | 21,770 | 3,481 |
| | $ 139,531 | $ 21,842 |

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was its book value.

B. Amounts recognized in profit or loss and other comprehensive income in relation to financial assets at fair value through other comprehensive income are listed below:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Equity instruments at fair value through other comprehensive income | | |
| Dividend income recognized in profit or loss | $ 1,049 | $ 1,387 |
| Fair value change recognized in other comprehensive income | $ 7,815 | $ 29,953 |
| Cumulative gains reclassified to retained earnings due to derecognition | $ 3,556 | $ 567 |

C. Aiming to satisfy the capital needs, the Group sold its equity investments of listed stocks at fair value of $59,590 and $25,753, which resulted in cumulative gains on disposal of $3,556 and $567 during the years ended December 31, 2024 and 2023, respectively, which were reclassified as retained earnings.

D. In December 2024, the Group subscribed a total of 7,000 thousand shares of Datavan International Corporation through private placement, and the transfer of the private placement stock is restricted with three years.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

| Items | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Current items: | | |
| Pledged demand deposits | $ 128,099 | $ 74,245 |
| Pledged time deposits | 117,568 | - |
| | $ 245,667 | $ 74,245 |
| Non-current items: | | |
| Pledged demand deposits | $ 109,006 | $ 155,184 |

A. The Group recognized interest income in relation to financial assets at amortised cost amounting to $1,669 and $983 (listed as "Interest income") for the years ended December 31, 2024 and 2023, respectively.

B. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the book value.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral as of December 31, 2024 and 2023 are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Notes receivable | $ 18 | $ 74 |
| Accounts receivable | $ 385,448 | $ 567,442 |
| Less: Allowance for uncollectible accounts | ( 23) | ( 23) |
| | $ 385,425 | $ 567,419 |

A. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

| | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable |
| Not past due | $ 18 | $ 478,314 | $ 74 | $ 656,678 |
| Within 60 days past due | - | 51,070 | - | 24,121 |
| 61 to 180 days past due | - | 958 | - | 31 |
| 181 to 365 days past due | - | 3 | - | 346 |
| | $ 18 | $ 530,345 | $ 74 | $ 681,176 |

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to $512,739.

C. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable held by the Group was the book value.

D. As of December 31, 2024 and 2023, the Group did not hold any collateral as security for notes and accounts receivable.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

F. As of December 31, 2024 and 2023, the Group has no notes and accounts receivable pledged to others.

(6) Inventories

| | December 31, 2024 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Merchandise | $ 276 | $ - | $ 276 |
| Raw materials | 218,115 | ( 26,902) | 191,213 |
| Work in process | 155,285 | ( 10,800) | 144,485 |
| Finished goods | 107,441 | ( 3,026) | 104,415 |
| | $ 481,117 | ($ 40,728) | $ 440,389 |

| | December 31, 2023 | | |
|---|---|---|---|
| | Cost | Allowance for valuation loss | Book value |
| Merchandise | $ 77 | $ - | $ 77 |
| Raw materials | 90,990 | ( 24,403) | 66,587 |
| Work in process | 148,099 | ( 11,382) | 136,717 |
| Finished goods | 62,960 | ( 4,388) | 58,572 |
| | $ 302,126 | ($ 40,173) | $ 261,953 |

The cost of inventories recognized as expense for the year:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Cost of goods sold | $ 2,171,706 | $ 1,886,458 |
| Provision (reversal of allowance) for inventory market price decline (Note) | 555 | ( 2,068) |
| Loss on physical inventory | 5,989 | 2,296 |
| Revenue from sales of scraps | ( 14,891) | ( 11,449) |
| | $ 2,163,359 | $ 1,875,237 |

(Note) For the year ended December 31, 2023, the Group reversed a previous inventory write-down which was accounted for as reduction of operating costs because certain inventories which were previously provided with allowance for decline in value were subsequently sold.

(7) Prepayments

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Prepayment for purchases | $ 206,475 | $ 110,949 |
| Prepaid expenses | 196,231 | 80,371 |
| Office supplies | 70,300 | 71,472 |
| Offset against business tax | 68,996 | 46,536 |
| Others | 51,586 | 3,505 |
| | $ 593,588 | $ 312,833 |

(8) Investments accounted for under equity method

A. Movements in investments accounted for under equity method:

| | December 31, 2023 |
|---|---|
| At January 1 | $ 21,712 |
| Share of profit or loss of investments accounted for under equity method | 335 |
| Share of other comprehensive income of investments accounted for under equity method | ( 2) |
| Transfer to financial assets at fair value through other comprehensive income (Note) | ( 22,045) |
| At December 31 | $ - |

(Note) In September 2023, the Group did not participate in the capital increase of the investee company and lost the ability to exercise significant influence. Therefore, the remaining investment in the investee company was remeasured at fair value and transferred to "Financial assets at fair value through other comprehensive income".

B. Share of the operating results of the Group's individually immaterial associate, Taiwan Steel Insurance Broker Co., Ltd. (formerly named Titan Insurance Broker Co., Ltd.), is summarized as follows:

| | December 31, 2023 |
|---|---|
| Profit or loss for the year from continuing operations | $ 304 |
| Other comprehensive loss, net of tax | ( 2) |
| Total comprehensive income | $ 302 |

C. As of December 3, 2023, the Group has no investments accounted for under equity method pledged to others as collateral.

D. There was no such situation as of December 31, 2024.

## (9) Property, plant and equipment

| | Land | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Leasehold improvements | Other equipment | Unfinished construction and equipment under acceptance | Total |
|---|---|---|---|---|---|---|---|---|---|
| January 1, 2024 | | | | | | | | | |
| Cost | $ 107,155 | $ 83,392 | $ 1,124,459 | $ 117,278 | $ 20,990 | $ 158,348 | $ 196,850 | $ 12,145 | $ 1,820,617 |
| Accumulated depreciation | - | ( 61,469) | ( 408,690) | ( 18,165) | ( 15,106) | ( 110,190) | ( 107,712) | - | ( 721,332) |
| Accumulated impairment | - | - | ( 1,254) | - | ( 1,022) | ( 4,651) | ( 407) | - | ( 7,334) |
| | $ 107,155 | $ 21,923 | $ 714,515 | $ 99,113 | $ 4,862 | $ 43,507 | $ 88,731 | $ 12,145 | $ 1,091,951 |
| For the year ended December 31, 2024 | | | | | | | | | |
| At January 1 | $ 107,155 | $ 21,923 | $ 714,515 | $ 99,113 | $ 4,862 | $ 43,507 | $ 88,731 | $ 12,145 | $ 1,091,951 |
| Additions－Cost | - | 1,470 | 5,970 | 32,570 | 613 | 17,442 | 29,191 | 1,477 | 88,733 |
| Transferred from prepayments for equipment | - | 3,430 | 8,368 | 64,249 | - | 711 | 5,258 | - | 82,016 |
| Transferred after acceptance inspection | - | - | 13,622 | - | - | - | - | ( 13,622) | - |
| Depreciation | - | ( 4,452) | ( 65,271) | ( 13,295) | ( 1,080) | ( 12,415) | ( 32,372) | - | ( 128,885) |
| Disposals－Cost | - | ( 1,452) | ( 10,237) | ( 4,530) | ( 87) | ( 874) | ( 9,388) | - | ( 26,568) |
| －Accumulated depreciation | - | 1,452 | 8,070 | 4,530 | 36 | 874 | 7,992 | - | 22,954 |
| At December 31 | $ 107,155 | $ 22,371 | $ 675,037 | $ 182,637 | $ 4,344 | $ 49,245 | $ 89,412 | $ - | $ 1,130,201 |
| December 31, 2024 | | | | | | | | | |
| Cost | $ 107,155 | $ 86,840 | $ 1,142,182 | $ 209,567 | $ 21,516 | $ 175,627 | $ 221,911 | $ - | $ 1,964,798 |
| Accumulated depreciation | - | ( 64,469) | ( 465,891) | ( 26,930) | ( 16,150) | ( 121,731) | ( 132,092) | - | ( 827,263) |
| Accumulated impairment | - | - | ( 1,254) | - | ( 1,022) | ( 4,651) | ( 407) | - | ( 7,334) |
| | $ 107,155 | $ 22,371 | $ 675,037 | $ 182,637 | $ 4,344 | $ 49,245 | $ 89,412 | $ - | $ 1,130,201 |

