

Cenra Inc. and subsidiaries
Consolidated financial statements and
Independent Auditor's Review Report
March 31, 2025 and 2024
(Stock Code: 3716)

For the convenience of readers and for information purpose only, the auditors' review 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' review report and financial statements shall prevail.

Centra Inc. and subsidiaries
March 31, 2025 and 2024 Consolidated Financial Report and
Independent Auditor's Review Report
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REPORT ON REVIEW OF FINANCIAL STATEMENTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Cenra Inc.

Introduction

We have reviewed the accompanying consolidated balance sheet of Cenra Inc. and subsidiary as of March 31, 2025 and 2024, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Statement 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as stated in the Basis for Qualified Conclusion paragraph, we conducted the review in accordance with the “Review of Financial Statements” of the Auditing Standard No. 2410. The procedures to be performed when reviewing the consolidated financial statements include inquiry (mainly with the responsible personnel in finance and accounting), analytical procedures and other review procedures. The scope of review work is obviously smaller than the scope of audit work. Therefore, we may not be able to see all the material matters that can be identified through the audit work, so we are not in a position to express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(3) to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements as referred to above were not reviewed by us. As of March 31, 2025 and 2024, their total assets were NTD 563,754 thousand and NTD 568,425 thousand, respectively, accounting for 4.48% and 4.44% of the consolidated total assets, respectively; their total liabilities were NTD 341,263 thousand and NTD 292,194 thousand, accounting for 6.90% and 5.50% of the consolidated total liabilities, respectively; their total comprehensive income for the three months ended March 31, 2025 and 2024 was a loss of NTD (15,178) thousand and NTD (13,918) thousand, respectively, accounting for (11.18%) and (53.62%) of the consolidated total comprehensive income, respectively. For the three months ended March 31, 2025 and 2024, the information on the investees recognized under the equity method and the investees disclosed in Note 13 were based on the financial statements of the investees that were prepared during the same period but not reviewed by us. As of March 31, 2025 and 2024, the balance of the investees recognized under the equity method was NTD 537,990 thousand and NTD 557,337 thousand, respectively, accounting for 4.27% and 4.35% of the consolidated total assets, respectively. The share of the profit or loss of the associates and joint ventures recognized under the equity method for the three months ended March 31, 2025 and 2024 was NTD 9,958 thousand and NTD 9,208 thousand, respectively, accounting for 7.33% and 35.48% of the consolidated total comprehensive income, respectively.

Qualified Conclusion

According to our review results, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, and the consolidated financial position of the Group as of March 31, 2025 and 2024, and the consolidated financial performance and consolidated cash flows for the three months ended March 31, 2025 and 2024, are presented in a manner that achieves fair presentation.

Emphasis of matter

As stated in Note 1 to the consolidated financial statements, Cenra Inc. obtained 100% of the shares of CCPC through a share swap. The consideration for the share swap was 0.5 shares of the Company for every 1 share of CCPC. The share swap transaction was completed on September 2, 2024. The above share swap is a reorganization under joint control. As Cenra Inc. is a continuation of CCPC, the consolidated financial statements of CCPC are recognized as relevant assets and liabilities based on the carrying amount of CCPC's consolidated financial statements, and are regarded as the consolidated financial statements of CCPC and its subsidiaries for the comparative period from the beginning of the combination.

Yu, Shu-Fen

Lin, Po-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 6, 2025

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 review 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' review 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 consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability

Cenra Inc. and subsidiaries
Consolidated Balance Sheet
March 31, 2025, December 31 and March 31, 2024

Unit: NTD thousand

Assets	Additional notes	March 31, 2025		December 31, 2024		March 31, 2024		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 745,094	6	\$ 588,011	5	\$ 442,782	3
1110	Financial assets at fair value through profit and loss- Current	6 (2)	-	-	-	-	67,869	1
1136	Financial assets measured at the amortized cost-current	6 (6)	98,168	1	95,413	1	-	-
1150	Notes receivable-net	6(3)	349,752	3	307,388	2	451,999	4
1160	Notes Receivable-Related Parties- net	7	67,890	1	188,927	1	172,570	1
1170	Notes accounts, net	6(3)	1,493,588	12	1,475,893	12	1,521,169	12
1180	Account receivables-Related Parties- net	7	39,199	-	18,861	-	34,493	-
1200	Other receivables		21,350	-	22,718	-	26,699	-
1210	Other receivables - related parties	7	263,975	2	236,450	2	235,474	2
1220	Current income tax asset		44,149	-	46,728	-	8,062	-
130X	Inventory	6 (4)	2,700,802	21	2,851,044	22	2,538,125	20
1470	Other current assets		79,035	1	64,851	1	73,954	1
11XX	Total current assets		<u>5,903,002</u>	<u>47</u>	<u>5,896,284</u>	<u>46</u>	<u>5,573,196</u>	<u>44</u>
Non-Current assets								
1517	Financial assets fair values through other comprehensive income- non-current	6 (5)	188,594	1	329,968	2	511,382	4
1535	Financial assets at amortized cost-non-current	6 (6)	-	-	-	-	91,576	1
1550	Investment for under the equity method	6 (7) and 7	1,522,483	12	1,514,958	12	1,565,592	12
1600	Property, plant, and equipment	6(8) and 8	4,039,735	32	4,077,315	32	4,131,613	32
1755	Right-of-use assets	6 (9)	368,348	3	375,299	3	372,768	3
1760	Investment property	8	117,584	1	117,248	1	55,420	-
1780	Intangible assets		10,482	-	12,421	-	16,189	-
1840	Deferred income tax assets		213,800	2	214,045	2	210,831	2
1900	Other non-current assets	6(10) and 8	232,326	2	232,117	2	275,836	2
15XX	Total of Non-Current Assets		<u>6,693,352</u>	<u>53</u>	<u>6,873,371</u>	<u>54</u>	<u>7,231,207</u>	<u>56</u>
1XXX	Total assets		<u>\$ 12,596,354</u>	<u>100</u>	<u>\$ 12,769,655</u>	<u>100</u>	<u>\$ 12,804,403</u>	<u>100</u>

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Cenra Inc. and subsidiaries
Consolidated Balance Sheet
March 31, 2025, December 31 and March 31, 2024

Unit: NTD thousand

Liabilities and equity	Additional notes	March 31, 2025		December 31, 2024		March 31, 2024		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Shot-term borrowings	6 (11) and 8	\$ 1,777,184	14	\$ 1,381,789	11	\$ 1,282,148	10
2110	Short-term notes payable	6 (12)	507,000	4	88,992	1	727,000	6
2130	Contractual liability- current	6 (20)	36,664	-	31,026	-	15,478	-
2150	Payable notes		453	-	1,208	-	1,189	-
2170	Accounts payable	7	765,033	6	908,706	7	847,245	6
2200	Other payables	6 (13)	645,765	5	756,753	6	527,693	4
2230	Current Tax Liability		80,556	1	54,637	1	79,070	1
2280	Lease liabilities - current		49,860	-	48,023	-	44,439	-
2320	Current portion of long-term liabilities	6(14) and 8	25,200	-	25,200	-	16,800	-
2365	Refund liability –current	6 (20)	69,112	1	94,638	1	86,606	1
2399	Other current liabilities- other		21,608	-	24,668	-	18,410	-
21XX	Total current liabilities		<u>3,978,435</u>	<u>31</u>	<u>3,415,640</u>	<u>27</u>	<u>3,646,078</u>	<u>28</u>
Non-current liabilities								
2540	Long-term borrowings	6(14) and 8	464,000	4	1,290,300	10	1,109,200	9
2570	Deferred tax liabilities		154,148	1	156,291	1	153,837	1
2580	Lease liabilities – non-current		298,207	2	306,252	2	303,459	2
2600	Other non-current liabilities	6 (9)	50,499	1	51,821	1	95,461	1
25XX	Total of non-current liabilities		<u>966,854</u>	<u>8</u>	<u>1,804,664</u>	<u>14</u>	<u>1,661,957</u>	<u>13</u>
2XXX	Total liabilities		<u>4,945,289</u>	<u>39</u>	<u>5,220,304</u>	<u>41</u>	<u>5,308,035</u>	<u>41</u>
Equity of the parent company								
Capital stock								
3110	Common stock capital	6 (16)	1,490,405	12	1,490,405	12	2,980,811	23
Capital surplus								
3200	Capital surplus	6 (17)	5,971,603	48	5,971,603	47	648,102	6
Retained earnings								
3310	Legal reserve	6 (18)	-	-	-	-	777,269	6
3320	Special reserve		188,958	2	188,958	1	188,958	1
3350	Undistributed earnings		169,637	1	113,624	1	3,118,182	24
Other equity								
3400	Other equity	6 (19)	(143,186)	(1)	(222,767)	(2)	(227,720)	(2)
3500	Treasury stock	6 (16)	(66,405)	(1)	(32,304)	-	(28,054)	-
31XX	Equity attributable to owners of the parent Company		<u>7,611,012</u>	<u>61</u>	<u>7,509,519</u>	<u>59</u>	<u>7,457,548</u>	<u>58</u>
36XX	Non-controlling interest		<u>40,053</u>	<u>-</u>	<u>39,832</u>	<u>-</u>	<u>38,820</u>	<u>1</u>
3XXX	Total equity		<u>7,651,065</u>	<u>61</u>	<u>7,549,351</u>	<u>59</u>	<u>7,496,368</u>	<u>59</u>
Significant contingent liabilities and unrecognized contractual commitments								
Significant subsequent events								
3X2X	Total Liabilities and Equity		<u>\$ 12,596,354</u>	<u>100</u>	<u>\$ 12,769,655</u>	<u>100</u>	<u>\$ 12,804,403</u>	<u>100</u>

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

Chairman: Wang Ming-Ning Memorial Foundation
Representative: Wang Hsieh, I-Chen

President: Wang, Hou-Kai

Accounting Supervisor: Hsiao, Hui-Wen

Cenra Inc. and subsidiaries
Consolidated comprehensive income statements
January 1 to March 31, 2025 and 2024

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	January 1 to March 31, 2025		January 1 to March 31, 2024	
		Amount	%	Amount	%
4000 Operating revenues	6(20) and 7	\$ 2,255,628	100	\$ 2,284,026	100
5000 Operating cost	6(4)(24) and 7	(1,356,120)	(60)	(1,420,710)	(62)
5950 Operating gross profit		<u>899,508</u>	<u>40</u>	<u>863,316</u>	<u>38</u>
Operating expenses	6 (24)				
6100 Selling and marketing expenses		(535,108)	(24)	(542,706)	(24)
6200 General and Administrative expenses		(107,865)	(5)	(85,039)	(4)
6300 Research and development expenses		(130,410)	(6)	(113,031)	(5)
6450 Expected credit impairment gain	12 (2)	<u>21,939</u>	<u>1</u>	<u>761</u>	<u>-</u>
6000 Total operating expenses		(<u>751,444</u>)	(<u>34</u>)	(<u>740,015</u>)	(<u>33</u>)
6900 Operating income		<u>148,064</u>	<u>6</u>	<u>123,301</u>	<u>5</u>
Non-operating revenues and expenses					
7100 Interest income	6 (21) and 7	2,317	-	2,083	-
7010 Other income	6 (22)	5,171	-	9,867	-
7020 Other profits and losses	6 (23)	971	-	(2,421)	-
7050 Financial costs	6 (9) (25)	(15,825)	(1)	(16,513)	(1)
7060 Shareholding in the affiliated companies and joint ventures under the equity method	6 (7)	<u>6,931</u>	<u>1</u>	<u>15,624</u>	<u>1</u>
7000 Total non-operating revenues and expenses		(<u>435</u>)	<u>-</u>	<u>8,640</u>	<u>-</u>
7900 Income before income tax		<u>147,629</u>	<u>6</u>	<u>131,941</u>	<u>5</u>
7950 Income tax expenses	6 (26)	(<u>29,414</u>)	(<u>1</u>)	(<u>25,339</u>)	(<u>1</u>)
8200 Net income		<u>\$ <u>118,215</u></u>	<u>5</u>	<u>\$ <u>106,602</u></u>	<u>4</u>

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Centra Inc. and subsidiaries
Consolidated comprehensive income statements
January 1 to March 31, 2025 and 2024

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	January 1 to March 31, 2025		January 1 to March 31, 2024	
		Amount	%	Amount	%
Other comprehensive profit or loss (net)					
The items that are not re-classified as profit or loss					
8316	Unrealized valuation gains and losses on Investment of equity instruments at fair value through other comprehensive income	6 (5)(19)			
			(\$ 3,238)	-	(\$ 97,662) (5)
8310	Total amount of items not reclassified to profit or income		(3,238)	-	(97,662) (5)
Items that may be re-classified subsequently under profit or loss					
8361	Exchange differences from the translation of financial statements of foreign operations	6 (19)	25,991	1	21,405 1
8370	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – may be reclassified as profit and loss.	6 (19)	45	-	(109) -
8399	Income tax related to items possibly be reclassified	6 (19) (26)	(5,198)	-	(4,281) -
8360	Total amount of items probably reclassified to profit or loss subsequently		20,838	1	17,015 1
8300	Other comprehensive profit or loss (net)		\$ 17,600	1	(\$ 80,647) (4)
8500	Current period other comprehensive income (Gross)		\$ 135,815	6	\$ 25,955 -
Net income (loss) attributable to:					
8610	Owners of parent		\$ 117,994	5	\$ 105,833 4
8620	Non-controlling interest		221	-	769 -
			\$ 118,215	5	\$ 106,602 4
Total comprehensive income attributable to:					
8710	Owners of parent		\$ 135,594	6	\$ 25,186 -
8720	Non-controlling interest		221	-	769 -
			\$ 135,815	6	\$ 25,955 -
Earnings per share 6 (27)					
9750	Basic earnings per share		\$ 0.93		\$ 0.71
9850	Diluted earnings per share		\$ 0.93		\$ 0.71

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

Chairman: Wang Ming-Ning Memorial Foundation President: Wang, Hou-Kai Accounting Supervisor: Hsiao, Hui-Wen
Representative: Wang Hsieh, I-Chen

Centra Inc. and subsidiaries
Consolidated statement of changes in equity
January 1 to March 31, 2025 and 2024

Unit: NTD thousand

	Equity of the parent company												Non-controlling interest	Total equity
	Capital surplus				Retained earnings				Other equity					
	Additional notes	Common stock capital	Issuance premium	Treasury stock trade	Others	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total		
<u>January 1 to March 31, 2024</u>														
Balance at January 1		\$ 2,980,811	\$ 578,416	\$ 67,842	\$ 1,844	\$ 777,269	\$ 188,958	\$ 3,012,349	(\$ 116,566)	(\$ 30,507)	(\$ 28,054)	\$ 7,432,362	\$ 38,051	\$ 7,470,413
Net income		-	-	-	-	-	-	105,833	-	-	-	105,833	769	106,602
Current period other comprehensive income	6 (5)(19)	-	-	-	-	-	-	-	17,015	(97,662)	-	(80,647)	-	(80,647)
Current period other comprehensive income (Gross)		-	-	-	-	-	-	105,833	17,015	(97,662)	-	25,186	769	25,955
Balance at March 31		\$ 2,980,811	\$ 578,416	\$ 67,842	\$ 1,844	\$ 777,269	\$ 188,958	\$ 3,118,182	(\$ 99,551)	(\$ 128,169)	(\$ 28,054)	\$ 7,457,548	\$ 38,820	\$ 7,496,368
<u>January 1 to March 31, 2025</u>														
Balance at January 1		\$ 1,490,405	\$ 5,901,560	\$ 68,087	\$ 1,956	\$ -	\$ 188,958	\$ 113,624	(\$ 85,170)	(\$ 137,597)	(\$ 32,304)	\$ 7,509,519	\$ 39,832	\$ 7,549,351
Net income		-	-	-	-	-	-	117,994	-	-	-	117,994	221	118,215
Current period other comprehensive income	6 (5)(19)	-	-	-	-	-	-	-	20,838	(3,238)	-	17,600	-	17,600
Current period other comprehensive income (Gross)		-	-	-	-	-	-	117,994	20,838	(3,238)	-	135,594	221	135,815
Equity instrument at fair value through other comprehensive income statement	6 (5)(18)(19)	-	-	-	-	-	-	(61,981)	-	61,981	-	-	-	-
Repurchase of treasury stock	6 (16)	-	-	-	-	-	-	-	-	-	(34,101)	(34,101)	-	(34,101)
Balance at March 31		\$ 1,490,405	\$ 5,901,560	\$ 68,087	\$ 1,956	\$ -	\$ 188,958	\$ 169,637	(\$ 64,332)	(\$ 78,854)	(\$ 66,405)	\$ 7,611,012	\$ 40,053	\$ 7,651,065

