

**Chung Hwa Pulp Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chung Hwa Pulp Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Chung Hwa Pulp Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2025 and 2024, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2025 and 2024, combined total assets of these subsidiaries were NT\$5,988,745 thousand and NT\$5,457,483 thousand, respectively, both representing 15%, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$689,843 thousand and NT\$604,468 thousand, respectively, both representing 3%, of the consolidated total liabilities; for the three months ended March 31, 2025 and 2024, the amounts of combined comprehensive income of these subsidiaries were NT\$12,368 thousand and NT\$15,549 thousand, respectively, representing (4%) and 2%, respectively, of the consolidated total comprehensive (loss) income. In addition, as disclosed in Note 15 to the consolidated financial statements, as of March 31, 2025 and 2024, investments accounted for using the equity method of the Group were NT\$133,874 thousand and NT\$110,081 thousand, respectively; for the three months ended March 31, 2025 and 2024, shares of comprehensive (loss) income recognized were a gain of NT\$(713) thousand and NT\$589 thousand, respectively; as well as the related information of investments disclosed in Note 31 to the consolidated financial statements which was based on the investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ review report are Shiow-Ming Shue and Shu-Chuan Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 14, 2025

Notice to Readers

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

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

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 934,058	2	\$ 1,365,522	3	\$ 1,252,656	3
Financial assets at fair value through profit or loss - current (Note 7)	28,684	-	39,621	-	43,450	-
Financial assets at fair value through other comprehensive income - current (Note 8)	2,527,743	6	2,601,588	7	2,399,589	7
Financial assets at amortized cost - current (Note 10)	721,770	2	236,495	1	7,000	-
Notes and accounts receivable (Note 11)	3,377,806	9	3,190,624	8	3,117,916	9
Notes and accounts receivable from related parties (Note 28)	311,095	1	273,898	1	324,829	1
Inventories (Note 12)	6,447,809	16	6,400,048	17	5,769,346	16
Biological assets (Note 13)	3,714,582	10	3,641,170	9	3,544,493	10
Other current assets	<u>1,324,751</u>	<u>3</u>	<u>1,046,997</u>	<u>3</u>	<u>867,149</u>	<u>2</u>
Total current assets	<u>19,388,298</u>	<u>49</u>	<u>18,795,963</u>	<u>49</u>	<u>17,326,428</u>	<u>48</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	385,653	1	408,712	1	492,300	2
Financial assets at amortized cost - non-current (Note 10)	-	-	91,216	-	90,204	-
Investments accounted for using the equity method (Note 15)	997,603	3	1,032,248	3	850,330	2
Property, plant and equipment (Note 16)	16,038,195	41	15,982,335	41	15,646,847	43
Right-of-use assets (Note 17)	482,445	1	482,926	1	478,440	1
Investment properties (Note 18)	754,941	2	755,008	2	755,208	2
Deferred tax assets (Note 23)	453,745	1	366,694	1	281,580	1
Prepayments for equipment	301,307	1	182,219	1	79,255	-
Net defined benefit assets (Note 20)	391,888	1	391,781	1	351,713	1
Other non-current assets	<u>191,366</u>	<u>-</u>	<u>128,631</u>	<u>-</u>	<u>124,157</u>	<u>-</u>
Total non-current assets	<u>19,997,143</u>	<u>51</u>	<u>19,821,770</u>	<u>51</u>	<u>19,150,034</u>	<u>52</u>
TOTAL	<u>\$ 39,385,441</u>	<u>100</u>	<u>\$ 38,617,733</u>	<u>100</u>	<u>\$ 36,476,462</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 4,848,004	12	\$ 4,345,073	11	\$ 4,118,870	11
Short-term bills payable (Note 19)	8,730,752	22	7,980,992	21	7,980,917	22
Financial liabilities at fair value through profit or loss - current (Note 7)	27,441	-	16,691	-	22,959	-
Financial liabilities for hedging - current (Note 9)	-	-	-	-	1,053	-
Notes and accounts payable	1,499,558	4	1,706,957	5	1,629,102	4
Notes and accounts payable to related parties (Note 28)	283,607	1	337,999	1	249,413	1
Other payables	1,032,724	3	1,206,959	3	927,280	3
Current tax liabilities (Note 23)	441	-	257	-	842	-
Lease liabilities - current (Notes 17 and 28)	36,484	-	42,022	-	31,857	-
Other current liabilities (Note 28)	<u>380,204</u>	<u>1</u>	<u>421,752</u>	<u>1</u>	<u>391,242</u>	<u>1</u>
Total current liabilities	<u>16,839,215</u>	<u>43</u>	<u>16,058,702</u>	<u>42</u>	<u>15,353,535</u>	<u>42</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 19)	2,023,447	5	2,022,787	5	621,127	2
Deferred tax liabilities (Note 23)	2,091,059	5	2,081,059	5	2,075,915	6
Lease liabilities - non-current (Notes 17 and 28)	37,046	-	34,605	-	35,458	-
Other non-current liabilities	<u>232,049</u>	<u>1</u>	<u>227,874</u>	<u>1</u>	<u>224,220</u>	<u>-</u>
Total non-current liabilities	<u>4,383,601</u>	<u>11</u>	<u>4,366,325</u>	<u>11</u>	<u>2,956,720</u>	<u>8</u>
Total liabilities	<u>21,222,816</u>	<u>54</u>	<u>20,425,027</u>	<u>53</u>	<u>18,310,255</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital	<u>11,028,353</u>	<u>28</u>	<u>11,028,353</u>	<u>29</u>	<u>11,028,353</u>	<u>30</u>
Capital surplus	<u>161,581</u>	<u>1</u>	<u>38,480</u>	<u>-</u>	<u>40,148</u>	<u>-</u>
Retained earnings						
Legal reserve	316,847	1	316,847	1	316,847	1
Special reserve	1,186,894	3	1,186,894	3	1,186,894	3
Unappropriated earnings	<u>915,702</u>	<u>2</u>	<u>1,258,287</u>	<u>3</u>	<u>1,532,220</u>	<u>4</u>
Total retained earnings	<u>2,419,443</u>	<u>6</u>	<u>2,762,028</u>	<u>7</u>	<u>3,035,961</u>	<u>8</u>
Other equity	<u>2,016,265</u>	<u>5</u>	<u>2,005,942</u>	<u>5</u>	<u>1,762,414</u>	<u>5</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>15,625,642</u>	<u>40</u>	<u>15,698,077</u>	<u>41</u>	<u>15,730,150</u>	<u>43</u>
NON-CONTROLLING INTERESTS	<u>2,536,983</u>	<u>6</u>	<u>2,494,629</u>	<u>6</u>	<u>2,436,057</u>	<u>7</u>
Total equity	<u>18,162,625</u>	<u>46</u>	<u>18,192,706</u>	<u>47</u>	<u>18,166,207</u>	<u>50</u>
TOTAL	<u>\$ 39,385,441</u>	<u>100</u>	<u>\$ 38,617,733</u>	<u>100</u>	<u>\$ 36,476,462</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 14, 2025)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Note 28)				
Sales	\$ 4,804,466	99	\$ 5,254,149	100
Sales returns and allowances	<u>100,888</u>	<u>2</u>	<u>36,722</u>	<u>1</u>
Net sales	4,703,578	97	5,217,427	99
Other operating revenue	<u>126,227</u>	<u>3</u>	<u>65,368</u>	<u>1</u>
Total operating revenue	<u>4,829,805</u>	<u>100</u>	<u>5,282,795</u>	<u>100</u>
OPERATING COSTS (Notes 12, 20, 22 and 28)				
Cost of goods sold	4,673,298	97	4,700,845	89
Other operating cost	<u>3,969</u>	<u>-</u>	<u>43,897</u>	<u>1</u>
Total operating costs	<u>4,677,267</u>	<u>97</u>	<u>4,744,742</u>	<u>90</u>
(LOSS) GAIN FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Note 13)	<u>(4)</u>	<u>-</u>	<u>326</u>	<u>-</u>
GROSS PROFIT	<u>152,534</u>	<u>3</u>	<u>538,379</u>	<u>10</u>
OPERATING EXPENSES (Notes 20, 22 and 28)				
Selling and marketing	360,846	8	394,864	7
General and administrative	210,913	4	86,139	2
Research and development	<u>39,633</u>	<u>1</u>	<u>42,019</u>	<u>1</u>
Total operating expenses	<u>611,392</u>	<u>13</u>	<u>523,022</u>	<u>10</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(458,858)</u>	<u>(10)</u>	<u>15,357</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 22 and 28)	(79,018)	(2)	(65,987)	(1)
Share of profit of associates (Note 15)	37,549	1	23,775	1
Interest income (Note 28)	9,830	-	10,780	-
Gain from bargain purchase (Note 15)	828	-	-	-
Other income (Note 28)	45,397	1	40,898	1
Gain on disposal of property, plant and equipment	-	-	400	-
Gain on disposal of investments	24	-	22	-
Foreign exchange gain	86,567	2	76,342	1
Loss on financial instruments at FVTPL	(53,828)	(1)	(37,918)	(1)
Other losses	<u>(1,952)</u>	<u>-</u>	<u>(1,661)</u>	<u>-</u>
Total non-operating income and expenses	<u>45,397</u>	<u>1</u>	<u>46,651</u>	<u>1</u>

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
(LOSS) PROFIT BEFORE INCOME TAX	\$ (413,461)	(9)	\$ 62,008	1
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 23)	<u>76,774</u>	<u>2</u>	<u>(452)</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(336,687)</u>	<u>(7)</u>	<u>61,556</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at FVTOCI	(93,915)	(2)	257,408	5
Share of the other comprehensive income of associates	15,510	-	26,271	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	115,090	3	312,765	6
Loss on hedging instruments	-	-	(3,092)	-
Share of the other comprehensive income of associates	<u>9,295</u>	<u>-</u>	<u>17,360</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>45,980</u>	<u>1</u>	<u>610,712</u>	<u>12</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (290,707)</u>	<u>(6)</u>	<u>\$ 672,268</u>	<u>13</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (342,850)	(7)	\$ 46,706	1
Non-controlling interests	<u>6,163</u>	<u>-</u>	<u>14,850</u>	<u>-</u>
	<u>\$ (336,687)</u>	<u>(7)</u>	<u>\$ 61,556</u>	<u>1</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (332,527)	(7)	\$ 563,385	11
Non-controlling interests	<u>41,820</u>	<u>1</u>	<u>108,883</u>	<u>2</u>
	<u>\$ (290,707)</u>	<u>(6)</u>	<u>\$ 672,268</u>	<u>13</u>