| | Land | Buildings and structures | Machinery and equipment | Transportation equipment | Office equipment | Leasehold improvements | Other equipment | Unfinished construction and equipment under acceptance | Total |
|---|---|---|---|---|---|---|---|---|---|
| January 1, 2023 | | | | | | | | | |
| Cost | $ 181,182 | $ 165,220 | $ 1,002,873 | $ 71,136 | $ 20,984 | $ 149,633 | $ 193,728 | $ 45,481 | $ 1,830,237 |
| Accumulated depreciation | - | ( 74,001) | ( 350,094) | ( 10,738) | ( 14,079) | ( 99,910) | ( 93,244) | - | ( 642,066) |
| Accumulated impairment | - | - | ( 1,254) | - | ( 1,022) | ( 4,651) | ( 407) | - | ( 7,334) |
| | $ 181,182 | $ 91,219 | $ 651,525 | $ 60,398 | $ 5,883 | $ 45,072 | $ 100,077 | $ 45,481 | $ 1,180,837 |
| For the year ended December 31, 2023 | | | | | | | | | |
| At January 1 | $ 181,182 | $ 91,219 | $ 651,525 | $ 60,398 | $ 5,883 | $ 45,072 | $ 100,077 | $ 45,481 | $ 1,180,837 |
| Additions－Cost | - | - | 58,672 | 11,047 | 87 | 8,715 | 9,552 | 2,240 | 90,313 |
| Transferred from prepayments for equipment | - | - | 32,481 | 40,009 | - | - | 10,300 | - | 82,790 |
| Transferred after acceptance inspection | - | - | 35,576 | - | - | - | - | ( 35,576) | - |
| Depreciation | - | ( 5,107) | ( 63,739) | ( 8,591) | ( 1,060) | ( 10,280) | ( 31,011) | - | ( 119,788) |
| Disposals－Cost | ( 74,027) | ( 81,828) | ( 5,143) | ( 4,914) | ( 81) | - | ( 16,730) | - | ( 182,723) |
| －Accumulated depreciation | - | 17,639 | 5,143 | 1,164 | 33 | - | 16,543 | - | 40,522 |
| At December 31 | $ 107,155 | $ 21,923 | $ 714,515 | $ 99,113 | $ 4,862 | $ 43,507 | $ 88,731 | $ 12,145 | $ 1,091,951 |
| December 31, 2023 | | | | | | | | | |
| Cost | $ 107,155 | $ 83,392 | $ 1,124,459 | $ 117,278 | $ 20,990 | $ 158,348 | $ 196,850 | $ 12,145 | $ 1,820,617 |
| Accumulated depreciation | - | ( 61,469) | ( 408,690) | ( 18,165) | ( 15,106) | ( 110,190) | ( 107,712) | - | ( 721,332) |
| Accumulated impairment | - | - | ( 1,254) | - | ( 1,022) | ( 4,651) | ( 407) | - | ( 7,334) |
| | $ 107,155 | $ 21,923 | $ 714,515 | $ 99,113 | $ 4,862 | $ 43,507 | $ 88,731 | $ 12,145 | $ 1,091,951 |

A. As of December 31, 2024 and 2023, the Group's property, plant and equipment are all occupied by the owner for operating purpose.

B. The Group has not capitalized any interest for the years ended December 31, 2024 and 2023.

C. For more information about the Group's property, plant and equipment that were pledged to others as collateral as of December 31, 2024 and 2023, reference to Note 8.

D. Accumulated impairment information about the Group's property, plant and equipment is provided in Note 6(14).

(10) Leasing arrangements－lessee

A. The Group leases various assets including buildings, business vehicles, printer and land. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise part of business vehicles, parking spaces, forklift and staff dormitory, etc. Low-value assets comprise air cleaners and photocopiers, etc.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Land | $ 351 | $ 187 |
| Buildings | 107,998 | 109,661 |
| Transportation equipment (business vehicles) | 3,179 | 3,534 |
| | $ 111,528 | $ 113,382 |

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| | Depreciation charge | Depreciation charge |
| Land | $ 60 | $ 365 |
| Buildings | 17,526 | 16,085 |
| Transportation equipment (business vehicles) | 2,194 | 2,325 |
| | $ 19,780 | $ 18,775 |

D. For the years ended December 31, 2024 and 2023, the Group's additions and remeasurements to right-of-use assets were $18,063 and $34,338, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 2,256 | $ 2,158 |
| Expense on short-term lease contracts | 23,983 | 7,181 |
| Expense on leases of low-value assets | 1,526 | 1,022 |
| Expense on variable lease payments | 4,769 | 4,685 |
| Gains from lease modification | ( 1) | ( 5) |

F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were $50,467 and $31,236, respectively.

G. In determining lease terms, the Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate. Based on the assessment of the exercise or non-exercise of the right to lease renewal, the Group's right-of-use assets and lease liabilities as of December 31, 2024 and 2023, were reduced by $137 and $1,063, $138 and $1,063, respectively, and a lease modification gain of $1 and $5 were recognized (listed as "Other gains or losses"), respectively.

H. Impact of variable lease payments on lease liabilities:

The asset for which the subsidiary, Yung Fu Co., Ltd. adopts variable lease payments in the lease contracts are linked to the power generation revenue and publicly announced land price. The variable valuation of the lease assets is based on the revenue from power generation, area and publicly announced price of the land, and is recognized as an expense in the period when the payment conditions are triggered.

(11) Investment property

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Beginning and ending balance | $ 32,452 | $ 32,452 |

A. The investment property of the Group comprises the land plots of the Liu-Huang-Zi-Ping small section in the Dingzhonggu section of Jinshan District and the Shancheng section of Jinshan District in New Taipei City. For the status of the pledged investment property as of December 31, 2024 and 2023, please refer to Note 8.

B. The fair value of the Group's investment properties as of December 31, 2024 and 2023 were both $63,960, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was categorized within Level 3 in the fair value hierarchy.

(12) Intangible assets

| | Concession | Computer Software | Goodwill | Total |
|---|---|---|---|---|
| January 1, 2024 | | | | |
| Cost | $ 809,385 | $ 2,326 | $ 19,003 | $ 830,714 |
| Accumulated amortisation | ( 15,618) | ( 1,119) | - | ( 16,737) |
| | $ 793,767 | $ 1,207 | $ 19,003 | $ 813,977 |
| For the year ended December 31, 2024 | | | | |
| At January 1 | $ 793,767 | $ 1,207 | $ 19,003 | $ 813,977 |
| Additions－acquired separately | - | 8,386 | - | 8,386 |
| Transferred from prepayments for equipment | - | 6,650 | - | 6,650 |
| Acquisition of service concession agreement | 68,983 | - | - | 68,983 |
| Amortisation charge | ( 46,429) | ( 1,701) | - | ( 48,130) |
| At December 31 | $ 816,321 | $ 14,542 | $ 19,003 | $ 849,866 |
| December 31, 2024 | | | | |
| Cost | $ 878,368 | $ 17,362 | $ 19,003 | $ 914,733 |
| Accumulated amortisation | ( 62,047) | ( 2,820) | - | ( 64,867) |
| | $ 816,321 | $ 14,542 | $ 19,003 | $ 849,866 |

| | Concession | Computer Software | Goodwill | Total |
|---|---|---|---|---|
| January 1, 2023 | | | | |
| Cost | $ 91,638 | $ 2,176 | $ 19,003 | $ 112,817 |
| Accumulated amortisation | ( 400) | ( 649) | - | ( 1,049) |
| | $ 91,238 | $ 1,527 | $ 19,003 | $ 111,768 |
| For the year ended December 31, 2023 | | | | |
| At January 1 | $ 91,238 | $ 1,527 | $ 19,003 | $ 111,768 |
| Additions－acquired separately | - | 150 | - | 150 |
| Acquisition of service concession agreement | 717,747 | - | - | 717,747 |
| Amortisation charge | ( 15,218) | ( 470) | - | ( 15,688) |
| At December 31 | $ 793,767 | $ 1,207 | $ 19,003 | $ 813,977 |
| December 31, 2023 | | | | |
| Cost | $ 809,385 | $ 2,326 | $ 19,003 | $ 830,714 |
| Accumulated amortisation | ( 15,618) | ( 1,119) | - | ( 16,737) |
| | $ 793,767 | $ 1,207 | $ 19,003 | $ 813,977 |

A. Details of amortisation on intangible assets are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Operating costs | $ 46,644 | $ 15,486 |
| Selling expenses | 15 | 15 |
| Administrative expenses | 1,471 | 187 |
| | $ 48,130 | $ 15,688 |

B. The subsidiary, Yung Fu Co., Ltd. signed the "Rehabilitate, Operate and Transfer of Waste Incineration Plant in Kanding Pingtung County" with the Pingtung County Government (hereinafter collectively referred to as "both parties") in the form of ROT (Rehabilitate, Operate and Transfer) for construction and labor services. Both parties agreed to follow the Act for Promotion of Private Participation in Infrastructure Projects and regulations formulated by the relevant competent authorities to have the subsidiary Yung Fu Co., Ltd. handle the construction and operation. The operation period is 20 years, and the operating assets and operating rights are returned to Pingtung County Government when the operation period expires. The important information is summarized as follows:

(a) The subsidiary, Yung Fu Co., Ltd. shall be responsible for the construction of the incineration plant and the maintenance and management of various facilities and equipment during the operation period, and promises to properly dispose of waste within the scope of processing capacity.

(b) During the operation period, the subsidiary, Yung Fu Co., Ltd. shall calculate the remuneration for operation and maintenance to be collected from the Pingtung County Government and the land rent, waste disposal fee, price change royalties, electricity sales increase royalties and other fees payable to the county government based on the contract terms.

(c) The subsidiary, Yung Fu Co., Ltd., should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than $967,382. Before the deadline for renovation works (December 31, 2024), the subsidiary, Yung Fu Co., Ltd., should invest at least $560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to Yung Fu Co., Ltd., the subsidiary shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government.

(d) The subsidiary, Yung Fu Co., Ltd., recognizes the rights to sell electricity and dispose of waste from the provision of construction and service upgrades and the renovation cost to be committed in the future as intangible assets and revenue from service concession, respectively in accordance with the provisions of IFRIC 12, "Service Concession Arrangements".

(e) As of December 31, 2024, the subsidiary, Yung Fu Co., Ltd. has invested $740,308, with an achievement rate of 76.53%.

C. The Group has not capitalised any interest as intangible assets for the years ended December 31, 2024 and 2023.

D. As of December 31, 2024 and 2023, the Group has no intangible asset pledged to others as collateral.

(13) Other non-current assets

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Prepayments for incinerator equipment maintenance | $ 273,387 | $ 92,855 |
| Others | 20,343 | 14,235 |
| | $ 293,730 | $ 107,090 |

(14) Impairment of non-financial assets

The Group did not recognize or reserve any impairment loss for the years ended December 31, 2024 and 2023. As of December 31, 2024 and 2023, the accumulated impairment loss recognized on the Group's non-financial assets was both $7,334.