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

Chairman: Wang Ming-Ning Memorial Foundation
Representative: Wang Hsieh, I-Chen

President: Wang, Hou-Kai

Accounting Supervisor:
Hsiao, Hui-Wen

Centra Inc. and subsidiaries
Consolidated cash flow statement
January 1 to March 31, 2025 and 2024

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to March 31, 2025</u>		<u>January 1 to March 31, 2024</u>
<u>Cash flow from operating activities</u>				
Current year net profit before taxation		\$ 147,629	\$	131,941
Adjustments				
Profits and loss				
Depreciation expenses	6 (23)			
	(24)	83,933		87,140
Amortization expenses	6 (24)	2,724		3,042
Expected credit impairment gain	12 (2)	(21,939 )	(	761)
Decrease of allowance for sales return and allowance		(3,909 )	(	9,115)
Interest expenses	6 (25)	15,825		16,513
Interest income	6 (21)	(2,317 )	(	2,083)
Net gain on financial assets at fair value through profit or loss	6 (23)	-	(	510)
Shareholding in the affiliated companies and joint ventures under the equity method	6 (7)	(6,931 )	(	15,624)
Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	6 (23)	(22)		37
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets at fair value through profit and loss		-	(	22,040)
Bills receivable (including related party and non-related party)		78,673	(	987)
Accounts receivable (including related party and non-related party)		(38,033 )	(	4,367)
Other account receivable- (including related party and non-related party)		26,945		15,652
Inventory		153,342		45,814
Other current assets		(14,184 )	(	23,369)
Net changes in liabilities relating to operating activities				
Contractual liability- liquidity		5,638	(	32,451)
Payable notes		(755 )	(	1,189)
Accounts payable		(142,903 )	(	12,524)
Other payables		(96,991 )	(	67,802)
Refund liability - liquidity		(25,526)		5,521
Other current liabilities- other		(2,500 )	(	2,159)
Other non-current liabilities		(618 )	(	5,223)
Cash inflow from operating activities		158,081		105,456
Interest received		1,618		1,406
Interest payment		(16,616 )	(	15,914)
Income tax payment		(9,469 )	(	5,876)
Income tax refund		2,975		2,337
Net cash inflow from operating activities		<u>136,589</u>		<u>87,409</u>

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Centra Inc. and subsidiaries
Consolidated cash flow statement
January 1 to March 31, 2025 and 2024

Unit: NTD thousand

	<u>Additional notes</u>	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
<u>Cash flow from investing activities</u>			
Increase of the financing amount receivable		(\$ 28,000)	\$ -
Acquisition of financial assets at fair value through other comprehensive profit or loss	6 (5)	(97)	-
Value of disposal of financial assets measured at FVTOCI	6 (5)	139,653	-
Acquisition of investment under the equity method	7	(463)	-
Purchase of property, plant, and equipment	6 (28)	(41,582)	(129,920)
Proceeds from disposal of property, plant and equipment		130	7
Purchase of intangible assets		(116)	-
Increase in refundable deposits		(2,358)	(874)
Decrease (increase) of other non-current assets		<u>6,982</u>	<u>(14,698)</u>
Net cash inflow (outflow) from investing activities		<u>74,149</u>	<u>(145,485)</u>
<u>Cash flow from financing activities</u>			
Increase (decrease) in Shot-term borrowings	6 (29)	395,395	(237,365)
Increase of short-term notes payable	6 (29)	418,008	616,116
Lease principal repayment	6 (29)	(12,369)	(11,081)
Current repaying amount of long-term loan	6 (29)	(826,300)	(323,000)
Decrease (increase) in deposits received	6 (29)	(1,559)	4,282
Repurchase of treasury stock	6 (16)	<u>(34,101)</u>	<u>-</u>
Net cash inflow (outflow) from financing activities		<u>(60,926)</u>	<u>48,952</u>
Impact of changes in exchange rate on cash and cash equivalents		<u>7,271</u>	<u>7,190</u>
Increase (decrease) in cash and cash equivalents for the current period		157,083	(1,934)
Balance of cash and cash equivalents, beginning of period		<u>588,011</u>	<u>444,716</u>
Balance of cash and cash equivalent, end of period		<u>\$ 745,094</u>	<u>\$ 442,782</u>

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

Chairman: Wang Ming-Ning Memorial Foundation President: Wang, Hou-Kai Accounting Supervisor: Hsiao, Hui-Wen
Representative: Wang Hsieh, I-Chen

Centra Inc. and subsidiaries
Notes to consolidated financial statement
three months ended March 31, 2025 and 2024

Unit: NTD thousand
(Except where otherwise stated)

1. Company history

- (1) Centra Inc. (hereinafter referred to as the “Company”) was established on September 2, 2024 and listed on TWSE on the same day.
- (2) On May 28, 2024, China Chemical & Pharmaceutical Co., Ltd. (hereinafter referred to as “CCPC”) resolved to apply for the establishment of the Company at the shareholders’ meeting and the meeting of the Company’s founders. The Company acquired 100% of the equity of CCPC through a share swap. The consideration for the share swap was 0.5 shares of the Company for every 1 share of CCPC. The Company completed the share swap transaction on September 2, 2024. CCPC became a wholly owned subsidiary of the Company and ceased its listing and public offering. The Company’s common stock shares are listed on the Taiwan Stock Exchange (TWSE) on the same day with the stock code of “3716.”
- (3) The Company and its subsidiary (hereinafter referred to as “The Group”) have major business in manufacturing and selling pharmaceutical products and health products, as well as the import business of related medical appliances.

2. Financial statements approval date and procedure

These consolidated financial statements were authorized by the Board of Directors on May 6, 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”) as endorsed and issued into effect by the Financial Supervisory Commission (“FSC”)

The new publication, amendments, and revision of the 2025 International Financial Reporting Standards (IFRS) that was endorsed and issued into effect by the Financial Supervisory Commission are as follows:

<u>New releases / amendments / revisions of the Standards and Interpretations</u>	<u>The effective date announced by the International Accounting Standards Board</u>
Amendments to IFRIS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

The Group has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Group’s financial position and financial performance.

- (2) Effect of new issuances of or amendments to IFRS as endorsed by the FSC but not yet adopted by the Company and subsidiaries
None.

(3) IFRS issued by IASB but not yet endorsed by the FSC

The newly released, revised and amended IFRS standards and interpretations by the IASB but not yet recognized by the FSC are summarized as follows:

<u>New releases / amendments / revisions of the Standards and Interpretations</u>	<u>The effective date announced by the International Accounting Standards Board</u>
Amendments to IFRIS 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
Amendment to IFRS 10 and IAS 28 “The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures”	To be determined by the “International Accounting Standards Board (IASB).”
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 - 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 IFRSs—Volume 11	January 1, 2026

Except for the following statements, the Group has assessed the aforementioned standards, interpretations, and interpretative announcements and has concluded that they have no material impact on the Group’s financial position and financial performance:

1. Amendments to IFRIS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

It has been updated that, for equity instruments (FVOCI) measured at fair value through other comprehensive income, the fair value of each type is disclosed, and it is not necessary to disclose the fair value information of each subject matter. In addition, the fair value profit or loss amount recognized in other comprehensive income in the reporting period should be listed in the fair value profit or loss amount related to the investment derecognized in the reporting period, and the fair value profit or loss amount related to the investment held on the reporting date; also, the cumulative profit or loss amount related to the investment derecognized in the reporting period and transferred to the equity in the reporting period should be listed.

2. IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements” has replaced IAS 1, updating the structure of the statement of comprehensive income, and adding the disclosure of management performance measurements, while strengthening the summary and division of the use in the main financial statements and notes.

4. Summary of significant accounting policies

The significant accounting policies, except for the statement of compliance, the basis of preparation, the basis of consolidation, and the new parts are as follows, which are the same as Note 4 to the consolidated financial statements of 2024. These policies have been consistently applied to all the period presented, unless otherwise stated.

(1) Compliance Statement

1. These consolidated financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standards and IAS 34 “Interim Financial Reporting”.
2. The consolidated financial statements shall be read together with the 2024 consolidated financial statements.

(2) Basis of preparation

1. Except for the following items, these consolidated statements have been prepared under the historical cost convention:
 - (1) Financial assets measured at fair value through profit or loss (including derivatives).
 - (2) Financial assets at fair value through other comprehensive income
 - (3) Defined benefit assets and liabilities recognized at the net amount of pension fund assets less the present value of defined benefit obligations.
2. The financial statements prepared in accordance with the International Financial Reporting Standards, international accounting standards, interpretation and interpretation notice (referred to as “IFRS” hereinafter) that is endorsed and issued into effect by the FSC requires the use of some critical accounting estimates; also, the judgment by the management is required while using the Group’s accounting policies. Please refer to Note 5 for the items involving extensive judgment or complexity, or significant assumptions and estimates related to the consolidated financial statements.

(3) Basis of consolidation

1. The basis of preparation for consolidated financial statements

The preparation principles of the consolidated financial statements are the same as those of the 2024 consolidated financial statements.

2. Subsidiaries included in the financial statements:

Investor	Name of the subsidiary	Nature of the operation	Percentage of shareholdings (%)			Remarks
			March 31, 2025	December 31, 2024	March 31, 2024	
Cenra Inc.	China Chemical & Pharmaceutical Co., Ltd. (CCPC)	Manufacture and sales of Western medicine preparations and health-care articles.	100.00	100.00	-	Note 2
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Yuming Healthcare Co., Ltd. (Chunghwa Yuming)	Wholesale of medicine and medical equipment	100.00	100.00	100.00	
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Senior Lifestyle Services Co. Ltd.	Medicine, wholesale of medicine equipment and home care service	100.00	100.00	98.40	Note 1
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Holding Co., Ltd.	Professional investment company	100.00	100.00	100.00	
China Chemical & Pharmaceutical Co., Ltd.	Tairung Enterprise Co., Ltd.	Manufacture and sales of glass, plastics made containers	71.64	71.64	71.64	Note 1
Chunghwa Yuming Healthcare Co., Ltd.	Chunghwa Biomedical Technology Corp.	Manufacturer of cleaning products	75.23	75.23	73.96	Note 1
Chunghwa Holding Co., Ltd.	Suzhou Chung-hwa Chemical & pharmaceutical Industrial Co., Ltd. (SCCPC)	Manufacture and sales of pharmaceutical medicine and health products.	100.00	100.00	100.00	
Suzhou Chung-hwa Chemical & pharmaceutical	Suzhou Chunghwa Yuming Pharmaceutical Co.,	Wholesale and sales of pharmaceutical medicine and	100.00	100.00	100.00	Note 1

Investor	Name of the subsidiary	Nature of the operation	Percentage of shareholdings (%)			Remarks
			March 31, 2025	December 31, 2024	March 31, 2024	
Industrial Co., Ltd.	Ltd.	medical equipment.				
Suzhou Chung-hwa Chemical & pharmaceutical Industrial Co., Ltd.	Shanghai Yuhou Trading Co., Ltd. (formerly known as Pei Fu (Shanghai) Co., Ltd.)	Wholesale and sales of medical equipment.	100.00	100.00	100.00	Note 1
Suzhou Chung-hwa Chemical & pharmaceutical Industrial Co., Ltd.	Suzhou Chung-Hwa Le Huo Jian Kang Co., Ltd.	E-commerce sales of health products	100.00	100.00	100.00	Note 1
Suzhou Chung-hwa Chemical & pharmaceutical Industrial Co., Ltd.	Chung-Hwa Le Huo Jian Kang (HK) Co., Ltd.	Biotech products sold as an agent	100.00	100.00	100.00	Note 3

Note 1: Due to the definition of the significant subsidiaries, their financial statements of March 31, 2025 and 2024 were not reviewed by the CPAs.

Note 2: The Company was established on September 2, 2024, and acquired 100% of the equity of CCPC through a share swap, making the Company the ultimate parent company of the Group. As the organization is a joint control entity, the Group deems it as a combination of CCPC and its subsidiaries from the beginning, and has prepared the consolidated financial statements for the comparative period.

Note 3: Chung-Hwa Le Huo Jian Kang (HK) Co., Ltd. not yet invested capital as of March 31, 2025.

3. Subsidiary company not included in the consolidated financial statements are as follows: Not applicable.
4. Adjustments on subsidiary companies with different accounting periods: Not applicable.
5. Significant limitations: Not applicable.
6. Subsidiaries over which the group has significant influence but not control: none

(4) Employee benefits

Pension - defined benefit plan

The interim pension cost is calculated based on the actuarial pension cost rate on the last day of the previous fiscal year from the beginning of the year to the end of the period. If there is a significant market change, significant reduction, settlement, or other significant one-time event after the end date, it is adjusted and the relevant information is correspondingly disclosed.

(5) Income tax

The average effective tax rate used to estimate the interim income tax expense shall be applicable to the interim income before tax, and the relevant information is correspondingly disclosed.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

There is no significant change in the current period. Please refer to Note 5 to the 2024 consolidated financial statements.

6. Summary of significant accounting titles

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand	\$ 3,619	\$ 3,934	\$ 4,275
Check deposit and demand deposit	700,309	530,341	435,628
Cash equivalents- time deposits	41,166	53,736	-
Cash equivalents- banker's acceptance bill	<u>-</u>	<u>-</u>	<u>2,879</u>
	<u>\$ 745,094</u>	<u>\$ 588,011</u>	<u>\$ 442,782</u>

1. The financial institutions that the Group deals with are with good credit quality; also, the Group deals with a number of financial institutions to diversify credit risk; therefore, the possibility of default is very unlikely.

2. None of the Group's cash and cash equivalents pledged to others as collateral.

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

<u>Item</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificate	\$ -	\$ -	\$ 44,080
Mixed instruments	<u>-</u>	<u>-</u>	<u>22,040</u>
	-	-	66,120
Evaluation adjustment	<u>-</u>	<u>-</u>	<u>1,749</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,869</u>

1. The details of the financial assets measured at fair value through profit or loss recognized in profit or loss are as follows:

	<u>January 1 to March 31, 2025</u>		<u>January 1 to March 31, 2024</u>	
Financial assets mandatorily measured at fair value through profit or loss				
Beneficiary certificate	\$	-	\$	502
Mixed instruments (Note)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>510</u>

Note: The subsidiary, Suzhou Chung-Hwa, signed a 1-month RMB structured deposit agreement with a bank in March 2024 for a sum of \$ 22,040 (RMB 5,000 thousand). As the structured deposit was included in derivatives and the main contract was an asset within the scope of IFRS 9, the entire hybrid contract was classified as a financial asset measured at fair value through profit or loss. The structured deposit expired in April 2024.

2. No financial asset at fair value through profit or loss was pledged by the Group for loan guarantee.

(3) Note receivable and accounts receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Notes receivable	\$ 350,531	\$ 308,368	\$ 453,246
Less: Allowance for losses	(779)	(980)	(1,247)
	<u>\$ 349,752</u>	<u>\$ 307,388</u>	<u>\$ 451,999</u>
Accounts receivable	\$ 1,627,207	\$ 1,617,103	\$ 1,644,095
Less: Allowance for sales and discount	(126,128)	(130,037)	(115,709)
Less: Allowance for losses	(7,491)	(11,173)	(7,217)
	<u>\$ 1,493,588</u>	<u>\$ 1,475,893</u>	<u>\$ 1,521,169</u>

1. The aging analysis of accounts receivable and bill receivable is as follows:

	<u>March 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not-overdue	\$ 1,595,516	\$ 350,531	\$ 1,595,090	\$ 308,368
Overdue within 1-90 days	26,179	-	18,550	-
Overdue within 91-180 days	3,065	-	2,925	-
Overdue exceeding 181 days	<u>2,447</u>	<u>-</u>	<u>538</u>	<u>-</u>
	<u>\$ 1,627,207</u>	<u>\$ 350,531</u>	<u>\$ 1,617,103</u>	<u>\$ 308,368</u>

	<u>March 31, 2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not-overdue	\$ 1,610,990	\$ 453,246
Overdue within 1-90 days	30,839	-
Overdue within 91-180 days	1,522	-
Overdue exceeding 181 days	<u>744</u>	<u>-</u>
	<u>\$ 1,644,095</u>	<u>\$ 453,246</u>

The aforementioned aging analysis is based on the overdue days.