(Continued)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
(LOSS) EARNINGS PER SHARE (Note 24)				
Basic	\$ (0.31)		\$ 0.04	
Diluted			\$ 0.04	

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

(With Deloitte & Touche auditors' review report dated May 14, 2025)

(Concluded)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 4 and 21)													
								Other Equity		Gain (Loss) on Hedging Instrument	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income					
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE ON JANUARY 1, 2024	1,102,835	\$ 11,028,353	\$ 39,116	\$ 316,847	\$ 1,186,894	\$ 1,483,204	\$ 2,986,945	\$ (220,748)	\$ 1,474,580	\$ (6,034)	\$ (136,726)	\$ 15,165,486	\$ 2,318,408	\$ 17,483,894
Adjustments for the changes in equity of associates	-	-	1,040	-	-	247	247	-	-	-	-	1,287	-	1,287
Unclaimed dividends reversed	-	-	(8)	-	-	-	-	-	-	-	-	(8)	-	(8)
Net profit for the three months ended March 31, 2024	-	-	-	-	-	46,706	46,706	-	-	-	-	46,706	14,850	61,556
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	-	236,092	283,679	(3,092)	-	516,679	94,033	610,712
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	46,706	46,706	236,092	283,679	(3,092)	-	563,385	108,883	672,268
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	8,766	8,766
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	-	-	-	-	2,063	2,063	-	(2,063)	-	-	-	-	-
BALANCE ON MARCH 31, 2024	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 40,148</u>	<u>\$ 316,847</u>	<u>\$ 1,186,894</u>	<u>\$ 1,532,220</u>	<u>\$ 3,035,961</u>	<u>\$ 15,344</u>	<u>\$ 1,756,196</u>	<u>\$ (9,126)</u>	<u>\$ (136,726)</u>	<u>\$ 15,730,150</u>	<u>\$ 2,436,057</u>	<u>\$ 18,166,207</u>
BALANCE ON JANUARY 1, 2025	1,102,835	\$ 11,028,353	\$ 38,480	\$ 316,847	\$ 1,186,894	\$ 1,258,287	\$ 2,762,028	\$ 101,730	\$ 1,904,212	\$ -	\$ (136,726)	\$ 15,698,077	\$ 2,494,629	\$ 18,192,706
Adjustments for the changes in equity of associates	-	-	741	-	-	265	265	-	-	-	-	1,006	-	1,006
Unclaimed dividends reversed	-	-	(16)	-	-	-	-	-	-	-	-	(16)	-	(16)
Net (loss) profit for the three months ended March 31, 2025	-	-	-	-	-	(342,850)	(342,850)	-	-	-	-	(342,850)	6,163	(336,687)
Other comprehensive (loss) income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	-	-	88,728	(78,405)	-	-	10,323	35,657	45,980
Total comprehensive (loss) income for the three months ended March 31, 2025	-	-	-	-	-	(342,850)	(342,850)	88,728	(78,405)	-	-	(332,527)	41,820	(290,707)
Share-based payment	-	-	122,713	-	-	-	-	-	-	-	-	122,713	534	123,247
Treasury stock transferred	-	-	(337)	-	-	-	-	-	-	-	136,726	136,389	-	136,389
BALANCE ON MARCH 31, 2025	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 161,581</u>	<u>\$ 316,847</u>	<u>\$ 1,186,894</u>	<u>\$ 915,702</u>	<u>\$ 2,419,443</u>	<u>\$ 190,458</u>	<u>\$ 1,825,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,625,642</u>	<u>\$ 2,536,983</u>	<u>\$ 18,162,625</u>

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

(With Deloitte & Touche auditors’ review report dated May 14, 2025)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (413,461)	\$ 62,008
Adjustments for:		
Depreciation and amortization expenses	316,164	299,415
Loss on financial instruments at FVTPL	53,828	37,918
Finance costs	79,018	65,987
Interest income	(9,830)	(10,780)
Compensation cost of share-based payment	123,247	-
Share of profit of associates	(37,549)	(23,775)
Gain on disposal of property, plant and equipment	-	(400)
Gain on disposal of investments	(24)	(22)
Reversal of write-downs of inventories	(4,979)	(4,319)
Unrealized gain on foreign currency exchange	(62,560)	(33,289)
Loss (gain) on changes in fair value less costs to sell of biological assets	4	(326)
Gain from bargain purchase	(828)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(31,771)	801
Notes and accounts receivable	(105,814)	(155,609)
Notes and accounts receivable from related parties	(36,800)	(14,948)
Inventories	(25,443)	(221,691)
Biological assets	(21,335)	(68,753)
Other current assets	(168,408)	1,955
Net defined benefit asset	(107)	(18)
Notes and accounts payable	(211,818)	55,467
Notes and accounts payable to related parties	(54,342)	(26,558)
Other payables	(177,710)	(73,308)
Other current liabilities	(66,897)	(39,718)
Cash used in operations	(857,415)	(149,963)
Interest received	9,716	6,711
Interest paid	(83,818)	(63,091)
Income tax paid	(30)	(11)
Net cash used in operating activities	(931,547)	(206,354)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(479,836)	-
Proceeds from sale of financial assets at amortized cost	93,679	345,924
Purchase of investments accounted for using the equity method	(1,142)	-
Proceeds from sale of financial instruments for hedging	-	(6,194)
Payments for property, plant and equipment	(315,292)	(197,278)
Proceeds from disposal of property, plant and equipment	-	506
Proceeds from capital reduction of financial assets at FVTOCI	2,988	-

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CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
(Increase) decrease in other non-current assets	\$ (65,244)	\$ 14,703
(Increase) decrease in prepayments for equipment	<u>(118,711)</u>	<u>24,940</u>
Net cash (used in) generated from investing activities	<u>(883,558)</u>	<u>182,601</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	500,033	805,964
Increase in short-term bills payable	749,760	200,746
Proceeds from long-term borrowings	1,550,000	150,000
Repayments of long-term borrowings	(1,550,000)	(800,000)
Repayment of the principal portion of lease liabilities	(11,619)	(8,231)
Increase in other non-current liabilities	1,047	11,149
Increase in non-controlling interest	-	8,766
Treasury shares purchased by employees	136,389	-
Reversal of unclaimed dividends transferred to capital surplus	<u>(16)</u>	<u>(8)</u>
Net cash generated from financing activities	<u>1,375,594</u>	<u>368,386</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>8,047</u>	<u>36,112</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(431,464)	380,745
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,365,522</u>	<u>871,911</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 934,058</u>	<u>\$ 1,252,656</u>

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

(With Deloitte & Touche auditors' review report dated May 14, 2025)

(Concluded)

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Chung Hwa Pulp Corporation (the “Company”), is principally engaged in the production and sale of pulp and paper. The Company’s shares have been listed on the Taiwan Stock Exchange.

In line with the Company’s operating strategy to carry out vertical integration, in the meetings of the board of directors on March 21, 2012 and of the shareholders on June 27, 2012, the Company decided to issue new shares in exchange for YFY Inc.’s paper and cardboard business unit’s assets, liabilities and operations on October 1, 2012. After this transaction, the Company became a subsidiary of YFY Inc.

YFY Inc. and its subsidiaries held 57.7% and 58.6% of ordinary shares of the Company as of March 31, 2025 and 2024.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 14, 2025.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

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

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

See Note 14, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1) Carbon fee provision

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

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

4) Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options and non-controlling interests.

The grant date of treasury shares transferred to employees is the date on which the number of shares that the employees subscribe is confirmed.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the material accounting judgments and key sources of estimation uncertainty, refer to the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 1,226	\$ 1,741	\$ 1,142
Checking accounts and demand deposits	730,991	644,503	430,151
Cash equivalents			
Time deposits with original maturities of less than three months	<u>201,841</u>	<u>719,278</u>	<u>821,363</u>
	<u>\$ 934,058</u>	<u>\$ 1,365,522</u>	<u>\$ 1,252,656</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 28,319	\$ 36,260	\$ 36,959
Non-derivative financial assets			
Mutual funds	<u>365</u>	<u>3,361</u>	<u>6,491</u>
	<u>\$ 28,684</u>	<u>\$ 39,621</u>	<u>\$ 43,450</u>

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 27,441</u>	<u>\$ 16,691</u>	<u>\$ 22,959</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2025</u>			
Sell	USD:NTD	2025.4.7-2025.4.28	USD30,000/NTD996,150
	EUR:NTD	2025.4.10-2025.4.30	EUR10,000/NTD359,700
	RMB:NTD	2025.4.11-2025.6.10	RMB320,000/NTD1,480,320
Buy	USD:RMB	2025.4.11-2026.1.20	USD40,500/RMB290,709
<u>December 31, 2024</u>			
Sell	USD:NTD	2025.01.06-2025.02.03	USD26,000/NTD852,410
	EUR:NTD	2025.01.23-2025.01.24	EUR7,000/NTD238,980
	RMB:NTD	2025.01.02-2025.03.24	RMB325,000/NTD1,482,235
Buy	USD:RMB	2025.04.11-2025.09.08	USD36,000/RMB258,768
<u>March 31, 2024</u>			
Sell	USD:NTD	2024.4.8-2024.4.30	USD26,800/NTD857,600
	EUR:NTD	2024.4.22	EUR5,000/NTD172,300
	RMB:NTD	2024.4.16-2024.6.20	RMB200,000/NTD902,000
Buy	USD:RMB	2024.4.3-2024.9.6	USD36,000/RMB255,432

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The above foreign exchange forward contracts held by the Group did not meet hedge effectiveness, so they are not applicable for hedge accounting.

8. INVESTMENT IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Domestic investments			
Listed shares	\$ <u>2,527,743</u>	\$ <u>2,601,588</u>	\$ <u>2,399,589</u>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 242,288	\$ 262,088	\$ 341,189
Unlisted shares	<u>143,365</u>	<u>146,624</u>	<u>151,111</u>
	\$ <u>385,653</u>	\$ <u>408,712</u>	\$ <u>492,300</u>

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

9. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets - current</u>			
Cash flow hedges			
Forward exchange contracts	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,053</u>

The Group's hedge strategy is to enter into foreign exchange forward contracts to avoid its foreign currency exposure to certain foreign currency receipts and payments and to manage its foreign currency exposures in relation to foreign currency forecast purchases. When forecast purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The Group determined that the value of the forward exchange contracts and the value of the corresponding hedged items will systematically move in the opposite direction in response to changes in the underlying exchange rates based on their relationship.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the forward exchange contracts. No other sources of ineffectiveness are expected to emerge from these hedging relationships.

