

**Chung Hwa Pulp Corporation and  
Subsidiaries**

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

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we did not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2025.

Very truly yours,

CHUNG HWA PULP CORPORATION

By:

---

March 13, 2026

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Chung Hwa Pulp Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Chung Hwa Pulp Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

### Basis for Opinion

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

### Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter identified in the consolidated financial statements for the year ended December 31, 2025 is as follows:

#### Estimation of Expected Credit Loss of Accounts Receivable

The accounts receivable of the Group is material in amount. In consideration of the many customers and their collectabilities depend on each customer's financial condition; the estimation of expected credit loss involved the management's estimation and judgment. Therefore, it was identified as a key audit matter.

The audit procedures that we performed in respect of the above key audit matter included the following:

1. We obtained and assessed the methodology that the management used for the expected credit loss of accounts receivable and the reasonableness of data used.
2. We tested the receivables aging schedule and reviewed the calculation of expected credit loss for correctness of the recognized expected credit loss accounts receivable.
3. We tested the recoverability of receivables by analyzing overdue accounts and by verifying cash receipts in the subsequent period. For receivables that were past due, we assessed the reasonableness of the expected credit loss based on the historical payment record, credit policy control and follow-up of overdue receivables.

#### **Other Matter**

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

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2026

Notice to Readers

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

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

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

ASSETS	2025		2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,940,276	5	\$ 1,365,522	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,047	-	39,621	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	3,359,614	8	2,601,588	7
Financial assets at amortized cost - current (Notes 4 and 10)	1,000	-	236,495	1
Financial assets for hedging - current (Note 9)	10,045	-	-	-
Notes and accounts receivable (Notes 4 and 11)	3,076,263	8	3,190,624	8
Notes and accounts receivable from related parties (Notes 4 and 27)	241,522	-	273,898	1
Other receivables from related parties (Notes 4 and 27)	403,915	1	-	-
Inventories (Notes 4 and 12)	6,316,751	16	6,400,048	17
Biological assets (Notes 4 and 13)	3,750,092	9	3,641,170	9
Other current assets	<u>1,110,947</u>	<u>3</u>	<u>1,046,997</u>	<u>3</u>
Total current assets	<u>20,212,472</u>	<u>50</u>	<u>18,795,963</u>	<u>49</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	393,444	1	408,712	1
Financial assets at amortized cost - non-current (Notes 4 and 10)	-	-	91,216	-
Investments accounted for using the equity method (Notes 4 and 15)	1,224,108	3	1,032,248	3
Property, plant and equipment (Notes 4 and 16)	15,625,370	39	15,982,335	41
Right-of-use assets (Notes 4 and 17)	545,345	1	482,926	1
Investment properties (Notes 4 and 18)	592,945	2	755,008	2
Deferred tax assets (Notes 4 and 23)	674,628	2	366,694	1
Prepayments for equipment	571,363	1	182,219	1
Net defined benefit assets (Notes 4 and 20)	421,608	1	391,781	1
Other non-current assets	<u>180,064</u>	<u>-</u>	<u>128,631</u>	<u>-</u>
Total non-current assets	<u>20,228,875</u>	<u>50</u>	<u>19,821,770</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 40,441,347</u>	<u>100</u>	<u>\$ 38,617,733</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 5,311,783	13	\$ 4,345,073	11
Short-term bills payable (Note 19)	8,739,126	22	7,980,992	21
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	84,071	-	16,691	-
Notes and accounts payable	1,503,082	4	1,706,957	5
Notes and accounts payable to related parties (Note 27)	208,441	-	337,999	1
Other payables	1,096,808	3	1,206,959	3
Current tax liabilities (Note 23)	138,445	-	257	-
Lease liabilities - current (Notes 4 and 17)	56,762	-	42,022	-
Other current liabilities	<u>435,260</u>	<u>1</u>	<u>421,752</u>	<u>1</u>
Total current liabilities	<u>17,573,778</u>	<u>43</u>	<u>16,058,702</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 19)	1,822,273	5	2,022,787	5
Deferred tax liabilities (Notes 4 and 23)	2,109,696	5	2,081,059	5
Lease liabilities - non-current (Notes 4 and 17)	102,650	-	34,605	-
Other non-current liabilities	<u>245,809</u>	<u>1</u>	<u>227,874</u>	<u>1</u>
Total non-current liabilities	<u>4,280,428</u>	<u>11</u>	<u>4,366,325</u>	<u>11</u>
Total liabilities	<u>21,854,206</u>	<u>54</u>	<u>20,425,027</u>	<u>53</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>				
Share capital	<u>11,028,353</u>	<u>27</u>	<u>11,028,353</u>	<u>29</u>
Capital surplus	<u>168,505</u>	<u>-</u>	<u>38,480</u>	<u>-</u>
Retained earnings				
Legal reserve	316,847	1	316,847	1
Special reserve	1,186,894	3	1,186,894	3
Unappropriated earnings	<u>690,532</u>	<u>2</u>	<u>1,258,287</u>	<u>3</u>
Total retained earnings	<u>2,194,273</u>	<u>6</u>	<u>2,762,028</u>	<u>7</u>
Other equity	<u>2,737,703</u>	<u>7</u>	<u>2,005,942</u>	<u>5</u>
Treasury shares	<u>-</u>	<u>-</u>	<u>(136,726)</u>	<u>-</u>
Total equity attributable to owners of the Company	16,128,834	40	15,698,077	41
<b>NON-CONTROLLING INTERESTS</b>	<u>2,458,307</u>	<u>6</u>	<u>2,494,629</u>	<u>6</u>
Total equity	<u>18,587,141</u>	<u>46</u>	<u>18,192,706</u>	<u>47</u>
<b>TOTAL</b>	<u>\$ 40,441,347</u>	<u>100</u>	<u>\$ 38,617,733</u>	<u>100</u>