(15) Short-term borrowings

| Type of borrowings | Maturity period | Interest rate range | December 31, 2024 | Collateral |
|---|---|---|---|---|
| Secured bank borrowings | 2025.1.10～2025.12.2 | 1.95%～2.97% | $ 602,122 | Demand deposits, time deposits, land, buildings and structures and investment property |
| Unsecured bank borrowing | 2025.4.2～2025.6.27 | 2.45% | 47,800 | None |
| | | | $ 649,922 | |

| Type of borrowings | Maturity period | Interest rate range | December 31, 2023 | Collateral |
|---|---|---|---|---|
| Secured bank borrowings | 2024.2.21～2024.11.30 | 2.30%～6.74% | $ 156,144 | Demand deposits, land, buildings and structures and investment property |

For more information about interest expense recognized by the Group for the years ended December 31, 2024 and 2023, please refer to Note 6(29).

(16) Short-term notes and bills payable

| Type of borrowings | December 31, 2024 | Interest rate range | Collateral |
|---|---|---|---|
| Commercial paper payable | $ 114,600 | 2.50%～2.72% | Demand deposits and machinery and equipment |
| Less: Unamortised discount | ( 186) | | |
| | $ 114,414 | | |

| Type of borrowings | December 31, 2023 | Interest rate range | Collateral |
|---|---|---|---|
| Commercial paper payable | $ 70,200 | 2.67% | Demand deposits and machinery and equipment |
| Less: Unamortised discount | ( 193) | | |
| | $ 70,007 | | |

A. The above commercial papers were issued and secured by International Bills Finance Corporation and China Bills Finance Corporation for short-term financing.

B. For more information about interest expenses recognized by the Group for the years ended December 31, 2024 and 2023, please refer to Note 6(29).

(17) Other payables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Salaries and bonuses payable | $ 74,176 | $ 71,558 |
| Processing expenses payable | 20,101 | 13,753 |
| Mold expenses payable | 14,964 | 1,994 |
| Packaging expenses payable | 10,941 | 8,436 |
| Utilities expenses payable | 8,713 | 11,342 |
| Payables for equipment | 2,775 | 26,263 |
| Others (individually less than 5%) | 79,683 | 42,151 |
| | $ 211,353 | $ 175,497 |

(18) Corporate bonds payable

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Unsecured convertible bonds | $ 354,253 | $ 354,457 |
| Less: Discount on bonds payable | ( 5,897) | ( 13,614) |
| | $ 348,356 | $ 340,843 |

A. The Company issued the fourth unsecured convertible bonds in September 2022. The terms of convertible bonds issuance are as follows:

(a) The Company was approved by the competent authority to raise and issue the fourth domestic unsecured convertible bonds with a total amount of $351,750 (related issuance cost was $3,695), with a coupon rate of 0% and a maturity period of 3 years from September 30, 2022 to September 30, 2025. The convertible bonds will be redeemed in cash at 102.2669% of the face value of the bonds upon maturity.

(b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (December 31, 2022) to the maturity date (September 30, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model as specified in the terms of the bonds on each effective date. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

(d) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. For the year ended December 31, 2023, the face value of the Company’s convertible bonds of $100 had been converted into 4 thousand shares of common stock. As of the date of record for the capital increase on March 22, 2023, the registration of changes had been completed (listed as “Common stock” of $37 and “Capital surplus－issue premium” of $63 and reversed “Capital surplus－bonds share options” of $4).

C. For the year ended December 31, 2023, the face value of the Company’s convertible bonds of $3,300 had been converted into 132 thousand shares of common shares. As of the date of record for the capital increase on January 29, 2024, the registration of changes had been completed (listed as “Common stock” of $1,320 and reversed “Share capital－certificate of entitlement to new shares from convertible bonds” of $1,320).

D. For the year ended December 31, 2024, the face value of the Company’s convertible bonds of $200 had been converted into 8 thousand shares of common shares. As of the date of record for the capital increase on August 9, 2024, the registration of changes had been completed (listed as “Common stock” of $80 and “Capital surplus－issue premium” of $126 and reversed “Capital surplus－bonds share options” of $8).

E. Regarding the issuance of convertible bonds, the equity conversion options amounting to $13,784 were separated from the liability component and were recognized in “Capital surplus－bonds share options” in accordance with IAS 32. As of December 31, 2024 and 2023, the balances of the above “Capital surplus－bonds share options” were $13,643 and $13,651, respectively, after the issue, repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. The call options and put options embedded in corporate bonds payable were separated from their host contracts and were recognized in "financial assets or liabilities at fair value through profit or loss" in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the corporate bonds payable after such separation was 2.24%.

F. For more information about interest expense recognized by the Group for the years ended December 31, 2024 and 2023, please refer to Note 6(29).

(19) Long-term borrowings

| Type of borrowings | Maturity period | Interest rate range | December 31, 2024 | Collateral |
|---|---|---|---|---|
| Secured bank borrowing | 2026.3.2～2038.8.9 | 2.58%～2.94% | $ 246,985 | Demand deposits, machinery and equipment |
| Unsecured bank borrowing | 2029.12.27 | 2.69% | 677,000 | None |
| | | | 923,985 | |
| Less: Current portion | | | ( 201,266) | |
| | | | $ 722,719 | |

| Type of borrowings | Maturity period | Interest rate range | December 31, 2023 | Collateral |
|---|---|---|---|---|
| Secured bank borrowing | 2026.3.2～2038.8.9 | 2.45%～2.82% | $ 277,758 | Demand deposits, machinery and equipment and construction in progress |
| Unsecured bank borrowing | 2024.12.31 | 2.67%～2.77% | 245,000 | None |
| | | | 522,758 | |
| Less: Current portion | | | ( 306,331) | |
| | | | $ 216,427 | |

For more information about interest expense recognized by the Group for the years ended December 31, 2024 and 2023, please refer to Note 6(29).

(20) Pensions

A. The Group has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its subsidiaries contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Company suspended its contributions to the Labor Pension Fund until March 31, 2025, as approved by the competent authority. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is shown as follows:

(a) The amounts recognized in the balance sheet are as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Present value of defined benefit obligations | ($ 6,414) | ($ 5,848) |
| Fair value of plan assets | 13,840 | 13,245 |
| Net defined benefit assets | $ 7,426 | $ 7,397 |

(b) Movements in net defined benefit assets are as follows:

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit asset |
| At January 1 | ($ 5,848) | $ 13,245 | $ 7,397 |
| Current service cost | ( 10) | - | ( 10) |
| Interest (expense) income | ( 1) | 62 | 61 |
| | ( 5,859) | 13,307 | 7,448 |
| Remeasurements: | | | |
| Return on plan assets | - | 533 | 533 |
| Change in financial assumptions | 1 | - | 1 |
| Experience adjustments | ( 556) | - | ( 556) |
| | ( 555) | 533 | ( 22) |
| At December 31 | ($ 6,414) | $ 13,840 | $ 7,426 |

| | For the year ended December 31, 2023 | | |
|---|---|---|---|
| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit asset |
| At January 1 | ($ 11,495) | $ 15,648 | $ 4,153 |
| Interest (expense) income | ( 74) | 94 | 20 |
| | ( 11,569) | 15,742 | 4,173 |
| Remeasurements: | | | |
| Return on plan assets | - | 62 | 62 |
| Change in financial assumptions | ( 6) | - | ( 6) |
| Experience adjustments | 3,168 | - | 3,168 |
| | 3,162 | 62 | 3,224 |
| Paid pension | 2,559 | ( 2,559) | - |
| At December 31 | ($ 5,848) | $ 13,245 | $ 7,397 |

(c) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as at December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Discount rate | 1.40% | 1.28% |
| Future salary increases | 2.00% | 2.00% |

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6$^{th}$ Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2024 | | | | |
| Effect on present value of defined benefit obligation | ($ 29) | $ 31 | $ 29 | ($ 28) |
| December 31, 2023 | | | | |
| Effect on present value of defined benefit obligation | ($ 3) | $ 3 | $ 3 | ($ 3) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2025 amount to $－.

(f) As of December 31, 2024, the weighted average duration of the retirement plan is 16 years. The analysis of timing of the future pension payment was as follows:

| | |
|---|---|
| Over 5 years | $ 819 |

B. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2024 and 2023 were $15,305 and $14,798, respectively.

(21) Share capital and capital collected in advance

A. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: thousands shares):

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| At January 1 | 100,059 | 99,410 |
| Conversion of employee stock options | 471 | 645 |
| Conversion of convertible bonds | 140 | 4 |
| At December 31 | 100,670 | 100,059 |

B. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 180 units were exercised between November to December 2022 (the proceeds from the subscription was $3,366), 115 units were exercised between January to March 2023 (the proceeds from the subscription was $2,150) and 350 units were exercised between April to September 2023 (the proceeds from the subscription was $6,545). As of the date of record for the capital increase on January 11, 2023, March 22, 2023 and August 9, 2023, the registration of changes had been completed (listed as "Common stock" of $6,449 and "Capital surplus－issue premium" of $5,612).

C. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 212 units were exercised between October 2023 to January 2024 (the proceeds from the subscription was $3,668), 99 units were exercised between February to June 2024 (the proceeds from the subscription was $1,712) and 160 units were exercised between September to October 2024 (the proceeds from the subscription was $2,656). As of the date of record for the capital increase on January 29, 2024, August 9, 2024 and November 6, 2024, the registration of changes had been completed (listed as "Common stock" of $4,710 and "Capital surplus－issue premium" of $3,326).