The decrease in value used for calculating hedge ineffectiveness for the three months ended March 31, 2024 was \$3,102 thousand. The following tables summarize the information relating to the hedges of foreign currency risk.

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2024</u>			
Buy	JPY:NTD	2024.04.09-2024.07.22	JPY577,150/NTD122,356

March 31, 2024

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Other Equity Carrying Amount in Continuing Hedges
Cash flow hedge		
Forecast transactions (capital expenditures)	\$ 3,092	\$ (9,126)

Refer to Note 21(e) for information relating to gain on changes in the fair value of hedging instruments and the original carrying amount transferred to hedged items in 2024.

10. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Domestic investments			
Time deposits with original maturity between three months and a year	\$ 5,000	\$ 7,000	\$ 7,000
Foreign investments			
Time deposits with original maturity between three months and a year	624,254	229,495	-
Time deposits with original maturity of more than a year	<u>92,516</u>	<u>-</u>	<u>-</u>
	<u>\$ 721,770</u>	<u>\$ 236,495</u>	<u>\$ 7,000</u>
<u>Non-current</u>			
Foreign investments			
Time deposits with original maturity of more than a year	<u>\$ -</u>	<u>\$ 91,216</u>	<u>\$ 90,204</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the interest rates for time deposits with original maturity between three months and a year were 1.69%-4.47%, 1.69%-4.47% and 1.69%, respectively, and the interest rates for time deposits with original maturity of more than a year both were 3.25%.

11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable - operating	\$ 752,443	\$ 626,748	\$ 720,743
Accounts receivable - operating	<u>2,662,776</u>	<u>2,600,945</u>	<u>2,454,175</u>
Gross carrying amount	3,415,219	3,227,693	3,174,918
Less: Allowance for impairment loss	<u>(37,413)</u>	<u>(37,069)</u>	<u>(57,002)</u>
	<u>\$ 3,377,806</u>	<u>\$ 3,190,624</u>	<u>\$ 3,117,916</u>

The Group's customers are a large number of unrelated customers that did not have concentration of credit risk.

For accounts receivable that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group held adequate collaterals or other credit enhancements for these receivables. In addition, the Group also did not have offset right for the receivables against the payables of the same parties.

The Group applies the simplified approach for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook.

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

The following table details the loss allowance of trade receivable based on the Group's provision matrix:

March 31, 2025

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 3,028,889	\$ 285,863	\$ 96,802	\$ 3,665	\$ 3,415,219
Loss allowance (Lifetime ECL)	<u>(14,666)</u>	<u>(4,621)</u>	<u>(14,461)</u>	<u>(3,665)</u>	<u>(37,413)</u>
Amortized cost	<u>\$ 3,014,223</u>	<u>\$ 281,242</u>	<u>\$ 82,341</u>	<u>\$ -</u>	<u>\$ 3,377,806</u>

December 31, 2024

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,832,095	\$ 270,686	\$ 121,098	\$ 3,814	\$ 3,227,693
Loss allowance (Lifetime ECL)	<u>(15,103)</u>	<u>(2,669)</u>	<u>(15,483)</u>	<u>(3,814)</u>	<u>(37,069)</u>
Amortized cost	<u>\$ 2,816,992</u>	<u>\$ 268,017</u>	<u>\$ 105,615</u>	<u>\$ -</u>	<u>\$ 3,190,624</u>

March 31, 2024

	Not Past Due	Less than 90 Days	91 Days to A Year	Over A Year	Total
Gross carrying amount	\$ 2,824,401	\$ 317,989	\$ 32,528	\$ -	\$ 3,174,918
Loss allowance (Lifetime ECL)	<u>(52,563)</u>	<u>(3,192)</u>	<u>(1,247)</u>	<u>-</u>	<u>(57,002)</u>
Amortized cost	<u>\$ 2,771,838</u>	<u>\$ 314,797</u>	<u>\$ 31,281</u>	<u>\$ -</u>	<u>\$ 3,117,916</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Three Months Ended March 31	
	2025	2024
Balance on January 1	\$ 37,069	\$ 56,077
Foreign exchange translation gains and losses	<u>344</u>	<u>925</u>
Balance on March 31	<u>\$ 37,413</u>	<u>\$ 57,002</u>

The Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying. For information on the transfer of financial instruments, refer to Note 27.

12. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Finished and purchased goods	\$ 3,592,383	\$ 3,493,175	\$ 3,356,074
Work in process	879,517	896,386	730,027
Materials	<u>1,975,909</u>	<u>2,010,487</u>	<u>1,683,245</u>
	<u>\$ 6,447,809</u>	<u>\$ 6,400,048</u>	<u>\$ 5,769,346</u>

The cost of goods sold for the three months ended March 31, 2025 and 2024 included reversals of inventory write-downs of \$4,979 thousand and \$4,319 thousand, respectively.

13. BIOLOGICAL ASSETS

	For the Three Months Ended March 31	
	2025	2024
Balance on January 1	\$ 3,641,170	\$ 3,339,318
Increases due to planting	72,387	122,483
(Loss) gain from changes in fair value less costs to sell	(4)	326
Decreases due to harvest	(51,052)	(53,729)
Net exchange differences	<u>52,081</u>	<u>136,095</u>
Balance on March 31	<u>\$ 3,714,582</u>	<u>\$ 3,544,493</u>

The biological assets and their fair values measured on a recurring basis (before deducting costs to sell) were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Eucalyptus (Level 3)	<u>\$ 3,840,468</u>	<u>\$ 3,763,862</u>	<u>\$ 3,663,083</u>

The movements in the fair value of the assets within Level 3 of the hierarchy were as follows:

	For the Three Months Ended March 31	
	2025	2024
Balance on January 1	\$ 3,763,862	\$ 3,448,240
Increase due to planting	77,249	131,657
(Loss) gain from changes in fair value less costs to sell	(4)	350
Decrease due to harvest	(54,481)	(57,754)
Foreign exchange translation gains and losses	<u>53,842</u>	<u>140,590</u>
Balance on March 31	<u>\$ 3,840,468</u>	<u>\$ 3,663,083</u>

The financial risks related to biological assets arose from the estimation of eucalyptus volume since the method used in estimation is highly uncertain.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			March 31, 2025	December 31, 2024	March 31, 2024
The Company	CHP International (BVI) Corporation	Investment and holding	100.0	100.0	100.0
	Hwa Fong Investment Co., Ltd.	Investment and holding	100.0	100.0	100.0
CHP International (BVI) Corporation	Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	60.0	60.0	60.0
	Zhaoqing Dingfung Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	20.2	20.2	20.2
	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise	100.0	100.0	100.0
	Genovella Renewables Inc.	Sale and production of fertilizer, retail sale of food products and groceries, plant cultivation, refractory materials manufacturing, cement and concrete products manufacturing, refractory materials wholesale and sale of building material, manpower services and wholesale and sale of chemistry raw materials	100.0	100.0	100.0
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation	66.3	66.3	66.3
	Shenzhen Jinglun Paper Co., Ltd.	Paper trading, cargo and technic import and export business	100.0	100.0	100.0
	Zhaoging Xinchuan Green Technology Co., Ltd.	Environment equipment technology research and development, construction for wastewater, flue gas, noise and solid waste treatment, pure water construction, environment technology consulting, sale of environment equipment and chemical raw material, cargo and technic import and export	100.0	100.0	100.0
Zhaoqing Dingfung Forestry Ltd.	Guizhou Yuanfung Forestry Co., Ltd.	Seedling cultivation and sales, reforestation, sales-cum-forest logging and other forestry, processing and transportation.	67.0	67.0	67.0

The financial statements of subsidiaries that are not individually material, including Hwa Fong Investment Co., Ltd., Zhaoqing Dingfung Forestry Ltd., Shenzhen Jinglun Paper Co., Ltd., Syntax Communication (H.K.) Limited, Genovella Renewables Inc., Zhaoqing Xinchuan Green Technology Co., Ltd., and Zhaoqing Dingfung Forestry Ltd., have not been reviewed. As of March 31, 2025 and 2024, combined total assets of these subsidiaries were \$5,988,745 thousand and \$5,457,483 thousand, respectively, both representing 15% of the consolidated total assets, and combined total liabilities of these subsidiaries were \$689,843 thousand and \$604,468 thousand, respectively, both representing 3% of the consolidated total liabilities. For the three months ended March 31, 2025 and 2024, the amounts of combined comprehensive income of these subsidiaries were \$12,368 thousand and \$15,549 thousand, respectively, representing (4%) and 2%, respectively, of the consolidated total comprehensive (loss) income. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2025	December 31, 2024	March 31, 2024
Associates that are not individually material	<u>\$ 997,603</u>	<u>\$ 1,032,248</u>	<u>\$ 850,330</u>

The aggregate information of associates that are not individually material was as follows:

	For the Three Months Ended March 31	
	2025	2024
The Group's share of:		
Profit from continuing operations	\$ 37,549	\$ 23,775
Other comprehensive income	<u>24,805</u>	<u>43,631</u>
Total comprehensive income for the period	<u>\$ 62,354</u>	<u>\$ 67,406</u>

The combined ownership held by the Group and its parent company, YFY Inc., in some associates that are not individually material was more than 20%. Thus, the Group used the equity method to account for its investments in these associates.

The combined ownership held by the Group in some associates that are not individually material even if it holds less than 20% of their voting rights. Thus, the Group used the equity method to account for its investments in these associates.

For the three months ended March 31 2025, the Group obtained 162,772 voting shares of Union Paper Corporation., Ltd. at \$7.02 per share, with a total investment of \$1,143 thousand, and 0.16% of voting rights. The Group recognized a gain from bargain purchase of \$828 thousand.