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

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)				
Sales	\$ 18,753,860	100	\$ 20,831,582	100
Sales returns and allowances	<u>309,948</u>	<u>2</u>	<u>220,352</u>	<u>1</u>
Net sales	18,443,912	98	20,611,230	99
Other operating revenue	<u>323,079</u>	<u>2</u>	<u>156,300</u>	<u>1</u>
Total operating revenue	<u>18,766,991</u>	<u>100</u>	<u>20,767,530</u>	<u>100</u>
OPERATING COSTS (Notes 12, 20, 22 and 27)				
Cost of goods sold	18,228,289	97	19,157,722	92
Other operating cost	<u>32,889</u>	<u>-</u>	<u>65,687</u>	<u>-</u>
Total operating costs	<u>18,261,178</u>	<u>97</u>	<u>19,223,409</u>	<u>92</u>
(LOSS) GAIN FROM CHANGES IN FAIR VALUE LESS COSTS TO SELL OF BIOLOGICAL ASSETS (Note 13)				
	<u>(2,442)</u>	<u>-</u>	<u>817</u>	<u>-</u>
GROSS PROFIT	<u>503,371</u>	<u>3</u>	<u>1,544,938</u>	<u>8</u>
OPERATING EXPENSES (Notes 20, 22 and 27)				
Selling and marketing	1,432,236	8	1,605,852	8
General and administrative	473,680	2	326,761	1
Research and development	<u>126,002</u>	<u>1</u>	<u>163,082</u>	<u>1</u>
Total operating expenses	<u>2,031,918</u>	<u>11</u>	<u>2,095,695</u>	<u>10</u>
LOSS FROM OPERATIONS	<u>(1,528,547)</u>	<u>(8)</u>	<u>(550,757)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 22 and 27)	(327,873)	(2)	(280,272)	(1)
Share of profit of associates (Note 15)	172,267	1	155,479	1
Interest income (Note 27)	44,024	-	49,955	-
Dividend income	105,063	1	84,233	-
Gain from bargain purchase (Note 15)	1,263	-	9,554	-
Other income (Note 27)	209,357	1	177,125	1
Gain on disposal of property, plant and equipment (Note 27)	141,763	1	398	-
Gain on disposal of investment properties (Note 27)	578,682	3	-	-
(Loss) gain on disposal of investments	(12)	-	52	-
Foreign exchange gain	28,400	-	128,234	-
Loss on financial instruments at FVTPL	(135,881)	(1)	(71,975)	-