D. For more information about the status of the request for conversion of the Company's corporate bonds for the years ended December 31, 2024 and 2023, please refer to Note 6(18).

E. As of December 31, 2024, the Company's authorised capital was $4,000,000 (including $96,000 reserved for conversion of employee stock options), and the paid-in capital was $1,006,697, consisting of 100,670 thousand shares of ordinary stock with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(22) Capital surplus

| | For the year ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Issuance premium | Difference between consideration and carrying amount of subsidiaries acquired or disposed | Bonds share options | Employee stock options | Others | Total |
| At January 1 | $ 909,815 | $ 154,160 | $ 13,651 | $ 11,265 | $ 6,741 | $ 1,095,632 |
| Conversion of convertible bonds | 126 | - | ( 8) | - | - | 118 |
| Conversion of employee stock options | 3,326 | - | - | - | - | 3,326 |
| Employee stock options forfeited | 56 | - | - | ( 56) | - | - |
| Adjustments for cash capital increase in subsidiaries not based on shareholding ratio | - | 11,388 | - | - | - | 11,388 |
| At December 31 | $ 913,323 | $ 165,548 | $ 13,643 | $ 11,209 | $ 6,741 | $ 1,110,464 |

| | For the year ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Issuance premium | Difference between consideration and carrying amount of subsidiaries acquired or disposed | Bonds share options | Employee stock options | Others | Total |
| At January 1 | $ 915,511 | $ 154,160 | $ 13,784 | $ 12,018 | $ 6,741 | $ 1,102,214 |
| Conversion of convertible bonds | 2,114 | - | ( 133) | - | - | 1,981 |
| Conversion of employee stock options | 5,612 | - | - | - | - | 5,612 |
| Employee stock options forfeited | 1,912 | - | - | ( 1,912) | - | - |
| Employee share options compensation costs | - | - | - | 1,159 | - | 1,159 |
| Effect of organisational restructuring | ( 15,334) | - | - | - | - | ( 15,334) |
| At December 31 | $ 909,815 | $ 154,160 | $ 13,651 | $ 11,265 | $ 6,741 | $ 1,095,632 |

A. Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. For more information about “Capital surplus—issue premium”, “Capital surplus—bonds share options” and “Capital surplus—employee stock options”, please refer to Note 6(21), Note 6(18) and Note 6(23).

C. For more information about “Adjustments for cash capital increase in subsidiaries not based on shareholding ratio” and “Capital surplus—effect of organisational restructuring”, please refer to Note 4(3).

(23) Share-based payment

On October 21, 2020, the Company issued 3,000 units of compensatory stock option plan at a subscription price of $21.6 (in dollars) per share, which was set up based on not lower than the market price of the Company’s common stock on the grant date, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company’s common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of December 31, 2024, the subscription price for employee stock options has been adjusted to $16.6 (in dollars). The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the employee stock option plan. The compensation cost of the Company’s compensated employee stock options recognized in 2024 and 2023 (relative to the item listed as “Capital surplus—employee stock options”) was $— and $674, respectively. Among them, 913 thousand shares were awarded to the employees of subsidiaries over a 3-year period, so subsidiaries recognized the compensation cost in 2024 and 2023 (relative items listed in “Capital surplus—employee stock options”) of $— and $485, respectively.

A. Details of the number of options and the weighted average exercise price of compensatory stock option plan for the years ended December 31, 2024 and 2023 are as follows:

| | For the year ended December 31, 2024 | |
|---|---|---|
| Share Options | Number of options (unit) | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 730 | $ 17.3 |
| Options exercised | ( 351) | 17.0 |
| Options expired | ( 30) | 17.0 |
| Options outstanding at December 31 | 349 | 16.6 |
| Options exercisable at December 31 | 349 | 16.6 |
| Options approved but not yet issued at December 31 | - | - |

| Share Options | For the year ended December 31, 2023 | |
|---|---|---|
| | Number of options (unit) | Weighted-average exercise price (in dollars) |
| Options outstanding at January 1 | 2,820 | $ 18.7 |
| Options exercised | ( 585) | 18.1 |
| Options expired | ( 1,505) | 18.1 |
| Options outstanding at December 31 | 730 | 17.3 |
| Options exercisable at December 31 | 638 | 17.3 |
| Options approved but not yet issued at December 31 | - | - |

For more information about the Company's collection of payment for 351 and 585 units of employee stock options for the years ended December 31, 2024 and 2023, please refer to Note 6(21).

B. The fair value of the Company's stock option plan is estimated using the Black-Scholes option-pricing model. Relevant information is as follows:

| Grant date | October 21, 2020 |
|---|---|
| Stock price (in dollars) | $ 21.35 |
| Exercise price (in dollars) | 21.60 |
| Dividend rate | 0% |
| Expected price volatility | 27.97% |
| Risk-free interest rate | 0.2285% |
| Expected option life | 5 years |
| Fair value per unit (per share) | NTD$5.24 (in dollars) |

(24) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.

B. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve (except when the legal reserve has already reached the total capital). Stock dividends should be appropriated. The remainder, if any, to be appropriated shall be resolved by the Company's stockholders at the stockholders' meeting. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders during their meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, where dividends and bonus, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised to make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders during their meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $7,745 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified the assets are investment property of land, and reveresd over the use period if the assets are investment property other than land.

D. As resolved by the Board of Directors on March 22, 2023, the Company recognized cash dividends distributed to owners amounting to $199,417 ($2 (in dollars) per share) for the appropriations of 2022 earnings. As resolved by the Board of Directors on March 13, 2024, the Company recognized cash dividends distributed to owners amounting to $100,413 ($1 (in dollars) per share) for the appropriations of 2023 earnings. However, as the ordinary shares outstanding increased because of conversion of employee stock options and convertible bonds, the Company adjusted cash dividends to $100,510 ($1 (in dollars) per share). On March 12, 2025, the Board of Directors resolved for the distribution of cash dividends from 2024 earnings of $20,134 ($0.2 (in dollars) per share).

(25) Operating revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Revenue from contracts with customers | $ 4,135,922 | $ 4,321,072 |

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product and types of services:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Revenue from sales of screws | $ 1,063,908 | $ 1,075,402 |
| Revenue from sales of scrap iron | 846,760 | 953,305 |
| Logistics and transport revenue | 485,591 | 342,478 |
| Contract revenue | 442,180 | 229,862 |
| Revenue from electricity sales | 278,960 | 231,668 |
| Revenue from construction | 105,727 | 379,410 |
| Revenue from operations | 36,647 | 39,226 |
| Others | 442,524 | 132,200 |
| | 3,702,297 | 3,383,551 |
| Service concession arrangements: | | |
| Revenue from electricity sales | 204,809 | 110,953 |
| Revenue from waste disposal | 137,594 | 116,916 |
| Revenue from construction | 68,983 | 688,147 |
| Revenue from operations | 22,239 | 21,505 |
| | 433,625 | 937,521 |
| | $ 4,135,922 | $ 4,321,072 |

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Timing of revenue recognition | | |
| At a point in time | $ 3,407,689 | $ 2,849,932 |
| Over time | 728,233 | 1,471,140 |
| | $ 4,135,922 | $ 4,321,072 |

B. The Group has recognized the following revenue-related contract assets and liabilities:

| | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|---|---|---|
| Contract assets－current | $ 3,103 | $ 5,881 | $ 12,711 |
| Contract liabilities－current and non-current: | | | |
| Receipts in advance | $ 50,908 | $ 206,183 | $ 127,185 |

(a) Revenue recognized for the years ended December 31, 2024 and 2023, which was included in the contract liabilities at the beginning of the year, amounted to $15,103 and $18,792, respectively. In addition, the Group negotiated with the customer to return the original prepayments of $108,000 in August 2024 due to considering execution progress.

(b) Unfulfilled long-term contracts

For the years ended December 31, 2024 and 2023, the contract costs of the unfulfilled part of the long-term contracts signed by the subsidiary, Yung Fu Co., Ltd. with customers were $638,799 and $13,084, respectively. The management expects that the transaction price of the outstanding performance obligations as of December 31, 2024 and 2023 will be recognized as revenue from 2022 to 2026.

Except for the abovementioned contracts, all other contracts of the Group are with a less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(26) Interest income

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Interest income from bank deposits | $ 6,123 | $ 11,803 |
| Interest income from financial assets measured at amortised cost | 1,669 | 983 |
| Other interest income | 613 | 52 |
| | $ 8,405 | $ 12,838 |

(27) Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Gain on invalidated accounts payable | $ 23,192 | $ - |
| Insurance claims income | 6,429 | - |
| Commission income | 2,260 | - |
| Rent income | 1,657 | 392 |
| Dividend income | 1,049 | 1,387 |
| Other income | 9,024 | 9,727 |
| | $ 43,611 | $ 11,506 |

(28) Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Net gains on financial assets at fair value through profit or loss | $ 101,533 | $ 103,842 |
| Net gains on disposals of property, plant and equipment | 1,248 | 11,295 |
| Net foreign exchange gains | 8,686 | 12,607 |
| Gains from lease modifications | 1 | 5 |
| Gain (loss) on disposal of investments accounted for under equity method | 490 | ( 3,684) |
| Other losses | ( 574) | ( 4,241) |
| | $ 111,384 | $ 119,824 |

(29) Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Interest expense: | | |
| Bank borrowings | $ 39,567 | $ 13,197 |
| Convertible bonds payable | 7,711 | 7,616 |
| Interest expense on lease liabilities | 2,256 | 2,158 |
| Other | 7 | 1 |
| | $ 49,541 | $ 22,972 |