As of March 31, 2025 and 2024, investments accounted for using the equity method of the Group were \$133,874 thousand and \$110,081 thousand, respectively, for the three months ended March 31, 2025 and 2024, shares of comprehensive net (loss) income of \$(713) thousand and \$589 thousand, respectively, were recognized based on the investees' unreviewed financial statements for the same reporting periods. Management believes that the financial statements, even if reviewed, are not subject to significant adjustments.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 7,924,319	\$ 4,222,706	\$ 32,064,682	\$ 3,163,105	\$ 2,005,807	\$ 859,262	\$ 880,417	\$ 51,120,298
Additions	-	2,569	6,554	2,032	6,016	1,331	153,995	172,497
Disposals	-	-	(19,763)	-	(196)	(317)	-	(20,276)
Effect of foreign currency exchange differences	-	29,222	190,978	-	98	7,246	2,249	229,793
Reclassifications	-	3,456	134,799	4,871	10,624	3,907	(157,657)	-
Balance on March 31, 2024	<u>\$ 7,924,319</u>	<u>\$ 4,257,953</u>	<u>\$ 32,377,250</u>	<u>\$ 3,170,008</u>	<u>\$ 2,022,349</u>	<u>\$ 871,429</u>	<u>\$ 879,004</u>	<u>\$ 51,502,312</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2024	\$ -	\$ 3,310,321	\$ 27,007,687	\$ 2,605,091	\$ 1,768,308	\$ 751,503	\$ -	\$ 35,442,910
Disposals	-	-	(19,657)	-	(196)	(317)	-	(20,170)
Depreciation expenses	-	24,941	204,478	23,032	22,591	10,136	-	285,178
Effect of foreign currency exchange differences	-	14,426	127,470	-	127	5,524	-	147,547
Balance on March 31, 2024	<u>\$ -</u>	<u>\$ 3,349,688</u>	<u>\$ 27,319,978</u>	<u>\$ 2,628,123</u>	<u>\$ 1,790,830</u>	<u>\$ 766,846</u>	<u>\$ -</u>	<u>\$ 35,855,465</u>
Carrying amounts on March 31, 2024	<u>\$ 7,924,319</u>	<u>\$ 908,265</u>	<u>\$ 5,057,272</u>	<u>\$ 541,885</u>	<u>\$ 231,519</u>	<u>\$ 104,583</u>	<u>\$ 879,004</u>	<u>\$ 15,646,847</u>
<u>Cost</u>								
Balance on January 1, 2025	\$ 7,958,489	\$ 4,284,206	\$ 32,646,423	\$ 3,221,000	\$ 2,105,769	\$ 895,919	\$ 1,110,006	\$ 52,221,812
Additions	-	3,404	9,181	5,973	3,373	1,285	298,436	321,652
Disposals	-	(41,751)	(5,024)	(4)	(98)	(823)	-	(47,700)
Effect of foreign currency exchange differences	-	10,857	72,337	-	29	2,774	4,078	90,075
Reclassifications	-	15,741	41,902	5,530	26,398	3,537	(93,108)	-
Balance on March 31, 2025	<u>\$ 7,958,489</u>	<u>\$ 4,272,457</u>	<u>\$ 32,764,819</u>	<u>\$ 3,232,499</u>	<u>\$ 2,135,471</u>	<u>\$ 902,692</u>	<u>\$ 1,319,412</u>	<u>\$ 52,585,839</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2025	\$ -	\$ 3,400,478	\$ 27,501,847	\$ 2,695,875	\$ 1,846,506	\$ 794,771	\$ -	\$ 36,239,477
Disposals	-	(41,751)	(5,024)	(4)	(98)	(823)	-	(47,700)
Depreciation expenses	-	25,675	215,954	23,071	23,907	9,604	-	298,211
Effect of foreign currency exchange differences	-	5,805	49,313	-	29	2,509	-	57,656
Balance on March 31, 2025	<u>\$ -</u>	<u>\$ 3,390,207</u>	<u>\$ 27,762,090</u>	<u>\$ 2,718,942</u>	<u>\$ 1,870,344</u>	<u>\$ 806,061</u>	<u>\$ -</u>	<u>\$ 36,547,644</u>
Carrying amounts on January 31, 2024	<u>\$ 7,958,489</u>	<u>\$ 883,728</u>	<u>\$ 5,144,576</u>	<u>\$ 525,125</u>	<u>\$ 259,263</u>	<u>\$ 101,148</u>	<u>\$ 1,110,006</u>	<u>\$ 15,982,335</u>
Carrying amounts on March 31, 2025	<u>\$ 7,958,489</u>	<u>\$ 882,250</u>	<u>\$ 5,002,729</u>	<u>\$ 513,557</u>	<u>\$ 265,127</u>	<u>\$ 96,631</u>	<u>\$ 1,319,412</u>	<u>\$ 16,038,195</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the asset as follows:

Buildings	
Main buildings	15-35 years
Others	3-44 years
Machinery	3-15 years
Electric equipment	5-15 years
Tools	3-5 years
Miscellaneous equipment	3-20 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Land	\$ 414,856	\$ 412,830	\$ 419,329
Buildings	29,103	30,573	18,918
Office equipment	37,493	37,709	35,490
Transportation equipment	993	1,814	4,703
	<u>\$ 482,445</u>	<u>\$ 482,926</u>	<u>\$ 478,440</u>

	For the Three Months Ended March 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 8,497</u>	<u>\$ 15,123</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,744	\$ 3,633
Buildings	4,668	2,871
Office equipment	3,025	2,267
Transportation equipment	<u>3,337</u>	<u>2,508</u>
	<u>\$ 14,774</u>	<u>\$ 11,279</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Current	<u>\$ 36,484</u>	<u>\$ 42,022</u>	<u>\$ 31,857</u>
Non-current	<u>\$ 37,046</u>	<u>\$ 34,605</u>	<u>\$ 35,458</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	0.88%-1.75%	0.88%-1.75%	0.88%-1.75%
Buildings	0.88%-2.50%	0.88%-2.50%	0.88%-2.50%
Office equipment	0.88%-2.04%	0.88%-1.86%	0.88%-1.86%
Transportation equipment	0.88%-1.86%	0.88%-1.86%	0.88%-1.75%

c. Material lease-in activities and terms

The Group leases certain equipment for the use of operating activities with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

The Group also leases land and buildings for the use of plants, offices, and warehouses with lease terms of 2 to 8 years. The lease contract for land and buildings located in China specifies that land and buildings are mainly used as plants, and lease payments will be made at the beginning of the contract with lease terms of 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18.

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases and low-value asset leases	<u>\$ 33,240</u>	<u>\$ 27,832</u>
Total cash outflow for leases	<u>\$ (52,120)</u>	<u>\$ (46,347)</u>

18. INVESTMENT PROPERTIES

	For the Three Months Ended March 31	
	2025	2024
<u>Cost</u>		
Opening balance	<u>\$ 771,534</u>	<u>\$ 771,534</u>
Ending balance	<u>\$ 771,534</u>	<u>\$ 771,534</u>
<u>Accumulated depreciation and impairment</u>		
Opening balance	<u>\$ (16,526)</u>	<u>\$ (16,259)</u>
Depreciation expenses	<u>(67)</u>	<u>(67)</u>
Ending balance	<u>\$ (16,593)</u>	<u>\$ (16,326)</u>
Opening carrying amounts	<u>\$ 755,008</u>	<u>\$ 755,275</u>
Ending carrying amounts	<u>\$ 754,941</u>	<u>\$ 755,208</u>

The investment properties held by the Group are depreciated over their estimated useful life of 55 years, using the straight-line method.

The valuation was done by the Group using market evidence of transaction prices for similar properties. The fair values of the investment properties owned by the Group were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value	<u>\$ 856,590</u>	<u>\$ 856,590</u>	<u>\$ 856,590</u>

The investment properties were leased out as operating leases from July 1, 2020 to August 15, 2042. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Lease commitments (the Group as a lessor) with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Lease commitments of investment properties	<u>\$ 270,857</u>	<u>\$ 276,567</u>	<u>\$ 293,699</u>

19. BORROWINGS

a. Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Bank credit loans	\$ 4,848,004	\$ 4,084,347	\$ 3,812,251
Letter of credit loans	<u>-</u>	<u>260,726</u>	<u>306,619</u>
	<u>\$ 4,848,004</u>	<u>\$ 4,345,073</u>	<u>\$ 4,118,870</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, interest rates on short-term borrowings were 1.78%-3.35%, 1.543%-5.88% and 1.63%-6.702%, respectively.

b. Short-term bills payable

	March 31, 2025	December 31, 2024	March 31, 2024
Commercial paper	\$ 8,750,000	\$ 8,000,000	\$ 8,000,000
Less: Unamortized discounts on bills payable	<u>(19,248)</u>	<u>(19,008)</u>	<u>(19,083)</u>
	<u>\$ 8,730,752</u>	<u>\$ 7,980,992</u>	<u>\$ 7,980,917</u>

Short-term bills payable are commercial papers due within one year. As of March 31, 2025, December 31, 2024 and March 31, 2024, interest rates on bills payable were 1.91%-2.19%, 1.64%-1.67% and 1.70%-1.86%, respectively.

c. Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loans	\$ 2,030,000	\$ 2,030,000	\$ 630,000
Less: Loan management fees	<u>(6,553)</u>	<u>(7,213)</u>	<u>(8,873)</u>
Long-term bank loans	<u>\$ 2,023,447</u>	<u>\$ 2,022,787</u>	<u>\$ 621,127</u>

Significant terms of the long-term borrowing contracts were as follows:

	Due Date	Article	Interest Rate	March 31, 2025	December 31, 2024	March 31, 2024
KGI Bank	2026.12.25	The credit can be resolved within 24 months from December 25, 2024, the contract date of the loan.	1.73-1.9	\$ 150,000	\$ -	\$ 150,000
Syndicated loan from Taipei Fubon Bank and Bank of Taiwan - credit loan A	2027.09.30	The credit can be used separately within 60 months from September 30, 2022, the first drawdown date of the loan.	1.79-2.12	480,000	480,000	480,000
Syndicated loan from First Bank - credit loan A	2028.12.29	The credit can be resolved within 60 months from December 29, 2023, the first drawdown date of the loan.	1.93-2.16	<u>1,400,000</u>	<u>1,550,000</u>	<u>-</u>
				<u>\$ 2,030,000</u>	<u>\$ 2,030,000</u>	<u>\$ 630,000</u>

20. RETIREMENT BENEFIT PLANS

The amounts of pension cost in respect to the Group's defined benefit plans were recognized based on the actuarial valuations of cost rates as of December 31, 2024 and 2023 in the following items:

	For the Three Months Ended March 31	
	2025	2024
Operating costs	<u>\$ 3,464</u>	<u>\$ 5,671</u>
Selling and marketing expenses	<u>\$ 75</u>	<u>\$ 423</u>
General and administrative expenses	<u>\$ 270</u>	<u>\$ 112</u>

21. EQUITY

a. Ordinary shares

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares authorized (in thousands)	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>
Shares authorized	<u>\$ 13,000,000</u>	<u>\$ 13,000,000</u>	<u>\$ 13,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>1,102,835</u>	<u>1,102,835</u>	<u>1,102,835</u>
Shares issued	<u>\$ 11,028,353</u>	<u>\$ 11,028,353</u>	<u>\$ 11,028,353</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital*</u>			
Arising from treasury share transactions	\$ 143,193	\$ 20,817	\$ 20,817
The difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	484	484	484
<u>May only be used to offset a deficit</u>			
Arising from share of changes in capital surplus of associates	13,616	12,875	15,315
Capital surplus transferred from unclaimed dividends	<u>4,288</u>	<u>4,304</u>	<u>3,532</u>
	<u>\$ 161,581</u>	<u>\$ 38,480</u>	<u>\$ 40,148</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of paid-in capital).

c. Retained earnings and dividends policy

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

In making its dividends policy, the Company takes into account future capital expenditures and working capital requirements. Based on this policy, dividends shall be distributed as follows:

- 1) At least 20% as cash dividends; and
- 2) Remainder, as share dividends. If there is a requirement for capital expenditure, the Company may distribute only share dividends.