(Continued)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	2025		2024	
	Amount	%	Amount	%
Other losses	\$ (6,053)	-	\$ (8,669)	-
Impairment loss recognized on property, plant and equipment (Note 16)	<u>(51,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>759,767</u>	<u>4</u>	<u>244,114</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(768,780)	(4)	(306,643)	(1)
INCOME TAX BENEFIT (Notes 4 and 23)	<u>139,040</u>	<u>1</u>	<u>84,168</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(629,740)</u>	<u>(3)</u>	<u>(222,475)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	23,115	-	26,059	-
Unrealized gain on investments in equity instruments at FVTOCI	799,954	4	375,817	2
Share of the other comprehensive income of associates	126,011	1	60,175	-
Tax effect of items that will not be reclassified (Note 23)	(4,487)	-	(5,212)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(207,952)	(1)	430,319	2
Gain on hedging instruments	10,045	-	6,034	-
Share of other comprehensive (loss) income of associates	<u>(17,339)</u>	<u>-</u>	<u>13,623</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>729,347</u>	<u>4</u>	<u>906,815</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 99,607</u>	<u>1</u>	<u>\$ 684,340</u>	<u>3</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (612,558)	(3)	\$ (252,123)	(1)
Non-controlling interests	<u>(17,182)</u>	<u>-</u>	<u>29,648</u>	<u>-</u>
	<u>\$ (629,740)</u>	<u>(3)</u>	<u>\$ (222,475)</u>	<u>(1)</u>

(Continued)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

---

	2025		2024	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 164,749	1	\$ 533,228	2
Non-controlling interests	<u>(65,142)</u>	<u>-</u>	<u>151,112</u>	<u>1</u>
	<u>\$ 99,607</u>	<u>1</u>	<u>\$ 684,340</u>	<u>3</u>
LOSS PER SHARE (Note 24)				
Basic	<u>\$ (0.56)</u>		<u>\$ (0.23)</u>	

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

(Concluded)

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

#### Equity Attributable to Owners of the Company (Notes 4 and 21)

	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity			Treasury Share	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instrument	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	-	-	(3,233)	-	-	(1)	(1)	-	-	-	-	(3,234)	-	(3,234)
Unclaimed dividends	-	-	764	-	-	-	-	-	-	-	-	764	-	764
Net (loss) profit for the year ended December 31, 2024	-	-	-	-	-	(252,123)	(252,123)	-	-	-	-	(252,123)	29,648	(222,475)
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	20,894	20,894	322,478	435,945	6,034	-	785,351	121,464	906,815
Total comprehensive (loss) income for the year ended December 31, 2024	-	-	-	-	-	(231,229)	(231,229)	322,478	435,945	6,034	-	533,228	151,112	684,340
Disposal of investments accounted for using the equity method	-	-	1,833	-	-	816	816	-	(816)	-	-	1,833	-	1,833
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	25,109	25,109
Disposal of investments in equity instruments at FVTOCI by associates	-	-	-	-	-	5,497	5,497	-	(5,497)	-	-	-	-	-
BALANCE ON DECEMBER 31, 2024	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	-	-	7,800	-	-	(743)	(743)	-	-	-	-	7,057	-	7,057
Unclaimed dividends	-	-	(151)	-	-	-	-	-	-	-	-	(151)	-	(151)
Net loss for the year ended December 31, 2025	-	-	-	-	-	(612,558)	(612,558)	-	-	-	-	(612,558)	(17,182)	(629,740)
Other comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	18,628	18,628	(177,331)	925,965	10,045	-	777,307	(47,960)	729,347
Total comprehensive (loss) income for the year ended December 31, 2025	-	-	-	-	-	(593,930)	(593,930)	(177,331)	925,965	10,045	-	164,749	(65,142)	99,607
Treasury shares transferred	-	-	(337)	-	-	-	-	-	-	-	136,726	136,389	-	136,389
Share-based payment transactions	-	-	122,713	-	-	-	-	-	-	-	-	122,713	534	123,247
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	28,286	28,286
Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	26,918	26,918	-	(26,918)	-	-	-	-	-
BALANCE ON DECEMBER 31, 2025	<u>1,102,835</u>	<u>\$ 11,028,353</u>	<u>\$ 168,505</u>	<u>\$ 316,847</u>	<u>\$ 1,186,894</u>	<u>\$ 690,532</u>	<u>\$ 2,194,273</u>	<u>\$ (75,601)</u>	<u>\$ 2,803,259</u>	<u>\$ 10,045</u>	<u>\$ -</u>	<u>\$ 16,128,834</u>	<u>\$ 2,458,307</u>	<u>\$ 18,587,141</u>