(30) Expenses by nature

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Operating cost | Operating expense | Total | Operating cost | Operating expense | Total |
| Employee benefit expenses | $ 351,541 | $ 76,434 | $ 427,975 | $ 302,449 | $ 93,502 | $ 395,951 |
| Depreciation | $ 131,120 | $ 17,545 | $ 148,665 | $ 122,565 | $ 15,998 | $ 138,563 |
| Amortisation | $ 46,644 | $ 1,486 | $ 48,130 | $ 15,486 | $ 202 | $ 15,688 |

(31) Employee benefit expense

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Operating cost | Operating expense | Total | Operating cost | Operating expense | Total |
| Wages and salaries | $ 297,158 | $ 64,606 | $ 361,764 | $ 255,035 | $ 77,980 | $ 333,015 |
| Employee compensation costs | - | - | - | - | 1,287 | 1,287 |
| Labour and health insurance expenses | 30,688 | 5,580 | 36,268 | 28,295 | 6,451 | 34,746 |
| Pension costs | 12,549 | 2,756 | 15,305 | 11,563 | 3,235 | 14,798 |
| Other personnel expenses | 11,146 | 3,492 | 14,638 | 7,556 | 4,549 | 12,105 |
| | $ 351,541 | $ 76,434 | $ 427,975 | $ 302,449 | $ 93,502 | $ 395,951 |

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%～3% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Employees' compensation will be distributed in the form of shares or cash. The Company may, by a resolution adopted by more than half vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or cash; and in addition, thereto a report of such distribution shall be submitted to the shareholders during their meeting.

   The above-mentioned profit of the current year refers to the pre-tax profit before deducting employees' compensation and directors' remuneration.

B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at $－ and $3,406, respectively; while directors' remuneration was accrued at $－ and $3,406, respectively. The aforementioned amounts were recognized in salary expenses, which were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were both $3,406, which were the same with the amounts recognized in the 2023 financial statements. For the year ended December 31, 2024, no employees' compensation and directors' remuneration was accrued because of losses incurred for the year.

   Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Components of income tax benefit:

(a) Components of income tax benefit:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Current tax: | | |
| Current tax on profits for the year | $ 10,597 | $ 22,313 |
| Tax on undistributed earnings | 3,527 | 19 |
| Prior year income tax over estimation | ( 8,292) | ( 2,097) |
| Total current tax | 5,832 | 20,235 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 80,728) | ( 150,636) |
| Income tax benefit | ($ 74,896) | ($ 130,401) |

(b) The income tax charge relating to components of other comprehensive income is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Remeasurements of defined benefit obligations | ($ 5) | $ 645 |

B. Reconciliation between income tax benefit and accounting profit:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Tax calculated based on (loss) profit before tax and statutory tax rate | ($ 22,197) | $ 40,055 |
| Effect from items disallowed by tax regulation | 1,212 | ( 22,031) |
| Effect from temporary differences not recognized as deferred tax | ( 2,362) | ( 6,798) |
| Changes in assessment of realisation of deferred tax assets | ( 46,784) | ( 139,549) |
| Tax on undistributed earnings | 3,527 | 19 |
| Prior year income tax over estimation | ( 8,292) | ( 2,097) |
| Income tax benefit | ($ 74,896) | ($ 130,401) |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

| | For the year ended December 31, 2024 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deferred tax assets | | | | |
| Temporary differences | | | | |
| Unrealised loss on inventory market price decline | $ 8,034 | $ 111 | $ - | $ 8,145 |
| Unrealised loss on currency exchange | 1,631 | ( 726) | - | 905 |
| Pension | 219 | - | 5 | 224 |
| Unrealised expenses | 1,147 | 4,912 | - | 6,059 |
| Unrealised construction cost | 134,941 | 3,834 | - | 138,775 |
| Tax losses | 82,710 | 72,608 | - | 155,318 |
| | $ 228,682 | $ 80,739 | $ 5 | $ 309,426 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Pension | ($ 1,389) | ($ 11) | $ - | ($ 1,400) |
| Incremental tax on land revaluation | ( 12,534) | - | - | ( 12,534) |
| | ($ 13,923) | ($ 11) | $ - | ($ 13,934) |
| | $ 214,759 | $ 80,728 | $ 5 | $ 295,492 |

| | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Deferred tax assets | | | | |
| Temporary differences | | | | |
| Unrealised loss on inventory market price decline | $ 8,448 | ($ 414) | $ - | $ 8,034 |
| Unrealised loss on currency exchange | 261 | 1,370 | - | 1,631 |
| Pension | 864 | - | ( 645) | 219 |
| Unrealised expenses | 917 | 230 | - | 1,147 |
| Unrealised gain on sales | 9,703 | ( 9,703) | - | - |
| Unrealised construction cost | 15,511 | 119,430 | - | 134,941 |
| Tax losses | 50,527 | 32,183 | - | 82,710 |
| | $ 86,231 | $ 143,096 | ($ 645) | $ 228,682 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Pension | ($ 1,385) | ($ 4) | $ - | ($ 1,389) |
| Unrealised loss on currency exchange | ( 847) | 847 | - | - |
| Incremental tax on land revaluation | ( 19,231) | 6,697 | - | ( 12,534) |
| | ($ 21,463) | $ 7,540 | $ - | ($ 13,923) |
| | $ 64,768 | $ 150,636 | ($ 645) | $ 214,759 |

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

| December 31, 2024 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
| 2016～2024 | $ 912,322 | $ 912,322 | $ 135,731 | 2026～2034 |

| December 31, 2023 | | | | |
|---|---|---|---|---|
| Year incurred | Amount filed/assessed | Unused amount | Unrecognized deferred tax assets | Expiry year |
| 2016～2023 | $ 551,850 | $ 549,284 | $ 135,731 | 2026～2033 |

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Deductible temporary differences: | | |
| Bad debts expense | $ 4,543 | $ 4,543 |
| Impairment of assets | 1,467 | 1,467 |
| | $ 6,010 | $ 6,010 |

F. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of March 12, 2025.

(33) (Loss) earnings per share

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Loss per share (in dollars) |
| Basic and diluted loss per share | | | |
| Loss attributable to ordinary shareholders of the parent | ($ 36,012) | 100,443 | ($ 0.36) |

| | For the year ended December 31, 2023 | | |
|---|---|---|---|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Earnings per share (in dollars) |
| Basic earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 150,839 | 99,817 | $ 1.51 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 150,839 | 99,817 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 205 | |
| Employee share option | - | 484 | |
| Corporate bonds payable | 6,092 | 13,209 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 156,931 | 113,715 | $ 1.38 |

For the year ended December 31, 2024, employees' compensation, employees' stock option and corporate bonds payable had anti-dilution effect, therefore, it was excluded from the calculation of diluted earnings per share.

(34) Supplemental cash flow information

A. Investing activities with partial cash receipts and payments:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Acquisition of property, plant and equipment | $ 88,733 | $ 90,313 |
| Add: Opening balance of notes payable (including related parties) | 9,047 | 46,748 |
| Opening balance of other payables (including related parties) | 26,263 | 30,780 |
| Less: Ending balance of notes payable－related parties | - | ( 9,047) |
| Ending balance of other payables (including related parties) | ( 2,775) | ( 26,263) |
| Cash paid for acquisition of property, plant and equipment | $ 121,268 | $ 132,531 |

B. Investing and financing activities with no cash flow effects:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| (a) Investments accounted for under equity method transferred to financial assets at fair value through other comprehensive income | $ - | $ 18,361 |
| (b) Prepayments for equipment transferred to property, plant and equipment | $ 82,016 | $ 82,790 |
| (c) Prepayments for equipment transferred to intangible assets | $ 6,650 | $ - |
| (d) Prepayments for equipment transferred to other non-current asstes | $ - | $ 770 |
| (e) Convertible bonds converted into share capital and capital surplus | $ 198 | $ 3,338 |
| (f) Other non-current asstes transferred to prepaid expenses | $ 147,297 | $ 40,485 |

C. The Group sold the 100% equity of the subsidiary, TSG Engineering Corp., to the related party, United Fiber Optic Communication Inc., and accordingly, lost control over the subsidiary on June 28, 2024 (please refer to Note 4(3)). Below is the information on the consideration received for the transaction and the fair values of the assets and liabilities of the subsidiary:

| | December 31, 2024 |
|---|---|
| Procees from disposal of subsidiary | $ 23,480 |
| Fair values of the assets and liabilities of the disposed subsidiary | |
| Cash and cash equivalents | 21,747 |
| Other current assets | 2,541 |
| Other non-current assets | 13 |
| Other current liabilities | ( 1,311) |
| Total indentifiable net assets | 22,990 |
| Gains on disposal of subsidiary | $ 490 |