- Account and note receivables as of March 31, 2025, December 31 and March 31, 2024 were from customer contracts. Account receivables (including note receivables) and the associated allowed made stood at NTD 1,974,670 and NTD 8,597, respectively, on January 1, 2024.
- The exposure amounts of the maximum credit risk which can represent the accounts receivable and bill receivable of the Group without considering the possessed collateral or other credit enhancement condition on March 31, 2025, December 31 and March 31, 2024 are its book amount.
- The accounts receivable listed in the account of the Group does not possess any collateral.

5. Please find Note 12 (2) for the relevant explanation about credit risk.

(4) Inventory

March 31, 2025			
	<u>Cost</u>	<u>Allowance for loss from price declination</u>	<u>Book value</u>
Raw materials	\$ 981,258	(\$ 5,205)	\$ 976,053
Material	180,424	(1,059)	179,365
Work in process	357,643	(2,541)	355,102
Finished products	615,596	(32,352)	583,244
Merchandise inventory	<u>647,125</u>	<u>(40,087)</u>	<u>607,038</u>
	<u>\$ 2,782,046</u>	<u>(\$ 81,244)</u>	<u>\$ 2,700,802</u>
December 31, 2024			
	<u>Cost</u>	<u>Allowance for loss from price declination</u>	<u>Book value</u>
Raw materials	\$ 954,277	(\$ 8,537)	\$ 945,740
Material	175,599	(1,278)	174,321
Work in process	341,734	(433)	341,301
Finished products	737,246	(33,195)	704,051
Merchandise inventory	<u>727,165</u>	<u>(41,534)</u>	<u>685,631</u>
	<u>\$ 2,936,021</u>	<u>(\$ 84,977)</u>	<u>\$ 2,851,044</u>
March 31, 2024			
	<u>Cost</u>	<u>Allowance for loss from price declination</u>	<u>Book value</u>
Raw materials	\$ 940,255	(\$ 20,139)	\$ 920,116
Material	160,932	(5,196)	155,736
Work in process	279,943	(819)	279,124
Finished products	682,814	(26,553)	656,261
Merchandise inventory	<u>567,673</u>	<u>(40,785)</u>	<u>526,888</u>
	<u>\$ 2,631,617</u>	<u>(\$ 93,492)</u>	<u>\$ 2,538,125</u>

The cost of inventory recognized as expense of The Group within the current period:

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Cost of inventory sold	\$ 1,330,936	\$ 1,386,950
Labor service cost	27,849	27,679
Loss on inventory falling price (gain from price recovery)	(4,114)	5,567
Inventory disposition losses	<u>1,449</u>	<u>514</u>
	<u>\$ 1,356,120</u>	<u>\$ 1,420,710</u>

From January 1 to March 31, 2025, as the market prices of some of the Group's inventory recovered and the inventories that had been recognized in depreciation losses in prior years were scrapped, it was recognized in gain from price recovery.

(5) Financial assets at fair value through other comprehensive profit or loss

<u>Item</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Non-current items:			
Equity instruments			
Listed and emerging stocks	\$ 187,593	\$ 389,227	\$ 566,462
Non-listed shares	<u>59,068</u>	<u>58,971</u>	<u>58,971</u>
	246,661	448,198	625,433
Evaluation adjustment	<u>(58,067)</u>	<u>(118,230)</u>	<u>(114,051)</u>
	<u>\$ 188,594</u>	<u>\$ 329,968</u>	<u>\$ 511,382</u>

1. The Group decides to classify the stock of strategic as investment financial assets at fair value through other comprehensive income and the fair value of that investment on March 31, 2025, March 31 and December 31, 2024 are its book amount.
2. The Group sold its stock investment at fair value of NTD 139,653 and NTD 0 for the three months ended March 31, 2025 and 2024, respectively, and recognized the capital gain from disposal in aggregate as retained earnings amounting to NTD (61,981) and NTD 0, respectively.
3. The Group purchased equity instruments for an investment amounts of NTD 97 and NTD 0 between January 1 and March 31, 2025 and 2024, respectively.
4. The details of financial assets at fair value through other comprehensive income which recognized in income and comprehensive income are as follows:

<u>Item</u>	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
<u>Equity instruments</u>		
Recognized in comprehensive income of changes in fair value.	<u>(\$ 3,238)</u>	<u>(\$ 97,662)</u>
The accumulated profits change to retained earnings due to de-recognition (post-tax profit or loss)	<u>(\$ 61,981)</u>	<u>\$ -</u>

(6) Financial assets measured at the amortized cost

<u>Item</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current items:			
Time deposits	<u>\$ 98,168</u>	<u>\$ 95,413</u>	<u>\$ -</u>
Non-current items:			
Time deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,576</u>

1. Financial assets measured on the basis of amortized cost is recognized as income and specified as follows:

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Interest income	<u>\$ 699</u>	<u>\$ 677</u>

2. In the absence of collateral or other credit enhancement, the maximum amount of credit risk exposure of the symbolic financial assets measured on the basis of amortized cost held by the Group was NTD 98,168, NTD 95,413 and NTD 91,576, respectively as of March 31, 2025, March 31 and December 31, 2024.
3. The Group did not pledge any financial assets measured on the basis of amortized cost under lien.
4. For additional information on the financial assets measured on the basis of amortized cost, refer to Note 12, (2). The Group invests the certificates of deposits only with financial institutions in good credit standing. Default is unlikely to occur.

(7) Investment under the equity method

<u>Name of investee</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Affiliated enterprises:			
Chunghwa Chemical Synthesis & Biotech Co., Ltd. (CCSB)	\$ 984,493	\$ 987,475	\$ 1,008,255
Sino-Japan Chemical Co., Ltd. (Sino-Japan Chemical)	530,866	519,603	517,314
PHERMPEP CO., LTD. (PHERMPEP)	2,656	3,960	11,134
Wuxi Jirui Medical Technology Co., Ltd. (Wuxi Jirui)	4,468	3,920	3,931
Joint venture:			
Trium Therapeutics Co.,Ltd (Trium)	-	-	24,958
	<u>\$ 1,522,483</u>	<u>\$ 1,514,958</u>	<u>\$ 1,565,592</u>

1. Affiliated enterprises

- (1) Basic information of significant associate of the Group is as follows:

<u>Company name</u>	<u>Major places of business</u>	<u>Ratio of Shareholding</u>		<u>Nature of relationship</u>	<u>Measuring method</u>
		<u>March 31, 2025</u>	<u>December 31, 2024</u>		
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Taiwan	27.82%	27.82%	Suppliers	Equity method
SINO-JAPAN CHEMICAL., CO., LTD	Taiwan	21.99%	21.99%	Financial investment	Equity method
<u>Company name</u>	<u>Major places of business</u>	<u>Ratio of Shareholding</u>		<u>Nature of relationship</u>	<u>Measuring method</u>
		<u>March 31, 2024</u>			
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Taiwan		27.82%	Suppliers	Equity method
SINO-JAPAN CHEMICAL., CO., LTD	Taiwan		21.99%	Financial investment	Equity method

(2) Financial information of the Group's major associates is summarized as follows:

Balance Sheet

	<u>Chunghwa Chemical Synthesis & Biotech Co., Ltd.</u>		
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current assets	\$ 1,418,113	\$ 1,441,225	\$ 1,843,459
Non-Current assets	3,327,000	3,321,513	3,382,243
Current liabilities	(492,603)	(425,288)	(853,470)
Non-current liabilities	(876,876)	(980,510)	(992,243)
Total net assets	<u>\$ 3,375,634</u>	<u>\$ 3,356,940</u>	<u>\$ 3,379,989</u>
Book value of the associate	<u>\$ 984,493</u>	<u>\$ 987,475</u>	<u>\$ 1,008,255</u>

SINO-JAPAN CHEMICAL., CO., LTD

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current assets	\$ 2,354,617	\$ 2,463,482	\$ 2,354,230
Non-Current assets	593,913	607,666	503,346
Current liabilities	(346,470)	(519,015)	(281,976)
Non-current liabilities	(100,436)	(101,740)	(135,613)
Total net assets	<u>\$ 2,501,624</u>	<u>\$ 2,450,393</u>	<u>\$ 2,439,987</u>
Book value of the associate	<u>\$ 530,866</u>	<u>\$ 519,603</u>	<u>\$ 517,314</u>

Comprehensive income statement

	<u>Chunghwa Chemical Synthesis & Biotech Co., Ltd.</u>	
	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Income	<u>\$ 192,952</u>	<u>\$ 251,712</u>
Current year profit of continuing business units	\$ 7,318	\$ 40,555
Other comprehensive income (post-tax profit or loss)	<u>11,376</u>	<u>2,977</u>
Current period other comprehensive income (Gross)	<u>\$ 18,694</u>	<u>\$ 43,532</u>

	<u>SINO-JAPAN CHEMICAL., CO., LTD</u>	
	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Income	<u>\$ 617,332</u>	<u>\$ 666,062</u>
Current year profit of continuing business units	<u>\$ 51,231</u>	<u>\$ 44,307</u>
Current period other comprehensive income (Gross)	<u>\$ 51,231</u>	<u>\$ 44,307</u>

- (3) The share of the operating results of individual insignificant associates of the Group is summarized as follows:

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Net loss of current period	(\$ 1,306)	(\$ 1,488)

- (4) The shares of profit and/or loss at equity method over the associates as follows:

<u>Name of affiliated enterprise</u>	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Chunghwa Chemical Synthesis & Biotech Co., Ltd.	(\$ 3,027)	\$ 7,416
SINO-JAPAN CHEMICAL, CO., LTD	11,264	9,742
PHERMPEP CO., LTD.	(1,304)	(1,486)
Wuxi Jirui Medical Technology Co., Ltd.	(2)	(2)
	<u>\$ 6,931</u>	<u>\$ 15,670</u>

- (5) The significant associate of the Group-CCSB is public offering and its fair values of March 31, 2025, December 31 and March 31, 2024 are, respectively, NTD 773,466, NTD 731,395 and NTD 1,053,942.
- (6) The company holds 27.82% equity of Chunghwa Chemical Synthesis Biotech Co., Ltd. (CCSB) and is the largest shareholder of CCSB. Considering the participation of other shareholders in the previous shareholders meeting of CCSB and the record of voting rights casted on major proposals, it indicates that the Group is incapable of leading relevant activities. Therefore, it has no control over CCSB, but a significant influence.

2. Joint venture

- (1) The basic information of the important joint ventures is as follows:

<u>Company name</u>	<u>Ratio of Shareholding</u>			<u>Measuring method</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	
Trium Therapeutics Co., Ltd	-	-	57.14%	Equity method

- The Company established a joint venture with MegaPro Biomedical Co., Ltd. and Suzhou Tianjian Yunkang Information Technology Co., Ltd. to develop new pharmaceuticals by holding 40% of total shares in the joint venture. The Company invested \$ 24,372 (US\$ 800,000) in April 2023. As the subsidiary, Suzhou Tianjian Yunkang Information Technology Co., Ltd. had not completed the relevant capital increase procedures, its shareholding ratio changed from 40% to 57.14%. In addition, on February 1, 2024, the Board of Directors resolved to cease the operations of Trium Therapeutics Co., Ltd. On May 24, 2024, all the joint venture parties resolved to dissolve Trium Therapeutics Co., Ltd., and on May 28, 2024, \$ 25,349 was recovered from the investment.
- The Group holds more than 50% of the shares in Trium Therapeutics Co., Ltd. However, as decisions on the company's relevant activities are jointly decided by all joint venture parties as stated in the joint venture agreement, the Group has no ultimate control over it, so Trium Therapeutics Co., Ltd. is not listed as a consolidated entity.

(2) Financial information of the Group's major joint venture is summarized as follows:

Balance Sheet

	<u>Trium Therapeutics Co., Ltd</u>	
	<u>March 31, 2025</u>	<u>March 31, 2024</u>
Current assets	\$ -	\$ 43,741
Total assets	<u>\$ -</u>	<u>\$ 43,741</u>
Total liabilities	<u>\$ -</u>	<u>(\$ 64)</u>
Total net assets	<u>\$ -</u>	<u>\$ 43,677</u>
Book value of joint venture	<u>\$ -</u>	<u>\$ 24,958</u>

Comprehensive income statement

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Income	<u>\$ -</u>	<u>\$ -</u>
Current net (losses) from continuing operations	<u>\$ -</u>	<u>(\$ 80)</u>
Current period other comprehensive income (Gross)	<u>\$ -</u>	<u>(\$ 80)</u>

(3) The shares of profit and/or loss at equity method over the joint venture as follows:

<u>Name of investee</u>	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Trium Therapeutics Co., Ltd	<u>\$ -</u>	<u>(\$ 46)</u>

(8) Property, plant, and equipment

	2025						
	Land	Buildings and structures	Machinery equipment	Transport equipment	Uncompleted construction and equipment pending inspection	Others	Total
January 1							
Cost	\$ 1,021,812	\$ 3,577,674	\$ 1,610,150	\$ 41,681	\$113,032	\$ 1,372,199	\$ 7,736,548
Accumulated depreciation	<u>-</u>	<u>(1,727,106)</u>	<u>(988,606)</u>	<u>(33,458)</u>	<u>-</u>	<u>(910,063)</u>	<u>(3,659,233)</u>
	<u>\$ 1,021,812</u>	<u>\$ 1,850,568</u>	<u>\$ 621,544</u>	<u>\$ 8,223</u>	<u>\$113,032</u>	<u>\$ 462,136</u>	<u>\$ 4,077,315</u>
January 1	\$ 1,021,812	\$ 1,850,568	\$ 621,544	\$ 8,223	\$113,032	\$ 462,136	\$ 4,077,315
Additions	-	2,105	18,679	300	5,459	-	26,543
Transfer	-	2,002	35,667	20	(50,308)	12,619	-
Disposition	-	-	-	(89)	-	(19)	(108)
Depreciation expenses	-	(26,132)	(20,063)	(719)	-	(22,511)	(69,425)
Net exchange differences	<u>-</u>	<u>2,018</u>	<u>1,843</u>	<u>61</u>	<u>220</u>	<u>1,268</u>	<u>5,410</u>
March 31	<u>\$ 1,021,812</u>	<u>\$ 1,830,561</u>	<u>\$ 657,670</u>	<u>\$ 7,796</u>	<u>\$ 68,403</u>	<u>\$ 453,493</u>	<u>\$ 4,039,735</u>
March 31							
Cost	\$ 1,021,812	\$ 3,584,717	\$ 1,672,685	\$ 41,722	\$ 68,403	\$ 1,386,585	\$ 7,775,924
Accumulated depreciation	<u>-</u>	<u>(1,754,156)</u>	<u>(1,015,015)</u>	<u>(33,926)</u>	<u>-</u>	<u>(933,092)</u>	<u>(3,736,189)</u>
	<u>\$ 1,021,812</u>	<u>\$ 1,830,561</u>	<u>\$ 657,670</u>	<u>\$ 7,796</u>	<u>\$ 68,403</u>	<u>\$ 453,493</u>	<u>\$ 4,039,735</u>

	2024						
	Land	Buildings and structures	Machinery equipment	Transport equipment	Uncompleted construction and equipment pending inspection	Others	Total
January 1							
Cost	\$ 1,021,812	\$ 3,599,064	\$ 1,464,504	\$ 41,160	\$ 132,628	\$ 1,251,156	\$ 7,510,324
Accumulated depreciation	<u>-</u>	<u>(1,626,922)</u>	<u>(907,944)</u>	<u>(32,610)</u>	<u>-</u>	<u>(822,710)</u>	<u>(3,390,186)</u>
	<u>\$ 1,021,812</u>	<u>\$ 1,972,142</u>	<u>\$ 556,560</u>	<u>\$ 8,550</u>	<u>\$ 132,628</u>	<u>\$ 428,446</u>	<u>\$ 4,120,138</u>
January 1	\$ 1,021,812	\$ 1,972,142	\$ 556,560	\$ 8,550	\$ 132,628	\$ 428,446	\$ 4,120,138
Additions	-	2,319	6,733	610	54,541	17,219	81,422
Transfer	-	797	353	-	(4,999)	3,849	-
Disposition	-	-	(38)	-	-	(6)	(44)
Depreciation expenses	-	(26,906)	(23,659)	(687)	-	(22,954)	(74,206)
Net exchange differences	<u>-</u>	<u>1,532</u>	<u>1,411</u>	<u>47</u>	<u>214</u>	<u>1,099</u>	<u>4,303</u>
March 31	<u>\$ 1,021,812</u>	<u>\$ 1,949,884</u>	<u>\$ 541,360</u>	<u>\$ 8,520</u>	<u>\$ 182,384</u>	<u>\$ 427,653</u>	<u>\$ 4,131,613</u>
March 31							
Cost	\$ 1,021,812	\$ 3,604,218	\$ 1,465,948	\$ 42,048	\$ 182,384	\$ 1,274,387	\$ 7,590,797
Accumulated depreciation	<u>-</u>	<u>(1,654,334)</u>	<u>(924,588)</u>	<u>(33,528)</u>	<u>-</u>	<u>(846,734)</u>	<u>(3,459,184)</u>
	<u>\$ 1,021,812</u>	<u>\$ 1,949,884</u>	<u>\$ 541,360</u>	<u>\$ 8,520</u>	<u>\$ 182,384</u>	<u>\$ 427,653</u>	<u>\$ 4,131,613</u>

- Note: 1. Please refer to Note 8 for the information on the property, plant, and equipment provided as collateral.
2. When the Group obtains government subsidies for property, plant and equipment, it is debited to the carrying amount and recognized in profit or loss through a decrease in depreciation expenses over the useful life of the asset.
3. The Group rented the land of No. 23, Xiangyang Rd., Taipei City from Jen-Chi Relief Institution, the lease term is from January 1, 2015 to December 31, 2024 with the rental of NTD 259 to NTD 322 paid by the month. The Group re-signed the lease contract in 2024, with a lease period from January 1, 2025 to December 31, 2029, and the rent of NTD 322 is paid on a monthly basis. According to contractual requirement, if the contract is not renewed at expiration, the construction on the lease land shall unconditionally be torn down and the land should be returned. As of March 31 2025, the remaining balance of depreciation of the construction amounted to NTD 52,123.