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

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (768,780)	\$ (306,643)
Adjustments for:		
Depreciation and amortization expenses	1,269,131	1,244,609
Expected credit recognized (reversed)	22,955	(20,200)
Loss on financial instruments at FVTPL	135,881	71,975
Finance costs	327,873	280,272
Interest income	(44,024)	(49,955)
Dividend income	(105,063)	(84,233)
Compensation cost of share-based payments	123,247	-
Share of profit of associates	(172,267)	(155,479)
Gain on disposal of property, plant and equipment	(141,763)	(398)
Gain on disposal of investment properties	(578,682)	-
Loss (gain) on disposal of investments	12	(52)
Gain on lease modification	(16)	(17)
Recognition of inventories write-downs	42,678	30,166
Impairment loss recognized on property, plant and equipment	51,233	-
Unrealized gain on foreign currency exchange	(114,365)	(13,139)
Loss (gain) on changes in fair value less costs to sell of biological assets	2,442	(817)
Gain from bargain purchase	(1,263)	(9,554)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(266,116)	(35,092)
Notes and accounts receivable	172,600	(219,246)
Notes and accounts receivable from related parties	32,745	35,193
Inventories	11,373	(874,243)
Biological assets	(180,474)	(125,824)
Other current assets	(111,723)	(258,914)
Net defined benefit assets	(7,401)	(14,027)
Notes and accounts payable	(197,933)	127,814
Notes and accounts payable to related parties	(127,759)	56,916
Other payables	(101,869)	168,691
Other current liabilities	<u>(16,769)</u>	<u>1,402</u>
Cash used in operations	(744,097)	(150,795)
Interest received	44,762	40,684
Interest paid	(335,573)	(274,026)
Income tax paid	<u>(6,665)</u>	<u>(1,236)</u>
Net cash used in operating activities	<u>(1,041,573)</u>	<u>(385,373)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at FVTOCI	42,442	-
Proceeds from capital reduction of financial assets at FVTOCI	14,753	-
Purchase of financial assets at amortized cost	(470,802)	(224,785)
Proceeds from sale of financial assets at amortized cost	782,350	353,233

(Continued)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

	2025	2024
Proceeds from sale of financial assets at FVTPL	\$ 233,196	\$ -
Proceeds from sale of financial instruments for hedging	-	1,879
Purchase of investments accounted for using the equity method	(1,736)	(12,947)
Payments for property, plant and equipment	(1,392,820)	(1,369,181)
Proceeds from disposal of property, plant and equipment	265,847	506
Increase in other receivables from related parties	(403,915)	-
Proceeds from disposal of investment properties	1,080,490	-
(Increase) decrease in other non-current assets	(65,432)	1,693
Increase in prepayments for equipment	(389,144)	(77,113)
Dividends received	<u>204,866</u>	<u>174,026</u>
Net cash used in investing activities	<u>(99,905)</u>	<u>(1,152,689)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	970,173	1,033,557
Proceeds from short-term bills payable	758,134	200,821
Proceeds from long-term borrowings	3,350,000	2,100,000
Repayments of long-term borrowings	(3,550,000)	(1,350,000)
Repayment of the principal portion of lease liabilities	(46,698)	(40,027)
Increase in other non-current liabilities	37,902	12,569
Transfer of treasury shares to employees	136,389	-
Increase in non-controlling interests	28,286	25,109
Capital surplus transferred from unclaimed dividends	<u>(151)</u>	<u>764</u>
Net cash generated from financing activities	<u>1,684,035</u>	<u>1,982,793</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>32,197</u>	<u>48,880</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>574,754</b>	<b>493,611</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>1,365,522</b></u>	<u><b>871,911</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 1,940,276</b></u>	<u><b>\$ 1,365,522</b></u>