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

Under Order No. 1010047490, Order No. 1030006415 and Order No. 1090150022 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards”, the Company shall appropriate to or reverse from a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

The lose compensation plan for 2024 was proposed by the Board of Directors’ meeting on March 14, 2025, it is still pending resolution by the general shareholders’ meeting, expected to be held on June 17, 2025. The offsetting of deficit for 2023 was approved in the shareholders’ meetings on June 26, 2024, and the Company resolved not to distribute dividends. Information on the appropriation of earnings resolved by the Company’s shareholders’ meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves

	March 31, 2025	December 31, 2024	March 31, 2024
Special reserves	<u>\$ 1,186,894</u>	<u>\$ 1,186,894</u>	<u>\$ 1,186,894</u>

The Company appropriated a special reserve in an amount equal to the unrealized revaluation increment, which was already transferred to retained earnings.

e. Other equity items

	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at FVTOCI	Loss on Hedging Instruments	Total
<u>2025</u>				
Balance on January 1	\$ 101,730	\$ 1,904,212	\$ -	\$ 2,005,942
Unrealized gain on financial assets at FVTOCI	-	(93,915)	-	(93,915)
Exchange differences on translating the financial statements of foreign operations	79,433	-	-	79,433
Share of other comprehensive gain of associates	<u>9,295</u>	<u>15,510</u>	<u>-</u>	<u>24,805</u>
Balance on March 31	<u>\$ 190,458</u>	<u>\$ 1,825,807</u>	<u>\$ -</u>	<u>\$ 2,016,265</u>

(Continued)

	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at FVTOCI	Loss on Hedging Instruments	Total
<u>2024</u>				
Balance on January 1	\$ (220,748)	\$ 1,474,580	\$ (6,034)	\$ 1,247,798
Unrealized gain on financial assets at FVTOCI	-	257,408	-	257,408
Exchange differences on translating the financial statements of foreign operations	218,732	-	-	218,732
Share of other comprehensive gain of associates	17,360	26,271	-	43,631
Fair value changes of financial instruments for hedging	-	-	3,102	3,102
The amount transferred to initial carrying amount of hedged items	-	-	(6,194)	(6,194)
Disposal of investments in equity instruments designated as at FVTOCI by associates	-	(2,063)	-	(2,063)
Balance on March 31	<u>\$ 15,344</u>	<u>\$ 1,756,196</u>	<u>\$ (9,126)</u>	<u>\$ 1,762,414</u> (Concluded)

f. Non-controlling interests

	For the Three Months Ended March 31	
	2025	2024
Balance on January 1	\$ 2,494,629	\$ 2,318,408
Share-based payment transactions	534	-
Addition	-	8,766
Attributable to non-controlling interests:		
Share of profit for the period	6,163	14,850
Exchange differences on translating the financial statements of foreign operations	<u>35,657</u>	<u>94,033</u>
Balance on March 31	<u>\$ 2,536,983</u>	<u>\$ 2,436,057</u>

g. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Balance on January 1, 2025	15,944
Decrease during the period	<u>(15,944)</u>
Balance on March 31, 2025	<u><u>-</u></u>

The Company has bought back 15,944 thousand treasury shares for transferring to employees with an average buy-back price of \$8.58 per share. The acquisition was approved by the board of directors on May 14, 2020 and fully executed on July 14, 2020. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

The Company's board of directors resolved on November 13, 2024, to transfer treasury shares to employees for subscription under the "Shares Buyback Programs." This resolution was approved by the Compensation Committee on November 8, 2024. Qualified employees of the Company and its subsidiaries may subscribe 15,944 thousand treasury shares at a subscription price of \$8.58 per share.

The grant date was January 7, 2025. and the transfer of treasury shares was fully completed in the first quarter of 2025.

22. NET (LOSS) PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2025	2024
Interest on bank loans	\$ 80,103	\$ 65,881
Add: Interest of lease liabilities	340	248
Less: Amounts included in the cost of qualifying assets	<u>(1,425)</u>	<u>(142)</u>
	<u>\$ 79,018</u>	<u>\$ 65,987</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2025	2024
Capitalization rate	2.03%	1.96%-2.03%

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	\$ 307,286	\$ 291,179
Operating expenses	<u>5,766</u>	<u>5,345</u>
	<u>\$ 313,052</u>	<u>\$ 296,524</u>
An analysis of amortization by function		
Operating costs	\$ 2,724	\$ 2,182
Operating expenses	<u>388</u>	<u>709</u>
	<u>\$ 3,112</u>	<u>\$ 2,891</u>

c. Employee benefit expense

	For the Three Months Ended March 31	
	2025	2024
Post-employment benefits		
Defined contribution plans	\$ 21,282	\$ 20,711
Defined benefit plans	<u>3,809</u>	<u>6,206</u>
	25,091	26,917
Share-based payment transactions	123,247	-
Other employee benefits	<u>538,728</u>	<u>532,559</u>
Total employee benefit expense	<u>\$ 687,066</u>	<u>\$ 559,476</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 499,231	\$ 494,419
Operating expenses	<u>187,835</u>	<u>65,057</u>
	<u>\$ 687,066</u>	<u>\$ 559,476</u>

d. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The estimated compensation of employees and the remuneration of directors for the three months ended March 31, 2024 are as shown below ; For the three months ended March 31, 2025, due to operation loss, the Company did not estimate the compensation of employees, and remuneration of directors.

	For the Three Months Ended March 31, 2024
Compensation of employees	<u>\$ 1,500</u>
Remuneration of directors	<u>\$ 920</u>

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

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

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax (benefit) expense were as follows:

	For the Three Months Ended March 31	
	2025	2024
Current tax		
In respect of the current period	\$ 226	\$ 452
Deferred tax		
In respect of the current period	<u>(77,000)</u>	<u>-</u>
	<u>\$ (76,774)</u>	<u>\$ 452</u>

The applicable tax rate used by subsidiaries in China is 25%. Under the "Criteria for Designation of High and New Technology Enterprise", a designated high and new technology enterprise is allowed a 15% income tax rate. Guangdong Dingfung Pulp & Paper Co., Ltd. had obtained its qualification certificates and have a tax incentive of 15% income tax rate. Under the "Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households", Zhaoging Xinchuan Green Technology Co., Ltd. has met its requirements, Zhaoqing Dingfung Forestry Ltd. and Guizhou Yuanfung Forestry Co., Ltd. are apply the tax-exempt tax rates. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Pillar Two income taxes legislation

For the year ended December 2023, the Hong Kong government, where the Syntax Communication (H.K.) Limited is registered, Pillar Two legislation is enacted, which came into effect on January 1, 2025. The Group has assessed the impact of the Pillar Two legislation on the period from January 1 to March 31, 2025, and concluded there is no relevant current tax impacts on the Group. The Group will continue to monitor and evaluate the impact of the Pillar Two income taxes legislation on financial performance.

c. Income tax assessments

	<u>Latest Approved Year</u>
The Company	2023
Genovella Renewables Inc.	2023
Hwa Fong Investments Co., Ltd.	2023

24. (LOSS) EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2025	2024
Basic (loss) earnings per share	<u>\$ (0.31)</u>	<u>\$ 0.04</u>
Diluted earnings per share		<u>\$ 0.04</u>

The (loss) earnings and weighted average number of ordinary shares outstanding in the computation of (loss) earnings per share from continuing operations were as follows:

Net (loss) profit for the period is as follows:

	For the Three Months Ended March 31	
	2025	2024
(Loss) profit for the period attributable to owners of the Company	<u>\$ (342,850)</u>	<u>\$ 46,706</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Three Months Ended March 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	<u>1,090,611</u>	1,086,891
Effect of potentially dilutive ordinary shares:		
Compensation issued to employees		<u>65</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share		<u>1,086,956</u>

The Group may settle compensation or bonuses paid to employees in cash or shares, therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. SHARE-BASED PAYMENT ARRANGEMENTS

The board of directors resolved to transfer 15,944 thousand treasury shares to employees on November 13, 2024. On January 7, 2025 (the date of the number of shares for employees to subscribe is confirmed), the company granted eligible employees of the Company and its subsidiaries the rights to subscribe for a total of 15,944 thousand treasury shares. The subscription price per share was \$8.58.

Information on treasury shares to employees for subscription issued and weighted average exercise price is as follows:

	For the Three Months Ended March 31, 2025	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Treasury shares to employees for subscription		
Balance on January 1	-	
Options granted	15,944	\$ 8.58
Options exercised	<u>(15,944)</u>	<u>8.58</u>
Balance on March 31	<u>-</u>	
Weighted-average fair value of options granted (NT\$)	<u>\$ 7.73</u>	

The Company measured treasury shares to employees for subscription by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

	January 7, 2025
Per share price at the grant date	\$16.30
Exercise price per share	\$8.58
Expected share price volatility (%)	29.61
Expected lives (days)	46
Risk free interest rate (%)	1.26

The compensation cost of employees recognized on the consolidated statement of comprehensive income was \$123,247 thousand for the three months ended March 31, 2025.

26. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate fair values.