(9) Lease transaction - lessee

1. Underlying assets leased by the Group include land lots, machine and equipment and business vehicles with lease term ranged one to fifty years. Lease agreements were negotiated individually with various terms and conditions. There are specific no restrictions specified, except that the leased assets cannot be used as loan guarantee.
2. Carrying amount and recognized amortization for right-of-use assets are as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 50,351	\$ 50,969	\$ 35,958
Buildings	265,947	276,559	287,552
Machinery equipment	43,216	43,341	45,710
Delivery facilities (business vehicles)	8,834	4,430	3,548
	<u>\$ 368,348</u>	<u>\$ 375,299</u>	<u>\$ 372,768</u>

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 973	\$ 947
Buildings	10,613	9,666
Machinery equipment	1,039	1,006
Delivery facilities (business vehicles)	1,050	846
	<u>\$ 13,675</u>	<u>\$ 12,465</u>

3. The Group's right-of-use assets for the three months ended March 31, 2025 and 2024 increased by NTD 5,454 and NTD 0 respectively.
4. Profit and loss items relating to lease contracts:

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
<u>Profit and loss items with current impacts</u>		
Interest expense on the lease liability	\$ 1,711	\$ 1,668
Low-value leases expense	479	482
Short-term lease expense	3,865	3,979

5. The Group's total lease cash outflows for the three months ended March 31, 2025 and 2024 were NTD 18,424 and NTD 17,210, respectively.
6. Options to extend lease
 - (1) Options to extend lease term are included in land leases for office buildings, which have helped increase operation agility for the Group.
 - (2) Upon determining lease term, the Group has factored in all facts and condition that would produce future economy incentives. Lease term will be reassessed in the case of significant events when the decision of whether to exercise the extension option or not exercise the termination option is affected.

(3) Given the assessment of exercising an option to extend the lease, the right-of-use assets and lease liabilities increased by NTD 16,492, NTD 16,492 and NTD 23,470 in March 31, 2025, December 31, and March 31, 2024, respectively.

7. Sub-subsidiary, Suzhou Chung-Hua Chemical & Pharmaceutical has received a subsidy of \$ 110,460 (or RMB 22,950 thousand) from the local government industrial funding, which was to reduce the cost of the rights to use land (recorded as long-term prepaid rent). The subsidy was then transferred to “right-of-use asset” in 2019 and will be recognized as depreciation expenses under profit and loss throughout the lease term.
8. As the Group has leased some buildings and is contractually obligated to dismantle, remove, or restore the location(s), the present value of the costs expected to be incurred in dismantling, removing, or restoring the location(s) was recognized in decommissioning liabilities as of March 31, 2025. The decommissioning liabilities recognized by the Group totaled NTD 4,621 and NTD 4,555 (recognized in other non-current liabilities), and the amortized interest expense for the three months ended March 31, 2025 and 2024 were NTD 17 and NTD 16, respectively.

(10) Other non-current assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayments for equipment	\$ 34,904	\$ 34,071	\$ 59,813
Refundable deposits	58,351	55,993	91,785
Long-term pre-paid payment	36,856	36,856	36,856
Long-term prepayments	8,557	9,147	2,685
Prepaid intangible assets	110,775	99,210	67,875
Defined benefit assets	1,985	1,483	-
Other non-current assets- Other	11,645	26,104	47,569
Less: accumulated impairment	<u>(30,747)</u>	<u>(30,747)</u>	<u>(30,747)</u>
	<u>\$ 232,326</u>	<u>\$ 232,117</u>	<u>\$ 275,836</u>

The long-term prepaid goods and accumulated impairment are the result of Chunghwa Yuming signing the distribution agreement for the new medicine with the vendor, Regulon, in July 2011 with the total amount of EUR 1,800,000. The Company had paid NTD 36,856 (EUR 900,000) for the new medicine. However, after evaluation in 2015, Chunghwa Yuming realized that the development of such new medicine was not as expected; therefore, a recognition of an impairment loss of NTD 30,747 was recorded.

(11) Shot-term borrowings

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial institution loan			
Secured loans	\$ 1,176,384	\$ 681,000	\$ 901,648
Credit loan	<u>600,800</u>	<u>700,789</u>	<u>380,500</u>
	<u>\$ 1,777,184</u>	<u>\$ 1,381,789</u>	<u>\$ 1,282,148</u>
Interest rate collars	1.75%~2.545%	1.75%~2.545%	1.75%~2.42%

By March 31, 2025, December 31 and March 31, 2024, besides the short-term loan amount as stated in Note 8, the Group has issued cashier's checks, respectively, with NTD 1,833,200, NTD 1,820,000 and NTD 1,245,000 as collateral.

(12) Short-term notes payable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Commercial papers	\$ 507,000	\$ 89,000	\$ 727,000
Less: Discount of short-term notes and bills payable	<u>-</u>	<u>(8)</u>	<u>-</u>
	<u>\$ 507,000</u>	<u>\$ 88,992</u>	<u>\$ 727,000</u>
Interest rate collars	1.50%~1.89%	1.46%~1.72%	1.34%~1.99%

The short-term bill is guaranteed by the bills finance company and financial instrument which is issued for short-term capital use, by March 31, 2025, December 31 and March 31, 2024, the cashier's checks have been issued, respectively, with NTD 780,000, NTD 821,000 and NTD 780,000 as collateral for short-term bill receivable.

(13) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Salary and bonus payables	\$ 235,719	\$ 360,451	\$ 221,472
Remuneration to employees and directors payable	82,000	65,000	42,500
Accrued expenses	207,593	216,097	166,750
Commission payable	68,166	49,290	61,655
Construction equipment amount payable	24,482	38,688	24,455
Other payables	<u>27,805</u>	<u>27,227</u>	<u>10,861</u>
	<u>\$ 645,765</u>	<u>\$ 756,753</u>	<u>\$ 527,693</u>

(14) Long-term borrowings

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Financial institution loan			
Secured loans	\$ 289,200	\$ 395,500	\$ 856,000
Credit loan	<u>200,000</u>	<u>920,000</u>	<u>270,000</u>
	489,200	1,315,500	1,126,000
Less: long-term borrowing due within 12 months	<u>(25,200)</u>	<u>(25,200)</u>	<u>(16,800)</u>
	<u>\$ 464,000</u>	<u>\$ 1,290,300</u>	<u>\$ 1,109,200</u>
Interest rate collars	1.99%~2.278%	1.99%~2.01%	1.80%~2.00%

1. Repayment period for credit loans and secured loans from 2026 to 2029.

2. The detail for the unused loan amount of The Group is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Floating annual rate			
Maturing in one year or less	\$ 1,881,211	\$ 2,387,251	\$ 1,922,452
Mature beyond one year	<u>1,130,000</u>	<u>600,000</u>	<u>800,000</u>
	<u>\$ 3,011,211</u>	<u>\$ 2,987,251</u>	<u>\$ 2,722,452</u>

By March 31, 2025, December 31 and March 31, 2024, the cashier's checks have been issued, respectively, with NTD 1,310,000, NTD 1,310,000 and NTD 570,000 as collateral for the long-term loan amounts as stated.

3. Please refer to Note 8 for description of collateral.

(15) Pension

1. (1) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the "Labor Standards Act", 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. When an employee meets the requirements of retirement, the payment of pension is based on service years and the average salary of the six months prior to retirement, with services within 15 years accumulating 2 basis points per year, and service years beyond 15 years accumulating 1 basis point per year up to a maximum of 45 basis points. The company and subsidiary companies provisions 2~6% of total monthly salary to the pension fund in the name of the Pension Supervisory Committee at the Bank of Taiwan. In addition, the Company and subsidiary have the labor pension reserve account balance referred to in the preceding paragraph estimated at the end of each fiscal year. If the account balance is insufficient to pay pension benefit to the employees who qualify for retirement within next year for the pension benefit calculated in the preceding paragraph, the Company and subsidiary will have the spread amount appropriated in a lump sum before the end of March next year.
- (2) For the three months ended March 31, 2025 and 2024, the net pension cost recorded by the company according to the above mentioned pension plans are NTD 324 and NTD 555 respectively.
- (3) The Group has appropriated NTD 10,840 to the pension plan in 2025.
2. (1) Since July 1, 2005, the company and domestic subsidiaries have established definitive provision pension scheme for employees with Taiwan nationality in accordance with the "Labor Pension Act". The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the "Labor Pension Act" covering all regular employees. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to an employee's individual pension account at the Bureau of Labor Insurance. The payment of pension benefits is based on an employee's individual pension fund account and the cumulative profit in such account, and employees can choose to receive such pension benefits monthly or in one lump sum.
- (2) In terms of the pension insurance system of the Sub-subsidiary, SCCPC regulated by the government of the People's Republic of China, pension insurance premiums based on a certain percentage of the total salary of local employees are appropriated every month. The ratio are 16% for the three months ended March 31, 2025 and 2024. The pension of each employee is arranged by the government. The Group has no further obligations other than appropriating the pension each month.
- (3) For the three months ended March 31, 2025 and 2024, the net pension cost recorded by the company according to the above mentioned pension plans are NTD 26,137 and NTD 24,366 respectively.

(16) Capital stock

1. On September 2, 2024, the Company acquired 100% of the equity of CCPC by 0.5 shares of the Company for every 1 share of CCPC. As of March 31, 2025, the Company's

authorized capital was NTD 5,000,000, and the actual number of common shares issued was 149,041 thousand, with a paid-in capital of NTD 1,490,405 and a par value of \$10 per share.

2. The beginning and ending outstanding shares for the financial statements for the comparative period of the Company for the three months ended March 31, 2025 and 2024 were as follows: (Unit: thousand shares)

	<u>2025</u>	<u>2024</u>
January 1	148,514	297,253
Repurchase of treasury stock	(887)	-
March 31	<u>147,627</u>	<u>297,253</u>

3. As of March 31, 2025, March 31 and December 31, 2024, due to long-term investment, Tairung Enterprise Co., Ltd. held 414 thousand shares, 414 thousand shares and 828 thousand shares of the Company and CCPC (prior to the share swap) respectively, with an average carrying amount of NTD 67.78, NTD 67.78 per share and NTD 33.89 per share, respectively. The fair value per share was NTD 35.85, NTD 37.40 and NTD 22.70, respectively.
4. As of March 31, 2025, March 31 and December 31, 2024, the associates of the Company held 21,027 thousand shares, 21,027 thousand shares and 42,053 thousand shares of the Company and CCPC (prior to the share swap), respectively.
5. The Company's Board of Directors resolved on December 26, 2024 to buy back treasury stocks for transfer to employees. It is estimated that 1,000 thousand shares will be bought back, with a price range of NTD 27 to NTD 43 per share. However, the shares may be continuously bought back at a price lower than the range price. As of March 31, 2025, the Company's recovery of treasury stocks is as follows:

		<u>March 31, 2025</u>	
<u>Name of holding company</u>	<u>Reasons for recovery</u>	<u>Number of shares (thousand shares)</u>	<u>Book value</u>
The Company	for transfer of shares to employees	1,000	\$ 38,351

		<u>December 31, 2024</u>	
<u>Name of holding company</u>	<u>Reasons for recovery</u>	<u>Number of shares (thousand shares)</u>	<u>Book value</u>
The Company	for transfer of shares to employees	113	\$ 4,250

- (1) According to the Securities and Exchange Act, the percentage of shares repurchased by the Company shall not exceed 10% of the total number of issued shares, and the total amount of the repurchase shall not exceed the sum of retained earnings plus the premium of issued shares and the realized capital reserve.
- (2) The treasury stock held by the Company shall not be pledged and shall not be entitled to the rights of shareholders before transfer in accordance with the Securities and Exchange Act.
- (3) According to the Securities and Exchange Act, the shares repurchased for transfer to employees should be transferred within five years from the date of repurchase. If the shares are not transferred after the expiration date, they should be deemed unissued shares of the Company and canceled for the change of registration.

6. The Shareholders Meeting of CCPC resolved on May 25, 2023 to offer common shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) through private placement. The Board is authorized to proceed with the quantity of shares for issuance or conversion within the limit of 20% of the total outstanding common shares depending on market situation (within 59,616,216 shares). On May 28, 2024, the shareholders' meeting resolved not to execute the aforementioned proposal, and the same conditions were approved for the private placement of common shares or domestic convertible corporate bonds (including secured or unsecured convertible corporate bonds) in the same session of the shareholders' meeting.
7. On March 6, 2025, the Company's Board of Directors passed the issuance of common shares or domestic convertible bonds (including secured or unsecured convertible bonds) through private placement. The actual number of issued or convertible shares shall be submitted to the shareholders' meeting, and the board of directors are authorized to issue common shares of no more than 20% of the total number of issued shares (i.e. no more than 29,808,108 shares), depending on the capital market conditions via private placement. As of May 6, 2025, this private placement was not yet resolved by the shareholders' meeting.

(17) Capital surplus

		2025			
				Others	
		Issuance premium	Treasury stock trade	Difference between the actual acquisition or disposal of equity interest in a subsidiary and its book value	Changes in the ownership equity on a subsidiary
January 1 (i.e. March 31)		<u>\$ 5,901,560</u>	<u>\$ 68,087</u>	<u>\$ 112</u>	<u>\$ 1,844</u>
		2024			
				Others	
		Issuance premium	Treasury stock trade	Difference between the actual acquisition or disposal of equity interest in a subsidiary and its book value	Changes in the ownership equity on a subsidiary
January 1 (i.e. March 31)		<u>\$578,416</u>	<u>\$ 67,842</u>	<u>\$ -</u>	<u>\$ 1,844</u>

1. According to the IFRS Q&A set and Letter (100) Ji-Mi-Zi No. 390 issued by the Accounting Research and Development Foundation dated October 26, 2018, the share exchange transaction between the CCPC on September 2, 2024 was deemed a reorganization under joint control. The Company is a continuation of the CCPC. The Company has reclassified the equity items related to the reorganization of assets and liabilities to the original amount, and the balance of the equity items exceeding the Company's newly issued capital stock and the aforementioned equity items to be deferred are adjusted to increase capital surplus.
2. According to the Company Act, capital reserves from premium income for issuing shares over face values and gift income, not only can offset losses, it can also issue new shares or cash according to the original shareholding when there is no accumulated losses in the company. According to the Securities and Exchange Act and its related rules, where capital reserve is applied to supplement capital as above, the total amount cannot exceed 10% of

the paid up capital. When the retained earnings of a company is not enough to offset capital losses, the capital reserves cannot be applied.