(35) Changes in liabilities from financing activities

| | For the year ended December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Short-term borrowings | Short-term notes and bills payable | Lease liabilities | Corporate bonds payable (including the current portion) | Long-term loans (including the current portion) | Guarantee deposits received | Liabilities from financing activities-gross |
| At January 1 | $ 156,144 | $ 70,007 | $ 118,262 | $ 340,843 | $ 522,758 | $ 33,628 | $ 1,241,642 |
| Changes in cash flow from financing activities | 493,778 | 44,400 | ( 17,933) | - | 401,227 | 7,468 | 928,940 |
| Changes in other non-cash items | - | 7 | 17,925 | 7,513 | - | - | 25,445 |
| At December 31 | $ 649,922 | $ 114,414 | $ 118,254 | $ 348,356 | $ 923,985 | $ 41,096 | $ 2,196,027 |

| | For the year ended December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Short-term borrowings | Short-term notes and bills payable | Lease liabilities | Corporate bonds payable (including the current portion) | Long-term loans (including the current portion) | Guarantee deposits received | Liabilities from financing activities-gross |
| At January 1 | $ 63,000 | $ 95,944 | $ 101,182 | $ 336,569 | $ 136,062 | $ 35,190 | $ 767,947 |
| Changes in cash flow from financing activities | 93,144 | ( 25,800) | ( 16,190) | - | 386,696 | ( 1,562) | 436,288 |
| Changes in other non-cash items | - | ( 137) | 33,270 | 4,274 | - | - | 37,407 |
| At December 31 | $ 156,144 | $ 70,007 | $ 118,262 | $ 340,843 | $ 522,758 | $ 33,628 | $ 1,241,642 |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Group |
|---|---|
| TSG United Co., Ltd. | The juristic director of the Company |
| Chun Yu Works & Co., Ltd. | Other related party |
| Chun Zu Machinery Industry Co., Ltd. | Other related party |
| Chun Bang Precision Co.,Ltd. | Other related party |
| TMP Steel Cop. | Other related party |
| Gloria Material Technology Corp. | Other related party |
| S-TECH Corp. | Other related party |
| TSG Sports Marketing Corp. | Other related party |
| Golden Win Steel Industrial Corp. | Other related party |
| TSG Engineering Corp. | Other related party (Note) |
| United Fiber Optic Communication Inc. | Other related party |
| TSG Mechatronic Corp. | Other related party |

(Note) Originally a subsidiary of the Group and became an other related party after the Group sold 100% equity interest in TSG Engineering Corp. to United Fiber Optic Communication Inc. on June 28, 2024.

(2) Significant related party transactions

A. Sales of goods

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Gloria Material Technology Corp. | $ 481,309 | $ 325,769 |
| Other related parties | 442,356 | 192,108 |
| | $ 923,665 | $ 517,877 |

Transaction price: Negotiated price for both related and third parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for third parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchases of goods

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Chun Yu Works & Co., Ltd. | $ 591,399 | $ 448,456 |
| Other related parties | 18,265 | 15,072 |
| | $ 609,664 | $ 463,528 |

Transaction price: Negotiated price for both related and third parties.

Payment terms (period): Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1～3 months. However, both parties may negotiate to extend payment terms depending on the funds available.

C. Property transactions

(a) Acquisition of property, plant and equipment:

| | Objects | For the years ended December 31, 2024 | 2023 |
|---|---|---|---|
| Chun Zu Machinery Industry Co., Ltd. | Machinery and equipment, prepayments for equipment | $ 5,980 | $ 36,744 |
| Other related parties | Machinery and equipment | 1,762 | 545 |
| | | $ 7,742 | $ 37,289 |

The Group purchased property, plant and equipment from related parties through negotiation.

(b) Disposal of property, plant and equipment:

| | Objects | For the year ended December 31, 2024 Proceeds from disposal | Gains (losses) from disposal |
|---|---|---|---|
| Other related parties | Machinery and equipment | $ 2,635 | ($ 211) |

| | Objects | For the year ended December 31, 2023 Proceeds from disposal | Gains (losses) from disposal |
|---|---|---|---|
| Other related parties | Machinery and equipment | $ 684 | $ - |

(c) Equity transactions: Please refer to Note 4(3).

D. Mold expenses and repair expenses (listed as "Operating costs" and "Other non-current assets")

| | For the years ended December 31, 2024 | 2023 |
|---|---|---|
| Other related parties | $ 41,931 | $ 11,281 |

E. Freight expenses, export expenses and other expense (listed as "Operating costs" and "Operating expense")

| | For the years ended December 31, 2024 | 2023 |
|---|---|---|
| Other related parties | $ 4,517 | $ 1,828 |

F. Accounts receivable

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Gloria Material Technology Corp. | $ 57,195 | $ 42,331 |
| Other related parties | 87,702 | 71,403 |
| | $ 144,897 | $ 113,734 |

G. Other receivables

| | December 31, 2024 |
|---|---|
| Other related parties | $ 746 |

There was no such situation as of December 31, 2023.

H. Notes payable

| | December 31, 2023 |
|---|---|
| Chun Zu Machinery Industry Co., Ltd. | $ 9,047 |
| Other related parties | 1,714 |
| | $ 10,761 |

There was no such situation as of December 31, 2024.

I. Accounts payable

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Chun Yu Works & Co., Ltd. | $ 123,503 | $ 92,640 |
| Other related parties | 8,572 | 460 |
| | $ 132,075 | $ 93,100 |

J. Other payables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Other related parties | $ 17,573 | $ 2,164 |

(3) Key management compensation

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Salaries and other short-term employee benefits | $ 18,034 | $ 19,610 |

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

| Pledged asset | December 31, 2024 | December 31, 2023 | Purpose |
|---|---|---|---|
| Demand deposits (Note 1) | $ 237,105 | $ 229,429 | Performance guarantee, short-term borrowings, short-term notes and bills payable and long-term borrowings |
| Time deposits (Note 1) | 117,568 | - | Performance guarantee, short-term borrowings |
| Land (Note 2) | 107,155 | 14,251 | Performance guarantee, short-term borrowings |
| Buildings and structures, net (Note 2) | 17,098 | 4,665 | Performance guarantee, short-term borrowings |
| Machinery and equipment (Note 2) | 182,246 | 211,018 | Short-term notes and bills payable and long-term borrowings |
| Construction in progress (Note 2) | - | 12,145 | Long-term borrowings |
| Investment property (Note 3) | 32,452 | 32,452 | Short-term borrowings |
| Guarantee deposits paid | - | 2,078 | Performance guarantee |
| | $ 693,624 | $ 506,038 | |

(Note 1) Listed as "Financial assets at amortised cost - current" and "Financial assets at amortised cost - non-current".

(Note 2) Listed as "Property, plant and equipment".

(Note 3) Listed as "Investment property, net".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2024 and 2023, the Group's remaining balance due for construction in progress and prepayments for equipment were $13,289 and $48,458, respectively.

(2) As of December 31, 2024 and 2023, the unused letters of credit for the purchase of raw materials amounted to $67,399 and $55,647, respectively

(3) As of December 31, 2024 and 2023, the performance bond issued by the bank and the Group for contracts of the subsidiary, Yung Fu Co., Ltd. were $464,733 and $534,127, respectively.

(4) As of December 31, 2024, the major contracts undertaken by the subsidiary, Yung Fu Co., Ltd. are as follows:

| Name of Project Owner | Construction/Service Contract | Contract Amount | Contract Period |
|---|---|---|---|
| Environmental Protection Bureau of Hsinchu City | Performance and preparation enhancement turnkey project for garbage recycling plant in Hsinchu City | $ 657,000 | 2024.12.5～2026.11.30 |
| Environmental Protection Bureau of Hsinchu City | Contract of operation and management of garbage recycling plant in Hsinchu City | Request for payment based on actual monthly volume processed | 2022.2.16～2042.2.15 |
| Environmental Protection Bureau of Taitung County | Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center | $ 538,255 | 2021.1.1～2025.1.31 |
| Environmental Protection Bureau of Pingtung County | Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note) | Request for payment based on actual monthly volume processed | 2021.12.22～2041.12.21 |

(Note) Please refer to Note 6 (12).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) On February 20, 2025, the shareholders of the Company during the extraordinary shareholders' meeting approved the signing of a three-year contract to lease the building and machinery and equipment to the related party, Chun Yu Works & Co., Ltd., starting in March 2025, and the total rental amount was $184,190.

(2) On February 20, 2025 and February 21, 2025, the Board of Directors of the Company and its subsidiary, TSG Transport Corp., resolved to subscribe a total of 13,000 thousand shares and 2,000 thousand shares of China Fineblanking Technology Co., Ltd. through a private placement at a price of $22.4 (in dollars) per share, respectively, and the total subscription amount was $291,200 and $44,800, respectively.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

The information on financial instruments by category is provided in Notes 6 and 12(3).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purpose and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. Management has set up a policy to require the Group to manage its foreign exchange risk against its functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable EUR and USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting collection forecast of account receivable.

ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedge accounting, and therefore accounts for financial assets or liabilities at fair value through profit or loss.

iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and subsidiaries is the New Taiwan dollar). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | | Foreign currency amount (in thousands) | Exchange rate | | Book value |
| (Foreign currency: functional currency) | | | | | |
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD:NTD | $ | 1,280 | 32.79 | $ | 41,964 |
| EUR:NTD | | 8,183 | 34.14 | | 279,368 |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Foreign currency amount (in thousands) | Exchange rate | | Book value (NTD) |
| (Foreign currency: functional currency) | | | | | |
| Financial assets | | | | | |
| Monetary items | | | | | |
| USD:NTD | $ | 3,113 | 30.71 | $ | 95,600 |
| EUR:NTD | | 5,253 | 33.98 | | 178,497 |
| Financial liabilities | | | | | |
| Monetary items | | | | | |
| EUR:NTD | | 139 | 33.98 | | 4,723 |

(i.) Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to USD and EUR had appreciated/depreciated by 1% with all other factors remaining constant, the Group's net profit after tax for the years ended December 31, 2024 and 2023, would increased/decreased by $2,571 and $2,155, respectively.

(ii.) Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to $8,686 and $12,607, respectively.

II. Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased were $2,808 and $1,945, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,652 and $1,176, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

The Group's borrowings are financial instruments at floating rates. Thus, future cash flows will fluctuate due to changes in market interest rates and future changes in effective rates of debt instruments. However, partial interest rate risk is offset by cash and cash equivalents held at variable rate. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by $303 and $564, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

III. The Group adopts the assumption under IFRS 9, that is, default occurs when the contract payments were past due over 90 days.