2) Fair value of financial instruments measured at fair value on a recurring basis

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 365	\$ -	\$ -	\$ 365
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>28,319</u>	<u>-</u>	<u>28,319</u>
	<u>\$ 365</u>	<u>\$ 28,319</u>	<u>\$ -</u>	<u>\$ 28,684</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,770,031	\$ -	\$ -	\$ 2,770,031
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>143,365</u>	<u>143,365</u>
	<u>\$ 2,770,031</u>	<u>\$ -</u>	<u>\$ 143,365</u>	<u>\$ 2,913,396</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 27,441</u>	<u>\$ -</u>	<u>\$ 27,441</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 3,361	\$ -	\$ -	\$ 3,361
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	<u>-</u>	<u>36,260</u>	<u>-</u>	<u>36,260</u>
	<u>\$ 3,361</u>	<u>\$ 36,260</u>	<u>\$ -</u>	<u>\$ 39,621</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,863,676	\$ -	\$ -	\$ 2,863,676
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>146,624</u>	<u>146,624</u>
	<u>\$ 2,863,676</u>	<u>\$ -</u>	<u>\$ 146,624</u>	<u>\$ 3,010,300</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	<u>\$ -</u>	<u>\$ 16,691</u>	<u>\$ -</u>	<u>\$ 16,691</u>

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 6,491	\$ -	\$ -	\$ 6,491
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	-	36,959	-	36,959
	<u>\$ 6,491</u>	<u>\$ 36,959</u>	<u>\$ -</u>	<u>\$ 43,450</u>
Financial assets at FVTOCI				
Securities listed in the ROC	\$ 2,740,778	\$ -	\$ -	\$ 2,740,778
Domestic unlisted shares	-	-	151,111	151,111
	<u>\$ 2,740,778</u>	<u>\$ -</u>	<u>\$ 151,111</u>	<u>\$ 2,891,889</u>
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	\$ -	\$ 22,959	\$ -	\$ 22,959
Financial liabilities for hedging				
Derivative financial liabilities - foreign exchange forward contracts	\$ -	\$ 1,053	\$ -	\$ 1,053

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2025 and 2024.

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

For the three months ended March 31, 2025

Financial Assets	Financial Assets of Equity Securities at FVTOCI
Balance on January 1, 2025	\$ 146,624
Recognized in other comprehensive loss	(271)
Return of capital from capital reduction	<u>(2,988)</u>
Balance on March 31, 2025	<u>\$ 143,365</u>

For the three months ended March 31, 2024

Financial Assets	Financial Assets of Equity Securities at FVTOCI
Balance on January 1, 2024	\$ 161,006
Recognized in other comprehensive loss	(9,892)
Transfers out of Level 3	<u>(3)</u>
Balance on March 31, 2024	<u>\$ 151,111</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: <ul style="list-style-type: none"> a) The average exchange rate (i.e., difference between the highest and the lowest exchange rates) of the counterparties' financial institutions in accordance with the Reuters quoting system, or b) The daily spot exchange rate quoted by financial institutions.

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

The fair values of unlisted equity securities - ROC were determined using the assets approach. The total value of individual assets and individual liabilities reflects the overall value of the investment. The significant unobservable inputs used are listed in the table below. A decrease in discount for lack of marketability used in isolation would result in increases in fair value.

	March 31, 2025	December 31, 2024	March 31, 2024
Discount for lack of marketability	15%	15%	15%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would have increased (decreased) as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Discount for lack of marketability			
2.5% increase	<u>\$ (4,217)</u>	<u>\$ (4,312)</u>	<u>\$ (4,444)</u>
2.5% decrease	<u>\$ 4,217</u>	<u>\$ 4,312</u>	<u>\$ 4,444</u>

b. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 28,684	\$ 39,621	\$ 43,450
Financial assets at amortized cost (1)	5,656,529	5,317,137	5,048,895
Financial assets at FVTOCI	2,913,396	3,010,300	2,891,889
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	27,441	16,691	22,959
Financial liabilities at amortized cost (2)	18,650,141	17,828,641	15,750,929
Financial liabilities for hedging	-	-	1,053

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, notes and accounts receivable from related parties, other receivables from related parties, other receivables (accounted as other current assets), and refundable deposits (accounted as other non-current assets).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, notes and accounts payable to related parties, other payables, other payables to related parties, long-term borrowings, and deposits received (accounted as other non-current liabilities).

c. Financial risk management objectives and policies

The Group's main objective in financial risk management is to manage the market risk related to operating activities (including foreign currency risk, interest rate risk, and other price risk), credit risk, and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group is devoted to identify, estimate and hedge the uncertainties of the market.

The Group sought to minimize the effects of these risks by using both derivative and non-derivative financial instruments to avoid risk exposures. The use of financial instruments is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, derivative and non-derivative financial instruments, and investment of excess liquidity. Compliance with policies and exposure limits is being reviewed by the internal auditors on a regular basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group follows the movement of foreign exchange rates and adjusts the exposure position respond to it to minimize the effects of these risks.

The Group used foreign exchange forward contracts to eliminate currency exposure. These foreign exchange forward contracts could reduce the influence of the exchange rate fluctuations on the Group's income.

Sensitivity analysis

For the position of financial assets and liabilities that had significant influence on the Group, the risk was measured by considering the net position of foreign currency forward contracts that was in effect.

The Group is mainly exposed to the USD, RMB and EUR.

The following table details the Group's sensitivity to a 5% increase in the functional currency against the relevant foreign currencies. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax (loss) profit and the balances below would be negative.

	For the Three Months Ended March 31	
	2025	2024
Influence to profit or loss at 5% variance		
USD	\$ 74,570	\$ 63,206
RMB	72,757	89,489
EUR	4,137	6,868

b) Interest rate risk

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

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$ 923,611	\$ 1,046,989	\$ 918,567
Financial liabilities	10,827,729	10,080,406	8,669,359
Cash flow interest rate risk			
Financial assets	730,991	644,503	430,151
Financial liabilities	4,848,004	4,345,073	4,118,870

Due to the close and long-term relationship with banks, the Group obtained better and flexible interest rates from banks. The impact of changing in interest rates is not significant to the Group.

Sensitivity analysis

For the Group's floating interest rate financial liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax (loss) profit for the three months ended March 31, 2025 and 2024 would have decreased/increased as follows:

	For the Three Months Ended March 31	
	2025	2024
Increase/decrease	\$ 1,029	\$ 922

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. To prevent significant price risk, the Group has built an immediate control system.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, the Group's comprehensive (loss) income for the three months ended March 31, 2025 and 2024 would have increased/decreased as follows:

	For the Three Months Ended March 31	
	2025	2024
(Loss) profit before tax		
Increase/decrease	\$ 18	\$ 325
Other comprehensive (loss) income		
Increase/decrease	145,670	144,594

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities and financial assets from investing activities as stated in the consolidated balance sheets.

Credit risk arising from operations, and it is the Group's policy that transactions only be dealt with credit worthy counter parties, that conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms be renewed after careful reexamination to ensure credit risk of counter parties are within scope of the Group.

The Group's concentration of credit risk of 9% and 8% of total amounts of trade receivables as of March 31, 2025 and 2024, respectively, were attributable to the Group's largest customer.

To maintain the quality of the accounts receivable, the Group has developed a credit risk management procedure to reduce credit risk from specific customers. The credit evaluation of an individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks are evaluated and monitored by the Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, there was no significant credit risk.

3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and sufficient bank facilities required by business operation and to ensure the Group has sufficient financial flexibility.

As of March 31, 2025 and 2024, the Group's unused financing facilities were \$6,645,350 thousand and \$9,687,755 thousand, respectively.

d. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to other bank in order to generate working capital. Since the Group transferred substantially all risks and rewards relating to these bills receivable, the Group derecognized the full carrying amount of the banker's acceptance bills. The Group's have not discounted and received as of March 31, 2024, the Group's discounted and received amount and the ranges of interest rates on March 31, 2025 and December 31, 2024, were as follows:

	For the Three Months Ended March 31, 2025	For the Year Ended December 31, 2024
The discounted amount	\$ 43,269	\$ 175,500
The received amount	\$ 42,980	\$ 174,768
Interest rates	1.67%-1.92%	0.93%-1.80%

28. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is YFY Inc. Company, which held 56.9% 、57.8% and 57.8% of the ordinary shares of the Company as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
YFY Consumer Products Co., Ltd.	Fellow subsidiary
YFY Packaging Inc.	Fellow subsidiary
Yuen Foong Yu Paper MFG (Yangzhou) Co., Ltd.	Fellow subsidiary
YFY Family Care (Kunshan) Co., Ltd.	Fellow subsidiary
YFY Development Corp. (formerly as YFY Capital Co., Ltd.)	Fellow subsidiary
Union Paper Corp.	Fellow subsidiary
Shin Foong Specialty & Applied Materials Co., Ltd.	Fellow subsidiary
YFY Japan Co., Ltd.	Fellow subsidiary
YFY Investment Co., Ltd.	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Cupid InfoTech Co., Ltd.	Fellow subsidiary
Ever Growing Agriculture Biotech Co., Ltd.	Fellow subsidiary
Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch	Fellow subsidiary
Yuen Foong Yu Consumer Products (Yangzhou) Co., Ltd.	Fellow subsidiary
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiary
MOBIUS 105 LIMITED	Fellow subsidiary
YFY Holding Management Co., Ltd.	Fellow subsidiary
Yuen Foong Shop Co., Ltd.	Fellow subsidiary

(Continued)

Related Party Name	Related Party Category
Ensilience Co., Ltd.	Fellow subsidiary
Hwa Fong Paper (Hong Kong) Co., Ltd.	Fellow subsidiary
YFY Biotechnology Co., Ltd.	Parent's associate
E Ink Holdings Inc.	Parent's associate
FS-TECH COMPANY LTD.	Parent's associates
YuanHan Materials Inc.	Parent's associates
Beautone Co., Ltd.	Substantial related party
Shin-Yi Foundation	Substantial related party
Shin-Yi Enterprise Co., Ltd.	Substantial related party
Yuen Foong Paper Co., Ltd.	Substantial related party
SINOPAC LEASING CORP.	Substantial related party
SinoPac Securities Co., Ltd.	Substantial related party
SinoPac Financial Holdings Company Limited	Substantial related party
Shen's Art Printing Co., Ltd.	Substantial related party
	(Concluded)

b. Sales of goods

Related Party Type	For the Three Months Ended March 31	
	2025	2024
Fellow subsidiaries	\$ 473,451	\$ 525,024
Substantial related parties	42,877	27,438
Parent company	19	9
Parent's associates	<u>2,055</u>	<u>61</u>
	<u>\$ 518,402</u>	<u>\$ 552,532</u>

For sales of goods to related parties, the prices and terms of receivables approximate to those with non-related parties.

c. Purchases of goods

Related Party Type	For the Three Months Ended March 31	
	2025	2024
Fellow subsidiaries	\$ 380,420	\$ 370,241
Substantial related parties	42	57
Parent's associates	<u>113</u>	<u>132</u>
	<u>\$ 380,575</u>	<u>\$ 370,430</u>

For purchases of goods from related parties, the prices and terms of payables approximate to those with non-related parties.