(18) Retained earnings

1. According to the Articles of Incorporation of the Company, the dividend policy is planned in consideration of the future capital requirements and long-term financial arrangement and to meet the requirement of cash inflow by the shareholders, if there are any earnings in the general annual report, the tax should be paid firstly and make up for the previous annual losses, then allocate 10% as legal reserve and special reserve based on the regulations, if any earnings are still available, accumulated with the undistributed earnings from the previous year as profit available for distribution, to reserve according to the sales with discretion, and allocate bonus to shareholders, of which the cash dividends shall not be less than 50% of the shareholder bonus and if the cash dividend is less than NTD 0.1, the stock dividends will be issued instead.
2. Legal earnings reserves can only be applied to offset company losses or issue new shares or cash according to the original shareholding ratio, and nothing else. When it is applied to new share or cash issues, the reserve shall exceed 25% of the paid-up capital.
3. (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance of 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.
(2) As stated in Note 6(17), the Company is a continuation of the CCPC. When it first adopted IFRSs, the Financial Supervisory Commission (FSC) issued Jin-Guan-Zheng-FA-Zi No. 1010012865. On April 6, 2012, which the Company adopts hereafter to implement, the disposal or reclassification of relevant assets is reversed by the proportion of the special earned surplus as initially recognized. If the relevant assets previously stated are investment real properties, any reversal with disposal or reclassification applies to those classified as land. For assets other than land, reversals should occur gradually while they are in use.
4. On March 6, 2025, the Company's Board of Directors proposed to distribute cash of NTD 0.6 per share from the additional paid-in capital, totaling NTD 89,356.
5. On March 6, 2025, the Company's Board of Directors proposed the 2024 earnings distribution proposal, and the 2023 earnings distribution proposal was approved by the shareholders' meeting on May 28, 2024 as follows:

	2024		2023	
	Amount	<u>Dividends</u> per share (\$)	Amount	<u>Dividends</u> per share (\$)
Legal reserve	\$ 11,362	-	\$ 34,383	-
Special reserve	33,809	-	-	-
Cash dividends	59,571	0.4	149,041	0.5
	\$ 104,742		\$ 183,424	

The above-mentioned 2024 earnings distribution proposal is pending resolution as the shareholders' meeting.

(19) Other equity

	2025		
	<u>Unrealized loss of</u>	<u>Foreign-currency</u>	<u>Total</u>
	<u>profit valuation</u>	<u>translations</u>	
January 1	(\$ 137,597)	(\$ 85,170)	(\$ 222,767)
Evaluation adjustment:			
- Group	(3,238)	-	(3,238)
- Valuation adjustment changes to retained earnings	61,981	-	61,981
Foreign currency translation differences:			
- Group	-	25,991	25,991
- Tax of the group	-	(5,198)	(5,198)
- Affiliated enterprises	-	45	45
March 31	<u>(\$ 78,854)</u>	<u>(\$ 64,332)</u>	<u>(\$ 143,186)</u>

	2024		
	<u>Unrealized loss of</u>	<u>Foreign-currency</u>	<u>Total</u>
	<u>profit valuation</u>	<u>translations</u>	
January 1	(\$ 30,507)	(\$ 116,566)	(\$ 147,073)
Evaluation adjustment:			
- Group	(97,662)	-	(97,662)
Foreign currency translation differences:			
- Group	-	21,405	21,405
- Tax of the group	-	(4,281)	(4,281)
- Affiliated enterprises	-	(109)	(109)
March 31	<u>(\$ 128,169)</u>	<u>(\$ 99,551)</u>	<u>(\$ 227,720)</u>

(20) Operating revenues

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Revenue from sales contract	\$ 2,216,071	\$ 2,247,687
Revenue from labor service contract	<u>39,557</u>	<u>36,339</u>
	<u>\$ 2,255,628</u>	<u>\$ 2,284,026</u>

1. Subdivision of the revenue from contracts with customers

The Group generates revenue by transferring products and labor services to customers either at a point in time or over time. Revenue details are listed as follows:

<u>January 1 to March</u> <u>31, 2025</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u> <u>regions</u>	<u>Total</u>
Sales contract	\$ 1,638,523	\$485,918	\$ 91,630	\$ 2,216,071
Labor service contract	<u>39,557</u>	<u>-</u>	<u>-</u>	<u>39,557</u>
	<u>\$ 1,678,080</u>	<u>\$485,918</u>	<u>\$ 91,630</u>	<u>\$ 2,255,628</u>
<u>January 1 to March</u> <u>31, 2024</u>	<u>Taiwan</u>	<u>China</u>	<u>Other</u> <u>regions</u>	<u>Total</u>
Sales contract	\$ 1,535,288	\$609,500	\$ 102,899	\$ 2,247,687
Labor service contract	<u>36,339</u>	<u>-</u>	<u>-</u>	<u>36,339</u>
	<u>\$ 1,571,627</u>	<u>\$609,500</u>	<u>\$ 102,899</u>	<u>\$ 2,284,026</u>

2. Contractual liability

The contractual liability relating to the contract with a customer which The Group recognizes is as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Contractual liability- Sales contract of medicine	<u>\$ 36,664</u>	<u>\$ 31,026</u>	<u>\$ 15,478</u>

3. Current income recognized from beginning lease liability in for the three months ended March 31, 2025 and 2024 were NTD 11,575 and NTD 32,582, respectively.

4. The refund liability which The Group recognized for some goods with right of return is as follows:

	<u>2025</u>	<u>2024</u>
January 1	\$ 94,638	\$ 81,085
Increase (decrease) of the current period	(11,760)	15,174
Used in the current period	<u>(13,766)</u>	<u>(9,653)</u>
March 31	<u>\$ 69,112</u>	<u>\$ 86,606</u>

(21) Interest income

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Interest from bank deposits	\$ 65	\$ 42
The interest revenue of financial assets at amortized cost	699	677
Other interest incomes	<u>1,553</u>	<u>1,364</u>
	<u>\$ 2,317</u>	<u>\$ 2,083</u>

(22) Other income

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Rent revenue	\$ 2,042	\$ 1,160
Grant income	1,991	4,286
Other Revenue- other	1,138	4,421
	<u>\$ 5,171</u>	<u>\$ 9,867</u>

(23) Other profits and losses

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	\$ 22	(\$ 37)
Net foreign exchange profit (loss)	1,782	(2,425)
Gain in financial assets at fair value through profit and loss	-	510
Depreciation of investment property	(833)	(469)
	<u>\$ 971</u>	<u>(\$ 2,421)</u>

(24) Employees' welfare and depreciation, amortization expenses

Functionality Characteristics	January 1 to March 31, 2025		
	Allocated as operating cost	Attributable to operating expenses	Total
Employee benefits expenses			
Salaries and wages	\$ 159,874	\$ 286,579	\$ 446,453
Labor insurance and national health insurance	17,614	24,214	41,828
Pension expenses	10,346	16,115	26,461
Other employee benefits expenses	11,595	14,656	26,251
Depreciation expenses	54,229	28,871	83,100
Amortization expenses	68	2,656	2,724

Functionality Characteristics	January 1 to March 31, 2024		
	Allocated as operating cost	Attributable to operating expenses	Total
Employee benefits expenses			
Salaries and wages	\$ 156,179	\$ 271,966	\$ 428,145
Labor insurance and national health insurance	16,359	22,383	38,742
Pension expenses	9,810	15,111	24,921
Other employee benefits expenses	12,909	15,517	28,426
Depreciation expenses	59,359	27,312	86,671
Amortization expenses	190	2,852	3,042

1. According to the Articles of Incorporation of the Company, the Company, in accordance with the accumulated profit after deducting the accumulated losses, shall have the

“remuneration to employees” appropriated for an amount equivalent to 1%~15% of the remaining earnings and not more than 3% of the earnings as the remuneration of the directors, if any.

2. (1) The estimated amount of employee remuneration for the three months ended March 31, 2025 was NTD 3,900; the estimated amount of director remuneration was NTD 1,750. The aforementioned amount was recorded in the account of salary expense.
 - (2) For the three months ended March 31, 2024, CCPC’s estimated amount of remuneration to employees was NTD 11,250, and the estimated amount of remuneration to directors was NTD 1,250. The aforementioned amounts were recognized as salary expenses.
 - (3) The estimated recognition for the three months ended March 31, 2025 is based on the profitability of the year, of which 2.54% for employee bonus and 1.14% for the bonus of the members of the board. The above stated employee bonus is distributed in cash.
 - (4) The estimated amount of remuneration to employees from September 2, 2024 (the date of establishment) to December 31, 2024 was NTD 5,328, and the estimated amount of remuneration to directors was NTD 2,417, as resolved by the Board of Directors. The remuneration to employees and directors/supervisors from September 2, 2024 to December 31, 2024 had not been paid out.
 - (5) The 2023 employee remuneration of CCPC was resolved by the Board of Directors to be NTD 25,000, and the estimated amount of remuneration to directors was NTD 5,000, which is consistent with the amount recognized in the 2023 financial report of China Medical Technology Inc. and has been actually distributed in 2024.
3. Information on the employee and remuneration for directors as approved by the board of directors can be found on the Market Observation Post System.

(25) Financial costs

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Interest expenses:		
Bank loan	\$ 14,097	\$ 14,829
Interest expense on the lease liability	1,711	1,668
Interest expense on decommissioning liabilities	<u>17</u>	<u>16</u>
	<u>\$ 15,825</u>	<u>\$ 16,513</u>

(26) Income tax

1. Income tax expenses

(1) Components of income tax expense:

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Current income tax:		
Current income tax	\$ 31,718	\$ 16,040
Underestimated income tax in prior periods	<u>3,671</u>	<u>40</u>
Total Current income tax	<u>35,389</u>	<u>16,080</u>
Deferred income tax:		
Origin and reversal of temporary differences	<u>(5,975)</u>	<u>9,259</u>
Total deferred income tax	<u>(5,975)</u>	<u>9,259</u>
Income tax expenses	<u>\$ 29,414</u>	<u>\$ 25,339</u>

(2) Income tax amounts relating to other comprehensive profit and loss:

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Exchange differences in overseas operating institutions	\$ <u>5,198</u>	\$ <u>4,281</u>

2. The Company was established on September 2, 2024, so no profit-seeking enterprise income tax has been filed. Except for the profit-seeking enterprise income tax for Chairman of Chunghwa Biomedical Technology and Chunghwa Senior Lifestyle Services Co., Ltd., which had been approved by the tax authorities up to 2023, the profit-seeking enterprise income tax of other domestic subsidiaries of the Group has been approved by the tax authorities up to 2022.

(27) Earnings per share

	<u>January 1 to March 31, 2025</u>		
	<u>After-tax amount</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to the parent company's common stock shareholders	\$ <u>117,994</u>	<u>126,945</u>	\$ <u>0.93</u>
<u>Diluted earnings per share</u>			
Net income attributable to the parent company's common stock shareholders	\$ 117,994	126,945	
The impact of potential diluting common stock: remuneration to employees	<u>-</u>	<u>209</u>	
Net income attributable to the parent company and impact of potential common stock	<u>\$ 117,994</u>	<u>127,154</u>	<u>\$ 0.93</u>
	<u>January 1 to March 31, 2024</u>		
	<u>After-tax amount</u>	<u>Weighted average outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income attributable to the parent company's common stock shareholders	\$ <u>105,833</u>	<u>148,627</u>	\$ <u>0.71</u>
<u>Diluted earnings per share</u>			
Net income attributable to the parent company's common stock shareholders	\$ 105,833	148,627	
The impact of potential diluting common stock: remuneration to employees	<u>-</u>	<u>668</u>	
Net income attributable to the parent company and impact of potential common stock	<u>\$ 105,833</u>	<u>149,295</u>	<u>\$ 0.71</u>

The Company exchanged shares with CCPC according to the share swap agreement. As it is deemed the reorganization under joint control, the Company retroactively adjusted the weighted average number of outstanding shares based on the share swap ratio agreed upon in the share swap agreement when calculating the earnings per share during the comparative period.

(28) Supplementary information about the cash flows

Investing activities partially funded with cash:

	<u>January 1 to March 31, 2025</u>		<u>January 1 to March 31, 2024</u>	
Purchase of property, plant, and equipment	\$	26,543	\$	81,422
Less: Initial prepayments for business facilities	(	34,071)	(	36,702)
Add: Ending prepayment for business facilities		34,904		59,813
Add: Construction and equipment payable at the beginning of the period		38,688		49,842
Less: Construction and equipment payable at the Ending of the period	(	24,482)	(	24,455)
Add: Long-term payables for construction and prepayments for business at the beginning of the period (recognized in other non-current liabilities)		8,299		8,787
Less: Long-term payables for construction and prepayments for business at the end of the period (recognized in other non-current liabilities)	(	8,299)	(	8,787)
Cash Paid for the Period	\$	<u>41,582</u>	\$	<u>129,920</u>

(29) Changes in liability from financial activities.

	Shot-term borrowings	Short-term notes payable	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financial activities.
January 1, 2025	\$ 1,381,789	\$ 88,992	\$ 1,315,500	\$ 354,275	\$ 28,575	\$ 3,169,131
Borrowing/ Increase	587,395	527,008	-	5,454	-	1,119,857
Repayment/ Payment	(192,000)	(109,000)	(826,300)	(12,369)	(1,559)	(1,141,228)
Changes in exchange rate	-	-	-	707	585	1,292
March 31, 2025	<u>\$ 1,777,184</u>	<u>\$ 507,000</u>	<u>\$ 489,200</u>	<u>\$ 348,067</u>	<u>\$ 27,601</u>	<u>\$ 3,149,052</u>
January 1, 2024	\$ 1,519,513	\$ 110,884	\$ 1,449,000	\$ 358,343	\$ 19,566	\$ 3,457,306
Borrowing/ Increase	88,500	719,000	-	-	4,282	811,782
Repayment/ Payment	(325,865)	(102,884)	(323,000)	(11,081)	-	(762,830)
Changes in exchange rate	-	-	-	636	338	974
March 31, 2024	<u>\$ 1,282,148</u>	<u>\$ 727,000</u>	<u>\$ 1,126,000</u>	<u>\$ 347,898</u>	<u>\$ 24,186</u>	<u>\$ 3,507,232</u>

7. Related party transactions

(1) Name and relationship of related parties

<u>Name</u>	<u>Relationship with the Group</u>
Chunghwa Chemical Synthesis & Biotech Co., Ltd. (CCSB)	Associate of The Group
Sino-Japan Chemical Co., Ltd. (Sino-Japan Chemical)	Associate of The Group
PHERMPEP CO., LTD. (PHERMPEP)	Associate of The Group
Wuxi Jirui Medical Technology Co., Ltd. (Wuxi Jirui)	Associate of The Group
Trium Therapeutics Co., Ltd (Trium)	The Group's joint venture (Note)
HU-YU CO., LTD (HU-YU)	The individual controlled by major management team of The Group
Markart Enterprise Co., Ltd. (Markart)	The individual controlled by major management team of The Group
Sela Holdings Inc.	The individual controlled by major management team of The Group
Cafe Warm Up Occupational Therapy Center (Cafe Warm Up)	Other related parties
Note: Discontinued on May 24, 2024.	

(2) Major transactions with related parties

1. Operating revenues

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Merchandising:		
The individual controlled by major management team	\$ 45,783	\$ 61,032
- HU-YU		
- Markart	2	-
Affiliated enterprises	<u>23</u>	<u>27</u>
	<u>\$ 45,808</u>	<u>\$ 61,059</u>

(1) The transaction price for the joint replacement products that CCPC sells is made by the individual controlled by the major management team based on the import cost plus 4%. Due to the industry peculiarities, the payment is Net 240 days which is longer than the general transactions.

(2) The payment term of The Group for general customers is 120 days to 180 days. Except for the previous statement, the payment term and transaction price for related party is relevant to customers at the same level, however, part of the payment is still being delayed.

2. Purchases

	<u>January 1 to March 31,</u> <u>2025</u>	<u>January 1 to March 31,</u> <u>2024</u>
Purchase of goods:		
Affiliated enterprises	<u>\$ 15,544</u>	<u>\$ 9,658</u>

The purchase from The Group to the related party is based on the general commercial conditions, and the payment is 3~4 months with remittance after purchasing. However, part of payment is still delayed.