IV. The Group adopts management of credit risk, whereby the default occurs when the contract payments are past due over certain number of days.

V. The Group classifies customer's notes and accounts receivable in accordance with credit term. The Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss. The Group used the forecastability of conditions to adjust historical and timely information to assess the default possibility of notes and accounts receivable. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| | Notes receivable | Accounts receivable | Total |
| Balance at January 1 and December 31 | $ - | $ 23 | $ 23 |

| | For the year ended December 31, 2023 | | |
|---|---|---|---|
| | Notes receivable | Accounts receivable | Total |
| Balance at January 1 and December 31 | $ - | $ 23 | $ 23 |

(c) Liquidity risk

I. Cash flow forecasting is performed by the company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the Group over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

III. The Group has the following undrawn borrowing facilities::

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Floating rate | | |
| Expiring within one year | $ 620,487 | $ 773,439 |
| Expiring beyond one year | 36,890 | 787,645 |
| | $ 657,377 | $ 1,561,084 |

IV. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| December 31, 2024 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | |
| Short-term borrowings | $ 655,133 | $ - | $ - | $ - |
| Short-term notes and bills payable | 114,600 | - | - | - |
| Notes payable (including related parties) | 7,622 | - | - | - |
| Accounts payable (including related parties) | 586,734 | - | - | - |
| Other payables | 211,353 | - | - | - |
| Lease liabilities | 21,798 | 20,382 | 56,294 | 28,791 |
| Corporate bonds payable | - | 362,283 | - | - |
| Long-term borrowings (including current portion) | 223,176 | 201,633 | 497,157 | 69,366 |
| Guarantee deposits | - | 41,096 | - | - |

| December 31, 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|
| Non-derivative financial liabilities: | | | | |
| Short-term borrowings | $ 158,612 | $ - | $ - | $ - |
| Short-term notes and bills payable | 70,200 | - | - | - |
| Notes payable (including related parties) | 29,829 | - | - | - |
| Accounts payable (including related parties) | 917,534 | - | - | - |
| Other payables | 175,497 | - | - | - |
| Lease liabilities | 17,667 | 17,048 | 47,769 | 45,175 |
| Corporate bonds payable | - | - | 362,492 | - |
| Long-term borrowings (including current portion) | 319,652 | 70,318 | 86,677 | 77,978 |
| Guarantee deposits | - | - | 33,628 | - |

V. The Group's non-derivative financial liabilities did not anticipate the cash flows of maturity analysis will occur significantly earlier, or actual amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, emerging stocks with quoted market prices and beneficiary certificates are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks - private placement (liquidity discount is 15.75% and 18.18%) and call options of the convertible bonds are included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in stock of private entity is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Except for corporate bonds payable (including current portion) which is measured at a present value which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost – current, notes receivable, accounts receivable (including related parties), other receivables, financial assets at amortised cost – non-current, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term borrowings (including current portion), and guarantee deposits received) are approximate to their fair values.

D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

| December 31, 2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | $ 59,452 | $ 220,900 | $ - | $ 280,352 |
| Call options of corporate bonds | - | 416 | - | 416 |
| | $ 59,452 | $ 221,316 | $ - | $ 280,768 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | $ 25,643 | $ 111,440 | $ 28,091 | $ 165,174 |

| December 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Beneficiary certificates | $ 2,837 | $ - | $ - | $ 2,837 |
| Equity securities | 64,162 | 127,050 | - | 191,212 |
| Call options of corporate bonds | - | 416 | - | 416 |
| | $ 66,999 | $ 127,466 | $ - | $ 194,465 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities | $ 95,707 | $ - | $ 21,842 | $ 117,549 |

E. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

| | Listed shares | Emerging stocks | Open-end funds |
|---|---|---|---|
| Market quoted price | Closing price | Average price | Net asset value |

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

F. The valuation of derivative financial instruments is based on valuation models widely accepted by market participants, such as present discounted value techniques and option pricing models. The call options of corporate bonds is usually evaluated according to the binomial tree convertible bond model.

G. For the years ended December 31, 2024 and 2023, there was no transfer between Level 1 and Level 2.

H. The following chart is the movement of Level 3 for the years ended December 31, 2024 and 2023:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Equity instrument | | Equity instrument | |
| At January 1 | $ | 21,842 | $ | - |
| Transfer from investments accounted for under equity method (Note) | | - | | 18,361 |
| Gain recognized in other comprehensive income | | 6,249 | | 3,481 |
| At December 31 | $ | 28,091 | $ | 21,842 |

(Note) Please refer to Note 6(8).

I. Financial division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at December 31, 2024 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 28,091 | Market comparable companies | (a) Price-book ratio multiplier | 3.57% | The higher the multiplier, the higher the fair value |
| | | | (b) Discount for lack of marketability | 30% | The higher the discount for lack of marketability, the lower the fair value |

| | Fair value at December 31, 2023 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|---|---|---|---|---|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | $ 21,842 | Market comparable companies | (a) Price-book ratio multiplier | 2.78% | The higher the multiplier, the higher the fair value |
| | | | (b) Discount for lack of marketability | 20% | The higher the discount for lack of marketability, the lower the fair value |

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income of financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | | December 31, 2024 | | | |
|---|---|---|---|---|---|---|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price-book ratio multiplier | ±5% | $ - | $ - | $ 1,277 | ($ 1,277) |
| | Discount for lack of marketability | ±10% | - | - | 1,095 | ( 1,095) |
| | | | $ - | $ - | $ 2,372 | ($ 2,372) |

| | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favourable change | Unfavourable change | Favourable change | Unfavourable change |
| Financial assets | | | | | | |
| Equity instrument | Price-book ratio multiplier | ±5% | $ - | $ - | $ 1,005 | ($ 1,005) |
| | Discount for lack of marketability | ±10% | - | - | 502 | ( 502) |
| | | | $ - | $ - | $ 1,507 | ($ 1,507) |

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2024.)

(1) Significant transactions information

A. Loans to others: Refer to Table 1.

B. Provision of endorsements and guarantees to others: Refer to Table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to Table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to Table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: Refer to Table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Table 6.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Refer to Table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income or expenses. For details of operating segments' accounting policies, please refer to Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

| For the year ended December 31, 2024 | Screws Department | Transportation Department | Environmental Business Department | Others | Total |
|---|---|---|---|---|---|
| Revenue from external customers | $ 1,384,459 | $ 1,275,921 | $ 1,474,685 | $ 857 | $ 4,135,922 |
| Revenue from internal customers | - | 31,817 | 423 | 8,196 | 40,436 |
| Interest income | 5,137 | 710 | 2,519 | 39 | 8,405 |
| Depreciation and amortisation | 81,359 | 12,330 | 103,106 | - | 196,795 |
| Interest expense | 14,198 | 2,257 | 33,086 | - | 49,541 |
| Segment income (loss) before tax | 76,902 | 5,894 | ( 276,440) | ( 7,210) | ( 200,854) |
| Segment assets | 2,088,511 | 671,726 | 2,916,790 | - | 5,677,027 |
| Segment liabilities | 1,010,912 | 281,280 | 1,782,969 | - | 3,075,161 |

| For the year ended December 31, 2023 | Screws Department | Transportation Department | Environmental Business Department | Others | Total |
|---|---|---|---|---|---|
| Revenue from external customers | $ 1,078,361 | $ 1,170,062 | $ 2,072,649 | $ - | $ 4,321,072 |
| Revenue from internal customers | - | 51,603 | - | - | 51,603 |
| Interest income | 10,773 | 405 | 1,640 | 20 | 12,838 |
| Depreciation and amortisation | 74,721 | 8,066 | 71,464 | - | 154,251 |
| Interest expense | 9,494 | 409 | 13,069 | - | 22,972 |
| Segment income (loss) before tax | 144,487 | 5,230 | ( 129,487) | ( 261) | 19,969 |
| Segment assets | 1,867,993 | 443,619 | 2,869,241 | 22,445 | 5,203,298 |
| Segment liabilities | 659,773 | 186,421 | 1,742,651 | 236 | 2,589,081 |

(4) Reconciliation for segment income

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to segment income, total assets and total liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

(5) Information on products and services

Revenue from external customers mainly comes from scrap iron trading, screws and related products, contracting business, waste turnkey and engineering projects such as solar farms, transportation, electricity sales, contracted operations of incinerators and metal thermal treatments and other businesses. For details of revenues, please refer to Note 6 (25).

(6) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Taiwan | $ 3,156,887 | $ 2,575,849 | $ 3,252,744 | $ 2,277,497 |
| Germany | 401,642 | - | 482,321 | - |
| USA | 123,682 | - | 125,675 | - |
| Other countries | 453,711 | - | 460,332 | - |
| | $ 4,135,922 | $ 2,575,849 | $ 4,321,072 | $ 2,277,497 |

(7) Major customer information

Major customer information of the Group (revenue is more than 10% of consolidated net operating income) for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2024 | 2023 |
| Company A | $ 935,869 | $ 980,648 |
| Company B | 481,309 | 325,858 |
| Company E | 452,708 | 227,432 |
| Company D | 78,701 | 739,251 |

OFCO Industrial Corporation and subsidiaries

Loans to others

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

| Number | Creditor | Borrower | General ledger account | Is a related parties | Maximum outstanding balance | Ending balance | Actual amount drawn down | Interest rate | Nature for financing (Note 1) | Amount of transactions with the borrower | Reason for financing | Allowance for doubtful accounts | Collateral Item | Collateral Value | Limited on loans granted to a single party (Note 2) | Ceiling on total loans granted (Note 2) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | OFCO Industrial Corporation | Yung Fu Co., Ltd. | Other receviables - related party | Y | $ 150,000 | $ 150,000 | $ 30,000 | 2.50% | 2 | $ - | Business development needs | $ - | — | $ - | $ 220,824 | $ 441,647 | — |

(Note 1) The code represents the nature for financing as follows :

1. Trading partner.
2. Short-term financing.

(Note 2) The maximum amount for total loan is 20% of its net value; the maximum amount for individual loans is as follows :

1. For trading partner : shall not be higher of the purchases or sales amount of the most recent year.
2. For short-term financing : shall not be exceed 10% of the Company’s net worth based on the latest audited or reviewed financial statements.