d. Notes and accounts receivable from related parties

Related Party Type	March 31, 2025	December 31, 2024	March 31, 2024
Fellow subsidiaries			
YFY Consumer Products Co., Ltd.	\$ 103,139	\$ 102,883	\$ 104,646
Union Paper Corp.	57,362	73,543	79,660
YFY Investment Co., Ltd.	42,806	-	45,459
YFY Development Corp.	36,561	37,631	35,102
Others	<u>24,447</u>	<u>27,373</u>	<u>24,964</u>
	264,315	241,430	289,831
Substantial related parties	45,923	32,465	34,924
Parent's associates	840	-	69
Parent company	<u>17</u>	<u>3</u>	<u>5</u>
	<u>\$ 311,095</u>	<u>\$ 273,898</u>	<u>\$ 324,829</u>

The outstanding accounts receivable from related parties are unsecured. No bad debt was recognized for the three months ended March 31, 2025 and 2024 for allowance of impaired accounts receivable from related parties.

e. Notes and accounts payable to related parties

Related Party Type	March 31, 2025	December 31, 2024	March 31, 2024
Fellow subsidiaries			
Shin Foong Specialty & Applied Materials Co., Ltd.	\$ 119,113	\$ 159,345	\$ 111,733
YFY Packaging Inc.	85,245	94,840	66,049
YFY Development Corp.	33,161	38,590	23,205
Others	<u>41,961</u>	<u>39,480</u>	<u>44,044</u>
	279,480	332,255	245,031
Parent company	3,033	-	3,033
Substantial related parties	1,094	1,042	1,314
Parent's associates	<u>-</u>	<u>4,702</u>	<u>35</u>
	<u>\$ 283,607</u>	<u>\$ 337,999</u>	<u>\$ 249,413</u>

The outstanding accounts payable to related parties are unsecured.

f. Advance received (account for other current liabilities included)

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Fellow subsidiaries	\$ 357	\$ -	\$ 357
Parent company	<u>29</u>	<u>-</u>	<u>29</u>
	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ 386</u>

g. Acquisitions of property, plant and equipment

Related Party Type	March 31	
	2025	2024
Fellow subsidiaries		
YFY Development Corp.	\$ <u>844</u>	\$ <u>-</u>

h. Proceeds from disposal of property, plant and equipment

	Consideration Received		Gain on Disposal	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2025	2024	2025	2024
Fellow subsidiaries	\$ <u>-</u>	\$ <u>500</u>	\$ <u>-</u>	\$ <u>500</u>

i. Lease arrangements

Related Party Category	For the Three Months Ended March 31	
	2025	2024
<u>Lease expense</u>		
Parent company	\$ 2,757	\$ 2,757
Substantial related parties	<u>1,887</u>	<u>1,788</u>
	\$ <u>4,644</u>	\$ <u>4,545</u>

The rental expenses were based on market price with similar assets, which were paid monthly based on lease arrangements.

j. Other transactions with related parties

Related Party Type	Rental Income (Accounted as Other Income) For the Three Months Ended March 31	
	2025	2024
Parent's associates	\$ 3,868	\$ 3,867
Fellow subsidiaries	469	469
Parent company	<u>29</u>	<u>29</u>
	\$ <u>4,366</u>	\$ <u>4,365</u>
Related Party Type	Other Operating Expense (Accounted as Operating Expense) For the Three Months Ended March 31	
	2025	2024
Fellow subsidiaries	\$ <u>12,710</u>	\$ <u>12,741</u>

Related Party Type	Management Fee (Accounted as Operating Expenses)	
	For the Three Months Ended March 31	
	2025	2024
Fellow subsidiaries	\$ 20,780	\$ 20,619
Parent's associates	1,500	-
Substantial related parties	<u>793</u>	<u>782</u>
	<u>\$ 23,073</u>	<u>\$ 21,401</u>

The amount of management fee depended on the agreements; rental income and expenses which were received or paid monthly were based on the market price.

k. Compensation of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Salaries and benefits	\$ 7,141	\$ 7,887
Executive fees	<u>649</u>	<u>693</u>
	<u>\$ 7,790</u>	<u>\$ 8,580</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

29. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of March 31, 2025, December 31, 2024 and March 31, 2024 were as follows:

As of March 31, 2025, December 31, 2024 and March 31, 2024, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$329,318 thousand, \$332,552 thousand and \$583,177 thousand, respectively.

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following is information on the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2025			
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 48,507	33.205	\$ 1,610,675
RMB	634,557	4.626	2,935,461
EUR	12,555	35.97	451,603
Non-monetary items			
Derivative instruments			
USD	36,000	33.205	1,195,380
<u>Financial liabilities</u>			
Monetary items			
USD	5,092	33.205	169,080
EUR	255	35.97	9,172
Non-monetary items			
Derivative instruments			
USD	34,500	33.205	1,145,573
EUR	10,000	35.97	359,700
RMB	320,000	4.626	1,480,320
December 31, 2024			
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,283	32.785	\$ 1,714,098
RMB	583,795	4.561	2,662,689
EUR	11,647	34.14	397,629
Nonmonetary items			
Derivative instruments			
USD	38,000	32.785	1,245,830
RMB	60,000	4.561	273,660

(Continued)

December 31, 2024			
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 19,713	32.785	\$ 646,291
RMB	245	4.561	1,117
EUR	239	34.14	8,159
Nonmonetary items			
Derivative instruments			
USD	24,000	32.785	786,840
RMB	265,000	4.561	1,208,665
EUR	7,000	34.14	238,980
			(Concluded)
March 31, 2024			
	Foreign Currency (In Thousands)	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,536	32.00	\$ 1,841,152
RMB	536,847	4.510	2,421,180
EUR	9,149	34.46	315,275
Non-monetary items			
Derivative instruments			
USD	36,000	32.00	1,152,000
RMB	30,000	4.510	135,300
<u>Financial liabilities</u>			
Monetary items			
USD	27,232	32.00	871,424
EUR	163	34.46	5,617
Non-monetary items			
Derivative instruments			
USD	26,800	32.00	857,600
EUR	5,000	34.46	172,300
RMB	170,000	4.510	766,700

For the three months ended March 31, 2025 and 2024, realized and unrealized foreign exchange gains were \$86,567 thousand and \$76,342 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Significant marketable securities held (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 6) Intercompany relationships and significant intercompany transactions (Table 8)
- 7) Information on investees (Table 6)

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 4)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Tables 4 and 8)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

32. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Business Unit of Pulp and Fine Paper	Business Unit of Forestry	Other Segment	Adjustment and Elimination	Total
For the three months ended March 31, 2025					
Revenue from external customers	\$ 4,698,707	\$ 4,871	\$ 126,227	\$ -	\$ 4,829,805
Revenue from other internal operating segments	\$ 595,388	\$ 114,240	\$ 10,007	\$ (719,635)	\$ -
Segment profit or loss	\$ (337,436)	\$ 10,139	\$ (9,390)	\$ -	\$ (336,687)
For the three months ended March 31, 2024					
Revenue from external customers	\$ 5,217,427	\$ -	\$ 65,368	\$ -	\$ 5,282,795
Revenue from other internal operating segments	\$ 475,714	\$ 120,241	\$ 11,523	\$ (607,478)	\$ -
Segment profit or loss	\$ 51,986	\$ 6,214	\$ 3,356	\$ -	\$ 61,556

The Group classifies its products into two segments in accordance with their characteristics, as follows:

a. Pulp and fine paper segment

Manufacture and sale of cardboard, paper and pulp.

b. Forestry segment

Seedling cultivation and reforestation.

The accounting policies of each segment are the same as those accounting policies stated in Note 4. The performance of segments is measured by income after tax.

Revenue and profit between segments have been adjusted; these adjustments include the elimination of inter-segment transactions to reconcile the segment information with that reported for the Group as a whole.

TABLE 1

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Foreign Currencies in Thousands) (Notes 2 and 4)	Ending Balance (Foreign Currencies in Thousands) (Notes 2 and 4)	Actual Borrowing Amount (Foreign Currencies in Thousands) (Note 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Foreign Currencies in Thousands) (Notes 3 and 4)	Aggregate Financing Limit (Foreign Currencies in Thousands) (Notes 3 and 4)
													Item	Value		
2	CHP International (BVI) Corporation	Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	\$ 83,265 (US\$ 2,508)	\$ 83,265 (US\$ 2,508)	\$ 83,265 (US\$ 2,508)	2.5	Short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 2,340,769 (US\$ 70,494)	\$ 2,340,769 (US\$ 70,494)
		Zhaoqing Dingfung Forestry Ltd.	Other receivables from related parties	Yes	136,461 (US\$ 4,110)	136,461 (US\$ 4,110)	136,461 (US\$ 4,110)	2.5	Short-term financing	-	Operating capital	-	-	-	2,340,769 (US\$ 70,494)	2,340,769 (US\$ 70,494)
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,100,943 (US\$ 33,156)	1,100,943 (US\$ 33,156)	1,100,943 (US\$ 33,156)	2.5	Short-term financing	-	Operating capital	-	-	-	2,340,769 (US\$ 70,494)	2,340,769 (US\$ 70,494)

Note 1: The number column of financing provided to others by Chung Hwa Pulp Corporation and subsidiaries is illustrated as follows:

- a. The Company is numbered 0.
- b. The subsidiaries of the Company are sequentially numbered from 1 based on their investment structures.

Note 2: The balances are the approved amount that could be financed to others, including those not actually borrowed.

Note 3: a. Limitation of financing provided to Guangdong Dingfung Pulp & Paper Co., Ltd:

In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender’s net equity of the latest quarter while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender’s net equity of the prior year. Contributions to the cash pool to be used for lending purposes shall not exceed 10% of the lender’s net equity of the prior year.

b. Limitation of financing provided to CHP International (BVI) Corporation:

In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender’s net equity of the latest quarter while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender’s net equity of the prior year.

c. Limitation of financing provided to Shenzhen Jinglun Paper Co., Ltd.:

In the provision of loans due to business dealings, total loans shall not exceed 40% of the lender’s net equity of the prior year while individual loans shall not exceed the total purchases and sales between the lender and the borrower of the prior year. In the provision of short-term loans, total loans shall not exceed 40% of the lender’s net equity of the prior year. Contributions to the cash pool to be used for lending purposes shall not exceed 10% of the lender’s net equity of the prior year.

d. The participants of cash pooling share the quota as the end of the period balance. The end of the period balance has been repetitively calculated due to the arrangement of cash pooling, but the Company has not reached the quota of cash pooling.

Note 4: The exchange rates are US\$1=NT\$33.205 as of March 31, 2025.