3. Accounts receivable and notes

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts receivable and notes:			
The individual controlled by major management team- HU-YU	\$ 125,975	\$ 244,420	\$ 243,587
Affiliated enterprises	<u>10</u>	<u>31</u>	<u>14</u>
	125,985	244,451	243,601
Less: Allowance for losses	<u>(18,896)</u>	<u>(36,663)</u>	<u>(36,538)</u>
Total	<u>\$ 107,089</u>	<u>\$ 207,788</u>	<u>\$ 207,063</u>

- (1) In general, the Company grants payment periods ranging from 120 days to 180 days for general customers, and 240 days for individual entities controlled by the key management. For financial instruments dated beyond the aforementioned payment period, the Board resolved to treat as loans, and has been recognized as “other receivables -related parties”. These loans are accompanied by the letter of surety issued by the Chairman of the Company. For additional information, refer to Note 7 (2) 5 (1), “entities controlled by key management”.
- (2) Account and note receivables as of March 31, 2025, December 31 and March 31, 2024 were from customer contracts. Account receivables and the associated allowed made stood at NTD 240,820 and NTD 36,122, respectively, on January 1, 2024.
- (3) The exposure amounts of the maximum credit risk which can represent the accounts receivable and bill receivable of the Group's related parties without considering the possessed collateral or other credit enhancement condition on March 31, 2025, December 31 and March 31, 2024 are its book amount.
- (4) The aging analysis of accounts receivable and bill receivable is as follows:

	<u>March 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not-overdue	\$ 46,114	\$ 79,871	\$ 22,184	\$ 97,288
Overdue within 1-90 days	-	-	-	54,776
Overdue within 91-180 days	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,203</u>
	<u>\$ 46,114</u>	<u>\$ 79,871</u>	<u>\$ 22,184</u>	<u>\$222,267</u>
			<u>March 31, 2024</u>	
			<u>Accounts receivable</u>	<u>Notes receivable</u>
Not-overdue			\$ 40,578	\$178,607
Overdue within 1-90 days			<u>-</u>	<u>24,416</u>
			<u>\$ 40,578</u>	<u>\$203,023</u>

4. Accounts payable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Accounts payable:			
Affiliated enterprises	\$ <u>22,728</u>	\$ <u>14,412</u>	\$ <u>15,014</u>

The purchase from The Group to the related party is based on the general commercial conditions, and the payment is 3~4 months with remittance after purchasing. However, part of payment is still delayed.

5. Other receivables

(1) A. Related party of the loan funds.

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
The individual controlled by major management team-HU-YU			
Overdue accounts receivable and notes receivable transferred to other receivables	\$ 158,286	\$ 159,342	\$ 182,425
Financing amount receivable	<u>129,000</u>	<u>101,000</u>	<u>80,000</u>
	287,286	260,342	262,425
Less: Allowance for losses	<u>(23,743)</u>	<u>(23,901)</u>	<u>(27,364)</u>
	<u>\$ 263,543</u>	<u>\$ 236,441</u>	<u>\$ 235,061</u>

B. Interest income

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
The individual controlled by major management team-HU-YU	\$ <u>1,328</u>	\$ <u>1,358</u>

(2) Interest receivable, rent receivable and collection and payment transfer.

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
The individual controlled by major management team- HU-YU	\$ 424	\$ -	\$ 413
Affiliated enterprises	<u>8</u>	<u>9</u>	<u>-</u>
	<u>\$ 432</u>	<u>\$ 9</u>	<u>\$ 413</u>

6. Acquisition of financial assets

2025			
<u>Account titles in</u>	<u>Number of shares</u>	<u>Object of transaction</u>	<u>Prices of</u>
<u>book</u>			<u>acquirements</u>
Affiliate -Wuxi Jirui Medical Technology Co., Ltd.	-	Investment under the equity method Wuxi Jirui Medical Technology Co., Ltd. (Wuxi Jirui)	\$ 463

For the three months ended March 31, 2024: none.

7. Provide the endorsement guarantee status of the related party

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
The individual controlled by major management team- HU-YU	\$ 237,600	\$ 252,600	\$ 363,000

Of the balance of endorsement and guarantee of the Group as of March 31, 2025, the Group actually undertook endorsement and guarantee in favor of HU-YU Co., Ltd. At NTD 79,300, given the renewal of contract and the previous reporting to the Board for the approval of the amount of NTD 158,300.

(3) Remuneration to key management

	<u>January 1 to March 31,</u>	<u>January 1 to March 31,</u>
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 26,081	\$ 27,516
Retirement benefits	249	394
	<u>\$ 26,330</u>	<u>\$ 27,910</u>

8. Pledged assets

The assets of the Group are offered as collateral as follows:

<u>Asset Item</u>	<u>Book Value</u>			<u>Purpose of</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>		guarantee
Land, buildings and structures (recognized in property, plant, and equipment and investment property)	\$ 2,691,640	\$ 2,647,454	\$ 2,757,650	Long-term and short-term loan, purchase...etc.
Refundable deposits (recognized in other non- current assets)	58,351	55,993	91,785	Leasing security deposits, bid bonds, and court deposits
	<u>\$ 2,749,991</u>	<u>\$ 2,703,447</u>	<u>\$ 2,849,435</u>	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

In February 2025, the Company received a letter from the Securities and Futures Investors Protection Center, claiming that the subsidiary CCPC should compensate the counterparty, which the Supreme Court has enforced. The Company is currently in the process of negotiating with the lawyer on the subsequent compulsory enforcement.

(2) Commitments

1. The Company has signed contracts for the purchase of machine and equipment, construction work for the plant, intangible assets and consulting service with outstanding payment amounting to NTD 139,298, NTD 207,936 and NTD 298,898 as of March 31, 2025, March 31 and December 31, 2024, respectively. In the contract of consultation services, part of the performance expenses are paid according to the plan benefits.
2. The unused L/C balance as of March 31, 2025, March 31 and December 31, 2024 were NTD 19,749, NTD 51,002 and NTD 34,522 respectively.
3. The amounts issued as of March 31, 2025, December 31, 2024, and March 31, 2024 were NTD 3,923,200, NTD 3,951,000, and NTD 2,595,000, respectively.

10. Significant disaster loss

No such event

11. Significant subsequent events

- (1) The Company's Board of Directors resolved on April 9, 2025 to buy back treasury stocks for transfer to employees. It is estimated that 3,000 thousand shares will be bought back, with a price range of NTD 22 to NTD 43 per share. However, the shares may be continuously bought back at a price lower than the range price.
- (2) The Company's Board of Directors resolved on April 14, 2025 to issue 1,200 thousand new restricted employee shares with a par value of NTD 10 per share. As of May 6, 2025, it had not yet been approved by the shareholders' meeting.

12. Others

(1) Capital management

The Group's capital risk management objectives are to ensure that the Group is capable of continuing operations, to maintain the most appropriate capital structure in order to reduce cost of capital and to maximize returns for shareholders. The Group may make adjustments to dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce the level of debts in order to maintain or adjust the Group's capital structure. The Group uses the debt-to-equity ratio to monitor its capital. The ratio is calculated by dividing net debts by total capital. Net debts are calculated as total debts (including "current and non-current borrowings" presented in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" presented in the consolidated balance sheet plus net debts.

The strategy of the Group in 2025 is the same as that in 2024, which is dedicated to maintain the debt-to-capital ratio to 40% below. The debt-to-capital ratio of The Group in March 31, 2025, March 31 and December 31, 2024 were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Total loan amount	\$ 2,773,384	\$ 2,786,281	\$ 3,135,148
Less: Cash and cash equivalent	(745,094)	(588,011)	(442,782)
Net debt	2,028,290	2,198,270	2,692,366
Total equity	<u>7,651,065</u>	<u>7,549,351</u>	<u>7,496,368</u>
Total capital	<u>\$ 9,679,355</u>	<u>\$ 9,747,621</u>	<u>\$ 10,188,734</u>
Liability/assets ratio	21%	23%	26%

(2) Financial instruments

1. Categories of financial instruments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets at fair value through profit and loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ -	\$ 67,869
Financial assets at fair value through other comprehensive profit or loss			
Select the designated equity instrument investment.	188,594	329,968	511,382
Financial assets measured at the amortized cost			
Cash and cash equivalents	745,094	588,011	442,782
Financial assets measured at the amortized cost	98,168	95,413	91,576
Notes receivable	417,642	496,315	624,569
Accounts receivable	1,532,787	1,494,754	1,555,662
Other receivables	285,325	259,168	262,173
Refundable deposits	<u>58,351</u>	<u>55,993</u>	<u>91,785</u>
	<u>\$ 3,325,961</u>	<u>\$ 3,319,622</u>	<u>\$ 3,647,798</u>
<u>Financial liabilities</u>			
Financial liability measured at the amortized cost			
Shot-term borrowings	\$ 1,777,184	\$ 1,381,789	\$ 1,282,148
Short-term notes payable	507,000	88,992	727,000
Payable notes	453	1,208	1,189
Accounts payable	765,033	908,706	847,245
Other payables	645,765	756,753	527,693
Deposits received	27,601	28,575	24,186
Long-term payables (recognized in other non-current liabilities)	8,299	8,299	8,787
The long-term loan (including the expiration of one year or an operating cycle).	<u>489,200</u>	<u>1,315,500</u>	<u>1,126,000</u>
	<u>\$ 4,220,535</u>	<u>\$ 4,489,822</u>	<u>\$ 4,544,248</u>
Lease liability (including current and non-current)	<u>\$348,067</u>	<u>\$354,275</u>	<u>\$347,898</u>

2. Risk management policies

- (1) The daily operation of The Group is affected by multiple financial risks, which include the market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management policy of The Group is to focus on the unpredictable matters of the financial market and seek for the method to decrease the potential adverse impact on the financial situation and financial performance of The Group.
- (2) The risk management is executed by the financial center of The Group according to the policies approved by the board of directors. The financial center of the group works close with the operation unit of The Group to identify, evaluate and avoid risk. The board of director also sets the written principle for the overall management risk and provides a written policy for specific scope and matters, ex. currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments as well as the investment of the remaining liquidity.

3. Nature and degree of the significant financial risk.

(1) Market Risk

Exchange rate risk

- A. The operation of the Group is transnational, which suffers from the currency occurred by multiple currencies and the majority is USD, RMB and JPY. The relevant currency risk comes from the future commercial deals, recognized assets and liability as well as the net investment of the foreign operation.
- B. The business of the Group involves several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, while that of some subsidiaries are RMB), and therefore are affected by the exchange rate fluctuation, the information about the currency with significant exchange rate fluctuation is as follows:

	March 31, 2025		
	<u>Foreign currency</u>		Book value
(Foreign currency: Functional currency)	<u>(NT\$ thousand)</u>	<u>Exchange rate</u>	<u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY: NTD	\$ 314,411	0.2232	\$ 70,177
USD: NTD	527	33.20	17,496
JPY: RMB	18,396	0.0488	4,106
USD: RMB	2,350	7.26	78,037
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY: NTD	\$ 83,902	0.2232	\$ 18,727
USD: NTD	1,760	33.20	58,432

December 31, 2024			
(Foreign currency: Functional currency)	<u>Foreign currency</u> <u>(NT\$ thousand)</u>	<u>Exchange rate</u>	Book value <u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY: NTD	\$ 219,637	0.2101	\$ 46,146
USD: NTD	807	32.78	26,453
JPY: RMB	16,314	0.0469	3,426
USD: RMB	1,870	7.32	61,297
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY: NTD	\$ 86,843	0.2101	\$ 18,246
USD: NTD	2,263	32.78	74,181

March 31, 2024			
(Foreign currency: Functional currency)	<u>Foreign currency</u> <u>(NT\$ thousand)</u>	<u>Exchange rate</u>	Book value <u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY: NTD	\$ 298,881	0.2116	\$ 63,243
USD: NTD	1,397	31.99	44,690
JPY: RMB	16,984	0.0480	3,593
USD: RMB	785	7.26	25,112
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY: NTD	\$ 32,160	0.2116	\$ 6,805
USD: NTD	3,636	31.99	116,316

- C. The amounts of the unrealized gains and losses with significant exchange rate fluctuation for the currency of the Group recognized for the three months ended March 31, 2025 and 2024 were summed amount respectively as NTD 3,718 and NTD 273.
- D. The analysis of foreign exchange risk affected by significant exchange rate fluctuation for the Group is as follows.

January 1 to March 31, 2025

	<u>Sensitivity analysis</u>		
	<u>Magnitude changes</u>	<u>Influence of profit and loss</u>	<u>The impact of other comprehensive profit or loss</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY: NTD	1%	\$ 702	\$ -
USD: NTD	10%	1,750	-
JPY: RMB	1%	41	-
USD: RMB	10%	7,804	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY: NTD	1%	\$ 187	\$ -
USD: NTD	1%	584	-

January 1 to March 31, 2024

	<u>Sensitivity analysis</u>		
	<u>Magnitude changes</u>	<u>Influence of profit and loss</u>	<u>The impact of other comprehensive profit or loss</u>
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
JPY: NTD	1%	\$ 632	\$ -
USD: NTD	10%	4,469	-
JPY: RMB	1%	36	-
USD: RMB	10%	2,511	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
JPY: NTD	1%	\$ 68	\$ -
USD: NTD	1%	1,163	-

Price risk

- A. The equity instrument exposed to price risk of The Group means all financial assets listed in the account at fair value through other comprehensive income. To manage the price risk for the investment of equity instrument, The Group will break down the investment portfolio which is followed by the limited amount set by The Group.

- B. The Group mainly invests in the domestic listed and unlisted equity instrument, the price of such equity instrument will be affected by the uncertainty of the future value of that investment object. Assuming that all other conditions remain unchanged, if the price of the aforementioned equity instruments hikes or declines by 1%, the net profit, classified as the profit or loss from equity investments measured at fair value through profit or loss, for the three months ended March 31, 2025 and 2024 were estimated to increase or decrease by NTD 0 and NTD 679, respectively. Other comprehensive income, classified as the profit or loss from equity investment measured at fair value through other comprehensive income, for the three months ended March 31, 2025 and 2024 were estimated to decrease or increase by NTD 1,886 and NTD 5,114, respectively.

Cash flows and the interest risk of fair value

- A. The interest risk of The Group comes from the long-term loan, short-term loan and short-term bills receivable. The Group suffers from the interest rate risk of the cash flows based on the loan issued according to floating rate, part of the risk is being offset with the cash and cash equivalents based on the floating rate. The Group suffers from the interest rate risk of the fair value with the loan issued based on the fixed rate. The loan of The Group is mainly with floating rate. The loan amount of the Group for the three months ended March 31, 2025 and 2024 were is based on the floating rate in NTD and US dollars.
- B. For the three months ended March 31, 2025 and 2024, if the change in loan interest rates is 0.1%, and all other elements are remained the same, net incomes for the three months ended March 31, 2025 and 2024 will respectively decreases NTD 555 and NTD 627 mainly because of the increase or decrease of the interest for the loan of floating interest.

(2) Credit Risk

- A. The credit risk of the Group is the risk deriving from the financial loss caused by the failure of the customers or the counterparties of trade in financial instruments in performing their contractual obligations, and is mainly from the cash flow from the contracts of the account receivable that cannot be settled by the counterparties in accordance with the terms and conditions of payment, and is classified as cash flow from contracts of investment in debt instruments measured on the basis of amortized cost.
- B. The Group established credit risk management in view of a group. According to the credit policy specified internally, before setting the payment, delivery terms and conditions with the new customer, each operating individual in the group should manage and proceed with the credit risk analysis. The internal risk management is to evaluate the credit quality of the customer in consideration of the financial situation, previous experience and other factors. The limited amount of the individual risk is set by the board of director according to the internal or external rating and monitored with the use of the credit line regularly.
- C. The Group adopts IFRS 9 to provide the following assumption as the basis to judge if the credit risk of the financial instrument significantly increases since initial recognition:

The credit risk of a financial asset is deemed to increase significantly since the recognition when a contract payment is 30 day past due.