OFCO Industrial Corporation and subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2024

Table 2 Expressed in thousands of NTD

| Endorser/guarantor | Party being endorsed/guaranteed Company name | Relationship (Note 1) | Limit on endorsements/ guarantees provided for a single party | Maximum balance during the period | Outstanding balance at December 31, 2024 | Actual amount drawn down | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsements/ guarantee amount to net worth of the endorser/guarantor company | Ceiling on total amount of endorsements/ guarantee provied | Provision of endorsements/ guarantees by parent company to subsidary | Provision of endorsements/ guarantees by subsidary to parent company | Provision of endorsements/ guarantees to party in Mainland China | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OFCO Industrial Corporation | Yung Fu Co., Ltd. | 3 | $ 220,824 | $ 200,000 | $ 200,000 | $ 180,000 | $ - | 9.06% | $ 883,294 | Y | N | N | (Note 2) |

(Note 1) The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary.
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2) The limit of total amount of endorsements shall not be higher of 40% of the Company's net worth, and the limit for a single party, except for the subsidiary owned over 90% by the Company shall not be higher of 20% of the Company's net worth, the others shall not be higher of 10% of the Company's net worth.

OFCO Industrial Corporation and subsidiaries

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2024

Table 3

Expressed in thousands of NTD

| Investor | Type and name of securities | Relationship with the securities issuer | General ledger account | Ending balance: Number of shares (in thousands) | Ending balance: Book value | Ending balance: Percentage of ownership (%) | Ending balance: Fair value | Note |
|---|---|---|---|---|---|---|---|---|
| OFCO Industrial Corporation | Stocks : | | | | | | | |
| | Chun Yu Works & Co., Ltd. | Other related party | Financial assets at fair value through profit or loss - current | 426 | $ 10,437 | 0.14% | $ 10,437 | — |
| | Gloria Material Technology Corp. | Other related party | Financial assets at fair value through profit or loss - current | 166 | 7,720 | 0.03% | 7,720 | — |
| | Argo Yachts Development Co., Ltd. | — | Financial assets at fair value through profit or loss - current | 1,500 | 41,295 | 1.07% | 41,295 | — |
| | King House CO., Ltd. (formerly named Ensure Global Corp., Ltd.) | — | Financial assets at fair value through profit or loss - non-current | 5,000 | 220,900 | 3.16% | 220,900 | — |
| | Taiwan Styrene Monomer Corporation | — | Financial assets at fair value through other comprehensive income - current | 2,688 | 25,643 | 0.51% | 25,643 | — |
| | Data Van International Corporation | — | Financial assets at fair value through other comprehensive income - non-current | 7,000 | 111,440 | 5.46% | 111,440 | — |
| TSG Transport Corp. | Stocks : | | | | | | | |
| | Taiwan Steel Insurance Broker Co., Ltd. (formerly named Titan Insurance Broker Co., Ltd.) | — | Financial assets at fair value through other comprehensive income - non-current | 571 | 25,547 | 14.29% | 25,547 | — |
| TSG Environmental Technology Corp. | Stocks : | | | | | | | |
| | Taiwan Steel Insurance Broker Co., Ltd. (formerly named Titan Insurance Broker Co., Ltd.) | — | Financial assets at fair value through other comprehensive income - non-current | 50 | 2,544 | 1.24% | 2,544 | — |

OFCO Industrial Corporation and subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2024

Table 4 | Expressed in thousands of NTD

| | | | Description of transaction | | | | Description and reasons for difference in transaction terms compared to non-related party | | Notes or accounts receivable/(payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchaser/seller | Counterparty | Relationship with the counterparty | Purchases/(sales) | Amount | Percentage of total purchases/(sales) | Credit term | Unit Price | Credit term | Balance | Percentage of notes or accounts receivable/(payable) | Note |
| OFCO Industrial Corporation | Chun Yu Works & Co., Ltd. | Other related party | Purchases | $ 590,418 | 57% | Closes its accounts 30 days after the end of each month | No significant difference | No significant difference | ($ 123,503) | (96%) | – |
| | | | (Sales) | ( 101,296) | (7%) | Closes its accounts 30 days after the end of each month | No significant difference | No significant difference | 29,223 | 18% | – |
| TSG Transport Corp. | Gloria Material Technology Corp. | Other related party | (Sales) | ( 454,934) | (35%) | Closes its accounts 30 days after the end of each month | No significant difference | No significant difference | 57,796 | 32% | – |
| | TMP Steel Co., Ltd. | Other related party | (Sales) | ( 224,062) | (17%) | Closes its accounts 60 days after the end of each month | No significant difference | No significant difference | 46,862 | 26% | – |

OFCO Industrial Corporation and subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2024

Table 5

Expressed in thousands of NTD

| | | | | Intercompany transactions | | | |
|---|---|---|---|---|---|---|---|
| Number (Note 1) | Company name | Name of counterparty | Relationship (Note 2) | General ledger account | Amount | Transaction terms | Percentage of consolidated total operating revenue or total assets (Note 3) |
| 0 | OFCO Industrial Corporation | Yung Fu Co., Ltd. | 1 | Endorsements and guarantees | $ 200,000 | – | 4% |
| | | | | Other receivables | 30,000 | – | 1% |
| 1 | TSG Transport Corp. | OFCO Industrial Corporation | 2 | Sales | 33,592 | Closes its accounts 40 days after the end of each month | 1% |
| | | | | Accounts receivable | 4,463 | – | – |
| 2 | Yung Fu Co., Ltd. | TSG Engineering Corp. (Note 5) | 3 | Purchase | 8,196 | As agreed by both parties | – |

(Note 1) The information of transactions between the parent company and its subsidiaries should be noted in column “Number.” The number means :

1.The number 0 represents the Company.

2.The consolidated subsidiaries are numbered in order from number 1.

(Note 2) The relationship between transaction company and counterparty is classified into one of the following three categories :

1.The Company to the consolidated subsidiary.

2.The consolidated subsidiary to the Company.

3.The consolidated subsidiary to another consolidated subsidiary.

(Note 3) In calculating the percentage, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

(Note 4) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is 3 million.

(Note 5) Please refer to Note 4(3).

OFCO Industrial Corporation and subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2024

Table 6 — Expressed in thousands of NTD

| Investor | Investee | Location | Main Businesses | Initial investment amount: Balance as at December 31, 2024 | Initial investment amount: Balance as at December 31, 2023 | Share held as at December 31, 2024: Shares | Share held as at December 31, 2024: Percentage of ownership (%) | Share held as at December 31, 2024: Book value | Net profit (loss) of the investee for the year | Investment income (loss) recognized by the Company | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| OFCO Industrial Corporation | TSG Transport Corp. | Taiwan | Container rental, transportation and packing services | $ 250,000 | $ 150,000 | 34,700,000 | 100% | $ 397,288 | $ 30,122 | $ 30,122 | Subsidiary |
| | TSG Environmental Technology Corp. | Taiwan | Recycling of materials, waste disposal services, etc. | 40,000 | 40,000 | 4,000,000 | 100% | 56,474 | 10,066 | 10,066 | Subsidiary |
| | TSG Power Corp. | Taiwan | Energy technology services | 194,554 | 194,554 | 19,300,000 | 100% | 155,027 | 1,809 | 8,077 | Subsidiary |
| | TSG Engineering Corp. | Taiwan | Comprehensive construction etc. | - | 22,470 | - | — | - | 781 | 781 | (Note 1) |
| | Yung Fu Co., Ltd. | Taiwan | Commissioned operation and management of waste and business waste incineration plants and planning,design and turnkey services for small and medium-sized incinerator projects | 427,301 | 427,301 | 49,621,933 | 54.89% | 496,288 | ( 239,539) | ( 149,592) | Subsidiary |
| TSG Transport Corp. | Yung Fu Co., Ltd. | Taiwan | Commissioned operation and management of waste and business waste incineration plants and planning,design and turnkey services for small and medium-sized incinerator projects | 2,380 | 2,380 | 248,426 | 0.27% | 3,781 | ( 239,539) | - | Subsidiary (Note 2) |
| TSG Environmental Technology Corp. | Yung Fu Co., Ltd. | Taiwan | Commissioned operation and management of waste and business waste incineration plants and planning,design and turnkey services for small and medium-sized incinerator projects | 3,637 | 3,637 | 379,755 | 0.42% | 6,606 | ( 239,539) | - | Subsidiary (Note 2) |

(Note 1) Please refer to Note 4(3).
(Note 2) According to the related regulations, it is not required to disclose investment income (loss) recognized by the Company.

OFCO Industrial Corporation and subsidiaries

Major shareholders information

December 31, 2024

Table 7

Unit: Shares

| Name of major shareholders | Number of shares held | Ownership Percentage | Note |
|---|---|---|---|
| TSG United Co., Ltd. | 10,000,000 | 9.93% | (Note 2) |

(Note 1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital on the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(Note 2) The basis for calculating the ownership percentage includes the number of shares of the bond conversion certificates.