Note 5: In preparing the consolidated financial statements, the financing transactions between the parent company and the subsidiary have been eliminated.

TABLE 2

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands) (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands) (Note 5)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)
		Name	Relationship (Note 2)										
0	Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	b.	\$ 23,547,116	\$ 597,690 (US\$ 18,000)	\$ 597,690 (US\$ 18,000)	\$ 44,827	\$ -	3.81	\$ 31,396,154	Note 8	N	N
		Hwa Fong Investment Ind. Co., Ltd.	b.	23,547,116	130,000	130,000	90,000	-	0.83	31,396,154	Note 8	N	N

Note 1: The number column is illustrated as follows:

- a. The Company is numbered 0.
- b. The subsidiaries of the Company are sequentially numbered from 1 based on their investment structure.

Note 2: The 7 different relationships between endorsee and guarantee are as follows:

- a. The companies with which it has business relations.
- b. Subsidiaries in which it holds more than 50% of its total outstanding ordinary shares.
- c. Companies in which it holds more than 50% of its total outstanding ordinary shares.
- d. Companies in which it holds more than 90% of its total outstanding ordinary shares.
- e. Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- f. Shareholders making endorsements/guarantees for their mutually invested companies in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit on endorsement/guarantee given on behalf of Chung Hwa Pulp Corporation to a single entity is 150% of the net equity of the latest consolidated financial statements issued by CPA. The limit on endorsement/guarantee is 200% of the net equity of the latest consolidated financial statements issued by CPA.

Note 4: The balance is the maximum amount endorsed/guaranteed to others during the period.

Note 5: The balance is the amount approved by the board of directors. If the chairman is authorized by the board of directors to make the endorsement/guarantee decisions based on the guidelines for lending of capital, endorsements and guarantees by Public Companies Art. 12.8, the balance is the amount approved by the chairman.

Note 6: The balance is the actual borrowing amount determined by the endorsee/guarantee within the limit.

Note 7: Endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent, and endorsement/guarantee given on behalf of companies in mainland China should be Y.

Note 8: The endorsee and guarantee jointly issued promissory notes in consideration of the line of credit of financial institutions.

TABLE 3

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2025			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Chung Hwa Pulp Corporation	Ordinary shares	The investor is the member of the investee's board of directors.					
	SinoPac Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income - current	111,077,429	\$ 2,471,473	0.9	\$ 2,471,473
	NTU Innovation & Incubation Co., Ltd.		Financial assets at fair value through profit or loss - non-current	800,000	-	6.3	-
	Groundhog Technologies Inc.		Financial assets at fair value through profit or loss - non-current	275,000	-	1.0	-
	KHL IB Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	16,116,485	143,365	14.6	143,365
	Direct Insight Inc.		Financial assets at fair value through other comprehensive income - non-current	286,200	35,775	0.9	35,775
	TaiGen Biopharmaceuticals Holdings Ltd.		Financial assets at fair value through other comprehensive income - non-current	17,829,132	188,989	2.5	188,989
	Medeon Biodesign, Inc.		Financial assets at fair value through other comprehensive income - non-current	407,550	17,524	0.4	17,524
Hwa Fong Investment Co., Ltd.	Ordinary shares	-					
	Caihui Technology Co., Ltd.		Financial assets at fair value through profit or loss - non-current	150,000	-	0.2	-
	SinoPac Holdings Co., Ltd.		Financial assets at fair value through other comprehensive income - current	2,528,969	56,270	-	56,270
Genovella Renewables Inc.	Mutual fund	-					
	SinoPac TWD Money Market Fund		Financial assets at fair value through profit or loss - current	25,082	365	-	365

Note 1: The securities mentioned in the table above are those classified as financial instruments under IFRS 9, including shares, bonds, beneficiary certificates, and all other securities derived from those items.

Note 2: Refer to Table 6 and Table 7 for information on investments in subsidiaries and associates.

TABLE 4

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
Chung Hwa Pulp Corporation	YFY Development Corp. Shenzhen Jinglun Paper Co., Ltd.	a.	Sale	\$ (127,581)	(3)	0.5 month after transaction month	\$ -	\$ -	\$ 36,561	1
		b.	Sale	(591,517) (Note 2)	(14)	5 months after transaction month	-	-	1,539,838 (Note 2)	41
	Union Paper Corp. YFY Packaging Inc. YFY Japan Co., Ltd.	a.	Sale	(150,151)	(4)	1 month after transaction month	-	-	57,362	2
		a.	Purchase	106,389	3	1 month after transaction month	-	-	(85,245)	(5)
		b.	Purchase	187,508	4	In agreed terms	-	-	-	-
							-	-		
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry Ltd.	b.	Purchase	103,958 (Note 2)	21	2 month after transaction month	-	-	(20,792) (Note 2)	(13)
Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	b.	Sale	(103,958) (Note 2)	(96)	2 month after transaction month	-	-	20,792 (Note 2)	100
Shenzhen Jinglun Paper Co., Ltd.	Chung Hwa Pulp Corporation	b.	Purchase	591,517 (Note 2)	99	5 months after transaction month	-	-	1,539,838 (Note 2)	(100)

Note 1: a. Fellow subsidiary.
b. Parent company and subsidiary.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 5

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Chung Hwa Pulp Corporation	Shenzhen Jinglun Paper Co., Ltd.	Parent company and subsidiary	\$ 1,539,838 (Note)	1.63	\$ 435,256	-	\$ 173,416	\$ -
	Yuen Foong Yu Consumer Products Co., Ltd.	Fellow subsidiaries	103,139	3.83	-	-	30,007	-

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 6

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2025			Net Income of the Investee	Share of Profit	Note (Note)
				March 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
Chung Hwa Pulp Corporation	CHP International (BVI) Corporation	Citco Brulding, Wickhams Can, P.O. Box 662, Road Town, Tortola, British Virgin Island	Investment and holding	\$ 1,747,085	\$ 1,747,085	61,039,956	100.00	\$ 5,887,059	\$ 22,161	\$ 22,161	a.
	E Ink Holdings Inc.	Hsinchu, Taiwan	To research, develop, produce and sale of thin-film transistor liquid crystal display	329,000	329,000	20,000,000	1.74	863,729	2,196,599	38,262	b.
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	6,600,000	100.00	127,319	523	523	a.
Hwa Fong Investment Co., Ltd.	Genovella Renewables Inc.	Hualien, Taiwan	Sale and production of fertilizer, retail sale of food products and groceries, plant cultivation, refractory materials manufacturing, cement and concrete products manufacturing, refractory materials wholesale and sale of building material, manpower services and wholesale and sale of chemistry raw materials	5,000	5,000	-	100.00	22,360	857	857	a.
	Union Paper Corp	Yunlin, Taiwan	Pulp manufacturing, processing and sales business.	77,660	76,518	11,034,475	10.66	133,874	(6,827)	(713)	b.
CHP International (BVI) Corporation	Syntax Communication (H.K.) Limited	Hong Kong	Sale and print of paper merchandise	US\$ 466 thousand	US\$ 466 thousand	34,000,000	100.00	8,278	101	101	a.

Note: a. Subsidiary.
b. Investments accounted for using the equity method.
c. Refer to Table 7 for information on investments in mainland China.

TABLE 7

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands) (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Foreign Currencies in Thousands) (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025 (Foreign Currencies in Thousands) (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of March 31, 2025
					Outward	Inward						
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	\$ 2,843,344 (US\$ 85,630) (Note 3)	Investment in mainland China through companies set up in another country	\$ 438,306 (US\$ 13,200)	\$ -	\$ -	\$ 438,306 (US\$ 13,200)	\$ 2,634 (Note 2, b.)	60.0	\$ 7,192 (Note 2, b.)	\$ 3,027,122	\$ -
Shenzhen Syntax Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,803 (RMB 3,200)	(Note 5)	-	-	-	(Note 5)	287 (Note 2, c.)	100.0	1,316 (Note 2, c.)	113,106	-
Zhaoqing Dingfung Forestry Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	726,520 (US\$ 21,880)	Investment in mainland China through companies set up in another country	147,032 (US\$ 4,428)	-	-	147,032 (US\$ 4,428)	2,211 (Note 2, c.)	86.5 (Note 4)	8,771 (Note 2, c.)	2,837,768	-
Zhaoqing Xinchuan Green Technology Co., Ltd.	Environmental equipment technology research and development; construction of wastewater, flue gas, noise and solid waste treatment; pure water treatment construction; environmental technology consulting; sale of environmental protection equipment and chemical raw material; import and export of cargo and technology	9,252 (RMB 2,000)	(Note 5)	-	-	-	(Note 5)	48 (Note 2, c.)	100.0	219 (Note 2, c.)	26,775	-
Guizhou Yuanfung Forestry Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	231,291 (RMB 50,000)	(Note 6)	-	-	-	(Note 6)	- (Note 2, c.)	67.0	- (Note 2, c.)	154,966	-

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$585,338 (Note 1)	\$1,936,715 (Note 1)	\$9,375,385

Note 1: The exchange rates are US\$1=NT\$33.205 or RMB1=NT\$4.625811 as of March 31, 2025.

Note 2: The recognition basis for investment gain (loss) are as follows:

- a. Financial statements reviewed by an international CPA firm with the cooperation of the ROC CPA firm.
- b. Financial statements reviewed by the ROC CPA firm.
- c. Others.

Note 3: Guangdong Dingfung Pulp & Paper Co., Ltd. increased its capital by retained earnings in an amount of US\$41,630 thousand from 2004 to 2007, and increased its capital by retained earnings from 2007 and 2008 in an amount of US\$22,000 thousand in July 2015. The paid-in-capital after the capital increase was US\$85,630 thousand.

Note 4: Ownership percentages of investment for CHP International (BVI) Corporation and Guangdong Dingfung Pulp & Paper Co., Ltd. are 20.2% and 66.3%, respectively.

Note 5: Investment in mainland China through companies is set up in another country. The direct investor is Guangdong Dingfung Pulp & Paper Co., Ltd.

Note 6: Investment in mainland China through companies is set up in another country. The direct investor is Zhaoqing Dingfung Forestry Ltd.

Note 7: For information on any investee company in mainland China, refer to Tables 1, 2, 4, 5 and 8.

TABLE 8

CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Chung Hwa Pulp Corporation	Shenzhen Jinglun Paper Co., Ltd.	Subsidiary	Accounts receivable Sales	\$ 1,539,838 591,517	5 months after transaction month By market price	4 12
2	Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Fellow subsidiary	Sales	103,958	By market price	2

Note: In preparing the consolidated financial statements, the transaction has been eliminated.