- D. The Group adopts IFRS 9 to provide the assumption and based on actual receipt of payment previously that if the payment term in the contract exceeding 91-180 days, it will be considered as violation.
- E. The indicators used by the Group to determine the credit impairment of debt instrument investment are as follows:
- (A) The issuer is likely to enter into bankruptcy or other financial restructuring if it is experiencing major financial difficulties;
 - (B) The issuer makes the active market of the financial asset disappear due to financial difficulties;
 - (C) The issuer delays or fails to pay interest or principal;
 - (D) Changes in national or regional economic conditions that are related to the issuer's default.
- F. The Group classifies the accounts receivable of the customers according to the features of customer type with simplified method to prepare matrix and loss-rate approach as a base to estimate the expected credit loss.
- G. With the recourse process, The Group writes off the receivable amount of the financial assets which can't be expected reasonably, however, The Group will still proceed with the low process for recourse to reserve the equity of liability. By March 31, 2025, December 31 and March 31, 2024, the Group did not have the liability for creditor's with recourse write-off.
- H. The bill receivable and allowance account for change in loss of The Group is as follows:
- (1) The associates of the Group are with excellent credits; therefore, the expected loss rate is 0.2%, and the total carrying amounts of accounts receivable and other receivables as of March 31, 2025, December 31 and March 31, 2024 were NTD 10, NTD 31, NTD 14, and NTD 8, NTD 9, and NTD 0 respectively, and no allowance for losses was provided.
 - (2) The expected loss rate for the individual of the management team of the Group is 15%, and the total carrying amounts and allowances for loss on March 31, 2025, December 31 and March 31, 2024 are as follows:

Account and note receivables:	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
One of the individuals controlled by the major management team	\$ 125,975	\$ 244,420	\$ 243,587
Less: Allowance for losses	(18,896)	(36,663)	(36,538)
	<u>\$ 107,079</u>	<u>\$ 207,757</u>	<u>\$ 207,049</u>
Other receivables:	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
One of the individuals controlled by the major management team	\$ 287,710	\$ 260,342	\$ 262,838
Less: Allowance for losses	(23,743)	(23,901)	(27,364)
	<u>\$ 263,967</u>	<u>\$ 236,441</u>	<u>\$ 235,474</u>

- (3) The Group adjusts the loss rate established according to the historical and current information in a specific period of time in consideration of the completeness of vision, to estimate the bill receivable and allowance for loss. The prepared matrix of March 31, 2025, December 31 and March 31, 2024 are as follows:

	<u>Not-overdue</u>	<u>1 to 90 days overdue.</u>	<u>91 to 180 days overdue.</u>	<u>Overdue exceeding 181 days</u>	<u>Total</u>
<u>March 31, 2025</u>					
Expected rate of loss	0.02%~0.5%	0.02%~ 11.76%	0.02%~100%	100%	
Total amount of the book value	\$ 1,946,047	\$ 26,179	\$ 3,065	\$ 2,447	\$ 1,977,738
Allowance for losses	3,172	1,089	1,616	2,393	8,270

	<u>Not-overdue</u>	<u>1 to 90 days overdue</u>	<u>91 to 180 days overdue</u>	<u>Overdue exceeding 181 days</u>	<u>Total</u>
<u>December 31, 2024</u>					
Expected rate of loss	0.02%~0.91%	0.02%~ 18.56%	0.02%~100%	100%	
Total amount of the book value	\$ 1,903,458	\$ 18,550	\$ 2,925	\$ 538	\$ 1,925,471
Allowance for losses	8,105	1,133	2,377	538	12,153

	<u>Not-overdue</u>	<u>1 to 90 days overdue.</u>	<u>91 to 180 days overdue.</u>	<u>Overdue exceeding 181 days</u>	<u>Total</u>
<u>March 31, 2024</u>					
Expected rate of loss	0.02%~0.91%	0.02%~18.56%	0.02%~100%	100%	
Total amount of the book value	\$ 2,064,236	\$ 30,839	\$ 1,522	\$ 744	\$ 2,097,341
Allowance for losses	6,320	1,124	276	744	8,464

- I. The change in allowance for loss table for bill receivable, accounts receivable and other accounts receivable by the Group are as follows:

	<u>2025</u>	
	<u>Note receivable and accounts receivable</u>	<u>Other receivables</u>
January 1	\$ 48,816	\$ 23,901
Impairment loss reversal	(21,939)	-
Reclassification	158	(158)
Foreign exchange impact amount	131	-
March 31	<u>\$ 27,166</u>	<u>\$ 23,743</u>

	<u>2024</u>	
	<u>Note receivable and accounts receivable</u>	<u>Other receivables</u>
January 1	\$ 44,719	\$ 28,378
Impairment loss reversal	(761)	-
Reclassification	1,014	(1,014)
Foreign exchange impact amount	30	-
March 31	<u>\$ 45,002</u>	<u>\$ 27,364</u>

(3) Liquidity risk

A. The prediction of cash flows is executed by each operating unit in the group and summarized by the financial center of the group. The financial center of the group monitors the prediction for the liquidity requirement of the group, to ensure the capital is sufficient to support the operation requirements.

B. The below table is the derivative financial liabilities of The Group, which is classified based on the due date. The derivative financial liabilities are analyzed according to the remaining period between the date of balance sheet to the expiry date of the contract. The amount of the cash flows in the contract disclosed by the following table is the undiscounted amount.

Non-derivative financial liabilities:

	<u>Less than 3</u>	<u>3 months to 1</u>			
March 31, 2025	<u>months</u>	<u>year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 year</u>
Shot-term borrowings	\$ 769,168	\$ 1,012,584	\$ -	\$ -	\$ -
Short-term notes payable	507,000	-	-	-	-
Payable notes	453	-	-	-	-
Accounts payable	692,083	72,950	-	-	-
Other payables	600,956	44,809	-	-	-
Lease liabilities	14,092	41,282	52,242	127,932	140,950
Long-term payables	-	-	1,953	5,858	488
Long-term borrowings	8,249	21,952	434,934	34,049	-
Deposits received	-	26,269	1,332	-	-
Financial commitment agreements	158,300	-	-	-	-

Non-derivative financial liabilities:

	<u>Less than 3</u>	<u>3 months to 1</u>			
December 31, 2024	<u>months</u>	<u>year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 year</u>
Shot-term borrowings	\$ 83,746	\$ 1,303,132	\$ -	\$ -	\$ -
Short-term notes payable	39,000	50,000	-	-	-
Payable notes	755	453	-	-	-
Accounts payable	749,274	159,432	-	-	-
Other payables	640,083	116,670	-	-	-
Lease liabilities	13,604	39,986	52,711	121,044	150,280
Long-term payables	-	-	1,953	5,858	488
Long-term borrowings	10,106	22,459	1,228,905	66,845	-
Deposits received	-	27,243	-	1,332	-
Financial commitment agreements	173,300	-	-	-	-

Non-derivative financial liabilities:

	<u>Less than 3</u>	<u>3 months to 1</u>			
March 31, 2024	<u>months</u>	<u>year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 year</u>
Shot-term borrowings	\$ 721,009	\$ 566,155	\$ -	\$ -	\$ -
Short-term notes payable	450,000	277,000	-	-	-
Payable notes	1,189	-	-	-	-
Accounts payable	681,555	165,690	-	-	-
Other payables	460,674	67,019	-	-	-
Lease liabilities	12,662	36,926	47,784	121,479	159,658
Long-term payables	-	-	1,953	5,858	976
Long-term borrowings	4,163	18,186	952,670	180,000	-
Deposits received	-	23,496	-	690	-
Financial commitment agreements	207,000	-	-	-	-

(3) Fair value information

1. For the Group's financial assets and liabilities not measured at fair value, including cash and cash equivalents, financial assets measured at amortized cost — non-current, bills receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, deposits received, long-term payables, long-term borrowings (including long-term borrowings due within one year or within the Group's operating cycle) and lease liabilities, the amount is a reasonable approximation of fair value. Please refer to Note 12 (2) 1. for details.
2. The valuation technique for measuring the fair value of financial and non-financial instruments is defined as follows:
 - Level 1: The quotation (unadjusted) of the same assets or liabilities that can be acquired by the company in an active market on the measurement date. An active market refers to the market with sufficient frequency and quantity of the assets or liabilities transactions took place in order to provide market pricing information constantly. The fair value of the stock investment for the listed stock invested by The Group is all included.
 - Level 2: It refers to the directly or indirectly observable input value of asset or liability, except for those quotations included in Level 1. The fair value of structured deposits invested by the Group and embedded in derivatives is within this level.
 - Level 3: The unobservable inputs of assets or liabilities.
3. The fair value of investment property calculated by cost method is NTD 192,382, which was estimated based on the market price of similar properties in the vicinity.
4. The Group's financial and non-financial instruments measured at fair value are classified by the nature of assets and liabilities, characteristics and risks, and fair value as follows:
 - (1) The relevant information about the classification of the nature for the assets and liabilities of the Group is as follows:

March 31, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Investment of equity instruments at fair value through other comprehensive income	<u>\$ 96,529</u>	<u>\$ -</u>	<u>\$ 92,065</u>	<u>\$ 188,594</u>
December 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Investment of equity instruments at fair value through other comprehensive income	<u>\$ 231,545</u>	<u>\$ -</u>	<u>\$ 98,423</u>	<u>\$ 329,968</u>
March 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repeatable fair value</u>				
Financial assets at fair value through profit and loss				
Equity securities	\$45,821	\$ -	\$ -	\$45,821
Mixed instruments	<u>-</u>	<u>22,048</u>	<u>-</u>	<u>22,048</u>
	<u>\$45,821</u>	<u>\$ 22,048</u>	<u>\$ -</u>	<u>\$67,869</u>
<u>Repeatable fair value</u>				
Investment of equity instruments at fair value through other comprehensive income	<u>\$ 415,946</u>	<u>\$ -</u>	<u>\$ 95,436</u>	<u>\$ 511,382</u>

(2) The methods and assumptions used by the Group to measure fair value are described as follows:

A. The Group adopts the market quotation as the input value for the fair value (which is the first class), the classification according to the feature of the tool is as follows:

Listed (OTC) and emerging stocks

Market quotation

Closing price

B. Besides the financial instrument of the active market as stated above, the fair value of other financial instrument is obtained by evaluation technique or reference of the counter party.

C. While evaluating the financial instrument which is non-standardized and with low complexity, The Group adopts the evaluation technique which is comprehensively used by the market participants. The parameter used for the valuation model of such financial instrument is usually the observable information of the market.

D. What the valuation model comes out is the estimated value, and the evaluation

technique can't reflect all relating factors of the financial instrument and non-financial instrument of The Group. Therefore, the estimated value of the valuation model will be adjusted based on the additional parameter properly, such as the model risk or liquidity risk...etc. According to the management policy and relevant control program of the valuation model for fair value of The Group, the management team believes it is appropriate and necessary to adjust the evaluation for expressing the fair value of the financial instrument and non-financial instrument in the aggregate balance sheet. The price information and parameter used in the valuation process is evaluated prudently and adjusted according to the current market situation properly.

5. The changes in Level 3 for the three months ended March 31, 2025 and 2024, respectively, are described as follows:

	<u>2025</u>	<u>2024</u>
	<u>Equity instruments</u>	<u>Equity instruments</u>
January 1	\$ 98,423	\$ 97,898
Increase of the current period	97	-
Evaluation adjustment	(7,416)	(3,252)
Foreign exchange impact amount	961	790
March 31	<u>\$ 92,065</u>	<u>\$ 95,436</u>

6. The valuation process for classifying the fair value to the third level of The Group is proceeded by the financial center for the independent fair value valuation of the financial instrument, by using the independent sources to have the valuation result close to the market status, and make sure that the sources of the information is independent, reliable and consistent with other resources as well as all other necessary adjustment of fair value, to ensure the valuation result is reasonable.

Besides, the valuation policy, valuation process and confirmation for the fair value of the financial instrument set by the Ministry of Finance meet the regulations of relevant international financial reporting standards.

7. The sensitivity analysis explanation of the quantitative data of significant non-observable input value and change of significant non-observable input value which belongs to the valuation model for the items to review the third level of fair value is as follows:

	Fair value on March 31, 2025	Valuation technique	Significant unobservable input value	Relationship between input value and fair value
Stock of the venture capital	\$ 92,065	Net assets value method	Not applicable	Not applicable
	Fair value on December 31, 2024	Valuation technique	Significant unobservable input value	Relationship between input value and fair value
Stock of the venture capital	\$ 98,423	Net assets value method	Not applicable	Not applicable
	Fair value on	Valuation	Significant	Relationship

	<u>March 31, 2024</u>	<u>technique</u>	<u>unobservable input value</u>	<u>between input value and fair value</u>
Stock of the venture capital	\$ 95,436	Net assets value method	Not applicable	Not applicable

8. The valuation and valuation parameter chosen by The Group is evaluated properly, however, the different valuation model or valuation parameter may lead in different valuation result.

13. Notes of disclosure

(1) Information about important transactions

According to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.” The significant transaction matters of The Company for the three months ended March 31, 2025 were as follows:

1. The Loaning of funds: please see attached table 1.
2. Endorsement and Guarantee: please see attached table 2.
3. Major securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): please see attached table 3.
4. Purchase/sale amount of transactions with related parties reaching 100 million NTD or more than 20% of the paid-in capital: please see the attached table 4.
5. Amounts receivable from related parties totaling more than NTD 100 million or 20% of paid up capital: please see attached table 5.
6. For the business relationship among the parent company/subsidiary and each subsidiary and the important transactions, please see attached table 6.

(2) Information related to reinvested enterprises

The relevant information of names, area of location of the investees (excluding the investees in China), please see attached table 7.

(3) Information about investment in mainland China

1. Basic information: Please see attached table 8.
2. Significant transactions with investee companies in the Mainland China, either directly or indirectly through a third country: Not applicable.

14. Segment information

(1) General information

The management team of The Company has identified the reportable segments according to the information used in making decision by the board of director.

The board of director of The Group operates and evaluates the segments performance in view of the regional diversity.

(2) Segment information

The information provided for the major operation decision maker for the reportable segments

is as follows:

<u>January 1 to March 31,</u> <u>2025</u>	<u>Taiwan</u>	<u>China</u>	<u>Adjust and</u> <u>eliminate</u>	<u>Total</u>
External revenue	\$ 1,753,954	\$ 501,674	\$ -	\$ 2,255,628
Inter-segment income	<u>697,917</u>	<u>-</u>	<u>(697,917)</u>	<u>-</u>
Revenue of the reportable segments	<u>\$ 2,451,871</u>	<u>\$ 501,674</u>	<u>(\$ 697,917)</u>	<u>\$ 2,255,628</u>
Pre-tax net income of the segments before being adjusted	\$ 154,571	(\$ 14,263)	\$ 390	\$ 140,698
Investment profit or loss recognized according to the Equity Method	<u>206,168</u>	<u>(2)</u>	<u>(199,235)</u>	<u>6,931</u>
Pre-tax net income of the reportable segments	<u>\$ 360,739</u>	<u>(\$ 14,265)</u>	<u>(\$ 198,845)</u>	<u>\$ 147,629</u>
Asset of the reportable segments	<u>\$11,001,877</u>	<u>\$ 1,594,477</u>		<u>\$12,596,354</u>
Profits or losses of the segments include:				
Depreciation and amortization	<u>\$ 74,036</u>	<u>\$ 12,621</u>		<u>\$ 86,657</u>
 <u>January 1 to March 31,</u> <u>2024</u>	 <u>Taiwan</u>	 <u>China</u>	 <u>Adjust and</u> <u>eliminate</u>	 <u>Total</u>
External revenue	\$ 1,659,418	\$ 624,608	\$ -	\$ 2,284,026
Inter-segment income	<u>621,310</u>	<u>-</u>	<u>(621,310)</u>	<u>-</u>
Revenue of the reportable segments	<u>\$ 2,280,728</u>	<u>\$ 624,608</u>	<u>(\$ 621,310)</u>	<u>\$ 2,284,026</u>
Pre-tax net income of the segments before being adjusted	\$ 108,086	\$ 7,850	\$ 381	\$ 116,317
Investment profit or loss recognized according to the Equity Method	<u>52,627</u>	<u>(2)</u>	<u>(37,001)</u>	<u>15,624</u>
Pre-tax net income of the reportable segments	<u>\$ 160,713</u>	<u>\$ 7,848</u>	<u>(\$ 36,620)</u>	<u>\$ 131,941</u>
Asset of the reportable segments	<u>\$11,135,557</u>	<u>\$ 1,668,846</u>		<u>\$12,804,403</u>
Profits or losses of the segments include:				
Depreciation and amortization	<u>\$ 70,843</u>	<u>\$ 19,339</u>		<u>\$ 90,182</u>

(3) The adjusted information of the profits or losses of the segments

The pre-tax profit/ loss of the reportable segments is the same as that of the business segments, therefore, no adjustment has to be made.

Cenra Inc. and subsidiaries
The Loaning of Funds
January 1 to March 31, 2025

Attached table 1

Unit: NTD thousand
(Except where otherwise stated)

No. (Note 1)	The lender of fund	The borrower of fund	Transaction title	Are they related parties	Maximum balance – current period (Note 2)	Balance, ending	The actual amounts disbursed	Interest rate collars	Nature of financing (Note 3)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of provision for bad debts	Collateral		Limit of financing particular beneficiary	Total limit of financing	Remarks
													Name	Value			
1	China Chemical & Pharmaceutical Co., Ltd.	HU-YU Co., Ltd.	Other receivables	Y	\$ 160,030	\$ 158,286	\$ 158,286	2.01%	1	\$ 167,491	-	\$ 23,743	Note 5	\$ -	\$167,491	\$ 2,309,415	Note 4(1), (2)
1	China Chemical & Pharmaceutical Co., Ltd.	Cenra Inc.	Other receivables	Y	100,000	100,000	72,900	2.00%	2		-Working capital	-	-		1,154,707	2,309,415	Note 4(2)
2	Tairung Enterprise Co., Ltd.	HU-YU Co., Ltd.	Other receivables	Y	48,000	48,000	48,000	2.30%	2		-Working capital	-	-		48,290	48,290	Note 4(3), Note 5
3	Chunghwa Yuming Healthcare Co., Ltd.	HU-YU Co., Ltd.	Other receivables	Y	81,000	81,000	81,000	2.10%	2		-Working capital	-	-		94,215	188,429	Note 4(4), Note 5

Note 1: The filing method for the numbering of lending money by the Company is as follows:

- (1) Fill in 0 for the issuer.
- (2) The investees are sequentially numbered from 1 and so forth.

Note 2: Maximum balance of financing a third party in current period.

Note 3: Below are the two filing methods for the nature of lending money

- (1) With business dealings
- (2) With necessity of short-term financing

Note 4: Maximum and aggregate amount of loans made to a single entity by the Company:

- (1) Company and its subsidiaries with business transactions with the company whose individual lending amount may not exceed the most recent one year or the current year's incoming goods amount or total sales amount with the company, at the time of capital lending.
- (2) No loan made to a single entitle by China Chemical & Pharmaceutical Co., Ltd. shall exceed 15% of its net worth. Aggregated loans made shall not exceed 30% of its net worth.
- (3) No loan made to a single entitle by Tairung Enterprise Co., Ltd. shall exceed 40% of its net worth. Aggregated loans made shall not exceed 40% of its net worth.
- (4) No loan made to a single entitle by Chunghwa Yuming Healthcare Co. shall exceed 15% of its net worth. Aggregated loans made shall not exceed 30% of its net worth.

Note 5: The full value guarantee will be provided by the Chairman of The Company

Cenra Inc. and subsidiaries
Endorsements and guarantees made for others
January 1 to March 31, 2025

Attached table 2

Unit: NTD thousand
(Except where otherwise stated)

No. (Note 1)	The company providing the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee		The limit of endorsements and/ or guarantees to a single business entity	The highest balance of endorsements and/ or guarantees in the current period	The ending balance of endorsements and/ or guarantees	The actual amounts disbursed	Amount of property pledged for endorsements/ guarantees	Total endorsements and guarantees as a percentage of equity in the most recent financial statement	The upper limit of an endorsement and/or guarantee	Guarantee and endorsement of parent company to subsidiary	Guarantee and endorsement by subsidiary to parent company	Guarantee and endorsement in Mainland China	Remarks
		Company name	Relation (Note 2)											
1	China Chemical & Pharmaceutical Co., Ltd.	HU-YU Co., Ltd.	1	\$167,491	\$ 237,600	\$ 237,600	\$ 158,300	\$ -	3.09%	\$ 3,849,025	N	N	N	Note 3, 4, 5 and 6

Note 1: The column for numbering is elaborated below:

- (1) Fill in 0 for the issuer.
- (2) The investees are sequentially numbered from 1 and so forth.

Note 2: The 6 types of relations between the endorsement/ guarantee provider and subject of endorsement/ guarantee are as follows. Indication of types is applicable.

- (1) Business relation.
- (2) Subsidiary owns over 50% of ordinary equity share with direct possession.
- (3) The aggregation of the ordinary share possessed by The Company and its Subsidiary exceeds 50% by the investee.
- (4) The Parent Company which possesses more than 50% of the ordinary equity share directly or through its Subsidiary with indirect possession.
- (5) For building construction, The Company holds a mutual guarantee with other companies based on the peer agreement:
- (6) Due to the joint investment relationship, shareholders are to provide endorsement and guarantee to the company proportionately to the respective shareholding ratio.

Note 3: Endorsement and guarantee to a particular enterprise shall not exceed 30% of the net worth of the Company. The limit of endorsement and guarantee to companies in business transactions with the Company shall not exceed the amount of purchase or sale with the Company in the previous period or current period at the time of endorsement and guarantee, whichever is higher.

Note 4: The endorsement/ guarantee amount of The Company is limited to 50% of the net value of The Company.

Note 5: The highest amount of endorsement and guarantee of NTD 79,300 thousand has been reported to the Board for approval before contract renewal, and risk deriving from the undertaking of guarantee in favor of HU-YU Co., Ltd. is NTD 158,300 thousand.

Note 6: The amount of NTD 79,300 thousand in endorsement and guarantee has been reported to the Board for approval before contract renewal, and risk deriving from the undertaking of guarantee in favor of HU-YU Co., Ltd. is NTD 158,300 thousand, which accounted for 2.06% of the net worth as presented in the financial statement covering the previous period.

Cenra Inc. and subsidiaries
Major securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures)
March 31, 2025

Attached table 3

Unit: NTD thousand
(Except where otherwise stated)

Holding company	Types of negotiable securities	Names of negotiable securities (Note 1)	Relationship with the securities issuer	Account titles in book	At ending				Remarks
					Number of shares	Book value	Ratio of Shareholding	Fair value	
China Chemical & Pharmaceutical Co., Ltd.	Stock	momo.com Inc.	-	Investment of equity instruments at fair value through other comprehensive income	178,087	\$ 61,885	0.07%	\$ 61,885	None
	Stock	CDIB Capital Healthcare Ventures Limited	-	Investment of equity instruments at fair value through other comprehensive income	677,143	16,936	1.71%	16,936	None
	Stock	MegaPro Biomedical Co., Ltd.	Other related parties	Investment of equity instruments at fair value through other comprehensive income	2,938,458	34,644	4.54%	34,644	None
	Equity	Seraph partners	-	Investment of equity instruments at fair value through other comprehensive income	-	7,765	2.96%	7,765	None
Tairung Enterprise Co., Ltd.	Stock	Cenra Inc.	The Company	Investment of equity instruments at fair value through other comprehensive income	413,941	\$ 14,840	0.28%	\$ 14,840	None
Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd.	Equity	Kunshan CDIB Yida Healthcare Enterprise Ltd.	-	Investment of equity instruments at fair value through other comprehensive income	-	\$ 65,594	2.37%	\$ 65,594	None

Note 1: Securities as stated in this table are the stocks, bonds, beneficiary certificates and the securities deriving from the above items within the scope of IFRS 9, "Financial Instruments"

Note 2: The Company determines the securities to be listed in accordance with the principle of materiality and does not disclose the securities with a carrying amount of less than NTD 1,000.

Cenra Inc. and subsidiaries
Purchase from or sale to related parties for an amount exceeding NTD 100 million or 20% of paid-in capital
January 1 to March 31, 2025

Attached table 4

Unit: NTD thousand

Purchase (sale) company	Name of counterparty	Relation	Transactions			Trading terms different from general trade and reasons			Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage of total purchase (sale)	The credit period	Unit price	The credit period	Balance	Percentage of total notes and accounts receivable (payable)	
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Yuming Healthcare Co., Ltd.	Subsidiaries	Sale	\$696,351	66.20%	The payment term is 150 days	Agreed by the quotation in the purchase agreement signed by both parties.	The payment term is 150 days.	\$ 1,783,367	75.17%	

Note: Individual accounts payable transactions less than NT\$100,000 will not be disclosed.

Cenra Inc. and subsidiaries
Accounts receivable from related parties for an amount exceeding NTD 100 million or 20% of paid-in capital
March 31, 2025

Attached table 5

Unit: NTD thousand
(Except where otherwise stated)

The company booked in the receivables	Name of counterparty	Relation	Receivables from related		Turnover rate	Overdue Receivables from related parties		Receivables amount collected from related parties subsequently	Amount of provision for bad debts	Remarks
			party			Amount	Process			
China Chemical & Pharmaceutical Co., Ltd.	HU-YU Co., Ltd.	The Chairman is the same person of The Company.	\$	284,261	0.53	\$ 158,286	To obtain the proven guarantee from the chairman of The Company and take joint and several liability for the unpaid debts or bills.	\$ 8,478	\$ 42,639	
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Yuming Healthcare Co., Ltd.	Subsidiaries		1,783,367	0.40	529,145	Active debt collection.	150,894	-	

Cenra Inc. and subsidiaries
Business relationships and significant transactions and amount between parent company and subsidiaries and among subsidiaries.
January 1 to March 31, 2025

Attached table 6

Unit: NTD thousand
(Except where otherwise stated)

No. (Note 1)	Trader's name	Counterparty	Affiliation to trader (Note 2)	Transactions			Percentage in consolidated total revenue or total assets (Note 3)
				Title	Amount	Terms and conditions	
1	China Chemical and Pharmaceutical Co., Ltd.	Chunghwa Yuming Healthcare Co., Ltd.	3	Sale	\$ 696,351	Note 4	30.87%
1	China Chemical and Pharmaceutical Co., Ltd.	Chunghwa Yuming Healthcare Co., Ltd.	3	Accounts receivable	1,783,367	Note 4	14.16%

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:

- (1) Fill in "0" for parent company.
- (2) Subsidiaries are numbered from number 1.

Note 2: There are three types of relationships with traders, please mark the type intended.

- (1) Parent company vs. subsidiaries.
- (2) Subsidiaries vs. parent company.
- (3) Subsidiaries vs. subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 4: The selling price is agreed to by the quotation in the purchase agreement signed by both parties. The payment of the selling goods is 150 days.

Note 5: The significant matters between the parent company and subsidiaries have been written off.

Note 6: The amount of individual deal below NTS100,000 will not be disclosed.

Cenra Inc. and subsidiaries
The relevant information of names, area of location of the investees (excluding the investees in China)
January 1 to March 31, 2025

Attached table 7

Unit: NTD thousand (Except where otherwise stated)											
Investor	Name of investee	Location	Principal business	Sum of initial investment		Ending shareholding			Current period profit / loss of the investee	Recognized investment Income	Remarks
				Current period-end	The end of last year	Number of shares	Ratio	Book value			
Cenra Inc.	China Chemical & Pharmaceutical Co., Ltd.	Taiwan	Manufacture and sales of Western medicine preparations and health-care articles.	\$ 7,396,144	\$ 7,396,144	298,081,080	100.00	\$ 7,697,073	\$ 488,600	\$ 144,279	Subsidiaries
China Chemical & Pharmaceutical Co., Ltd.	Tairung Enterprise Co., Ltd.	Taiwan	Manufacture and sales of glass, plastics made containers	226,920	226,920	4,376	71.64	85,638	(678)	-	Sub-subsidiary (Note 1)
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Holding Co., Ltd	Cayman Islands	Professional investment company	910,384	910,384	44,485,000	100.00	1,240,600	(15,285)	-	Sub-subsidiary (Note 1)
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Yuming Healthcare Co., Ltd.	Taiwan	Wholesale of medicine and medical equipment	547,600	547,600	29,590,000	100.00	496,012	83,716	-	Sub-subsidiary (Note 1)
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Senior Lifestyle Services Co. Ltd.	Taiwan	Medicine, wholesale of medicine equipment and home care service	354,400	333,600	5,000,000	100.00	2,315	(5,380)	-	Sub-subsidiary (Note 1)
China Chemical & Pharmaceutical Co., Ltd.	Sino-Japan Chemical Co., Ltd.	Taiwan	Manufacture and selling of the chemical materials	37,474	37,474	318,216	21.99	530,866	51,231	-	Evaluation of equity method
China Chemical & Pharmaceutical Co., Ltd.	Chunghwa Chemical Synthesis & Biotech Co., Ltd.	Taiwan	Manufacture and selling of the chemical materials	563,849	563,849	21,575,064	27.82	984,493	7,318	-	Evaluation of equity method
China Chemical & Pharmaceutical Co., Ltd.	PHERMPEP CO., LTD.	Taiwan	Wholesale of biotechnology services and health products.	54,480	54,480	3,311,000	41.39	2,656	(3,150)	-	Evaluation of equity method
China Chemical & Pharmaceutical Co., Ltd.	Trium Therapeutics Co., Ltd	Cayman Islands	New drug development	-	-	-	-	-	-	-	Evaluation of equity method
Chunghwa Yuming Healthcare Co., Ltd.	Chunghwa Biomedical Technology Corp.	Taiwan	Manufacturer of cleaning products	17,680	17,380	1,768,000	75.23	17,106	1,869	-	Sub-subsidiary (Note 1)
Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd.	Chung-Hwa Le Huo Jian Kang (HK) Co., Ltd.	Hong Kong	Biotech products sold as an agent	-	-	-	100.00	-	-	-	Sub-subsidiary (Note 1)

Note 1: The Company does not recognize investment profit and loss directly.

Note 2: For the relevant information about the significant deals of the investees; please refer to the enclosed Attached table 1-6.

Cenra Inc. and subsidiaries
Basic information- Information of the investees in China
January 1 to March 31, 2025

Attached table 8

Unit: NTD thousand
(Except where otherwise stated)

Names of investees in China	Principal business	Paid-in shares Capital	Mode of investments (Note 1)	Accumulated amount of investment remitted from Taiwan at beginning	Amount of investment remitted or recovered in current period		Accumulated amount of investment remitted from Taiwan at ending	Current period profit / loss of the investee	The Company's directly or indirectly invested shareholding	Investment Profit or Loss for Current Period (Note 2)	Book value of investment at ending	The investment income received at the end of the current period	Remarks
					Outward remittance	Recover							
Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd.	Manufacture and sales of pharmaceutical medicine and health products.	\$755,151	2	\$768,672	\$ -	\$ -	\$768,672	\$(15,286)	100	\$(15,286)	\$ 1,240,086	\$ 472,412	Note 1 (2), Note 2(2) and Note 7
Suzhou Chunghwa Yuming Pharmaceutical Co., Ltd.	Wholesale and sales of pharmaceutical medicine and medical equipment.	132,149	3	-	-	-	-	(7,568)	100	-	30,314	-	Note 2(2)C, Note 3 and Note 7
Shanghai Yuhou Trading Co., Ltd. (formerly known as Pei Fu (Shanghai) Co., Ltd.)	Wholesale and sales of medical equipment.	200,070	3	-	-	-	-	(108)	100	-	7,750	-	Note 2(2)C, Note 4 and Note 7
Suzhou Chung-Hwa Le Huo Jian Kang Co., Ltd.	E-commerce sales of health products	87,156	3	-	-	-	-	(3,313)	100	-	27,183	-	Note 2(2)C, Note 5, Note 7
Wuxi Jirui Medical Technology Co., Ltd. (Wuxi Jirui)	Production and sales of APIs	23,451	3	-	-	-	-	(7)	34	-	4,468	-	Note 2(2)C, Note 6, Note 7

Company name	Accumulated investment from Taiwan to Mainland China at ending	Amount of investment approved by Investment Commission of MOEA	Investment amount approved by the Investment Commission MOEAIC
China Chemical & Pharmaceutical Co., Ltd.	\$ 296,260	\$769,143	\$4,618,829

Note 1: There are three types of investments labeled by the respective number:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country)
Investment in Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd. through Chunghwa Holding Co., Ltd.
- (3) Other ways.

Note 2: Recognized as gains or losses on investment in current period:

- (1) Please note if the investee is still under preparation and there was no investment gain or loss.
- (2) The basis of recognition of investment income is classified into following three types, which should be marked out.
 - A. Financial statements audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.
 - B. Financial statements audited by the CPAs who audit the parent company in Taiwan.
 - C. Others.

Note 3: Direct investment with RMB 30,000 thousand by Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd.

Note 4: Up to 100% equity of Shanghai Yuhou Trading Co., Ltd. (formerly known as Pei Fu (Shanghai) Co., Ltd.) was purchased with a fund of RMB 1,797 thousand from Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd. in June 2016. In 2023, a total of RMB 41,278 thousand from Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd. was used for direct investment.

Note 5: Direct investment with RMB 20,000 thousand by Suzhou Chung-hwa Chemical&pharmaceutical Industrial Co., Ltd.

Note 6: Acquired 34% shareholding of Wuxi Jirui Medical Technology Co., Ltd. by use of RMB 2,673 thousand capital from The Suzhou Chunghwa Yuming Pharmaceutical Co., Ltd.

Note 7: The Company does not recognize investment profit and loss directly.