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

(Concluded)

# CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

---

### 1. GENERAL INFORMATION

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 both held 57.8% and 58.6% of ordinary shares of the Company as of December 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 March 13, 2026.

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

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

The 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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
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
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

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

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

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

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The 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.

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the 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**

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China (ROC). 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 consolidated financial statements shall prevail.

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets excluding bearer plants 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. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents.

Current liabilities include:

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

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

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

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate are not related to the Group.

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

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

k. Impairment of property, plant and equipment, investment property, right-of-use asset and intangible assets

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

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

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

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

#### 1) Financial assets

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

##### a) Measurement categories

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

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

##### ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

##### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading.

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by an entity in the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### 3) Financial liabilities

#### a) Subsequent measurement

Except the financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

#### b) Derecognition of financial liabilities

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

### 4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

#### m. Hedge accounting

The Group designates certain hedging instruments as cash flow hedges to partially hedge its foreign exchange rate risks associated with certain highly probable forecast purchases. The effective portion of changes in the fair value of hedging instruments is recognized in other comprehensive income. When the forecast transactions actually take place, the associated gains or losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the hedged items. The gains or losses from hedging instruments relating to the ineffective portion are recognized immediately in profit or loss.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

#### n. Provisions

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

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.

o. Revenue recognition

The Group identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized when the goods are delivered to the customer's specific location and the performance obligation is satisfied because it is the time when customers have obtained control of the promised goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable and reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and allowances is generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities.

Due to the short term nature of the receivables from sale of goods with the immaterial discounted effect, the group measures them at the original invoice amounts without discounting.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

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

## 2) Deferred tax

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

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

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

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

## 3) Current and deferred taxes

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

## t. Biological assets

Biological assets are measured at fair value less costs to sell on initial recognition and on each balance sheet date, and the related subsequent expenditures are capitalized as part of biological assets when incurred. Any gain or loss arising from the change in fair value less costs to sell is recognized in profit or loss when it is incurred.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

## Estimated Impairment of Accounts Receivable

The provision for impairment of accounts receivable is based on assumptions on probability of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 11. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 785	\$ 1,741
Checking accounts and demand deposits	1,003,363	644,503
Cash equivalents		
Time deposits with original maturities of less than three months	<u>936,128</u>	<u>719,278</u>
	<u>\$ 1,940,276</u>	<u>\$ 1,365,522</u>

The market rate intervals of cash in bank (excluding checking accounts) at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank balance	0.005%-0.725%	0.001%-0.95%
Cash equivalents	0.3%-4%	0.450%-4.84%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<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	\$ 1,678	\$ 36,260
Non-derivative financial assets		
Mutual funds	<u>369</u>	<u>3,361</u>
	<u>\$ 2,047</u>	<u>\$ 39,621</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 84,071</u>	<u>\$ 16,691</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2025</u>			
Sell	USD:NTD	2026.01.05-2026.03.30	USD43,500
	EUR:NTD	2026.01.05-2026.03.30	EUR19,000
	RMB:NTD	2026.01.14-2026.03.31	RMB290,000
Buy	USD:RMB	2026.01.20-2026.09.08	USD35,500
<u>December 31, 2024</u>			
Sell	USD:NTD	2025.01.06-2025.02.03	USD26,000
	EUR:NTD	2025.01.23-2025.01.24	EUR7,000
	RMB:NTD	2025.01.02-2025.03.24	RMB325,000
Buy	USD:RMB	2025.04.11-2025.09.08	USD36,000

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. INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 3,359,614</u>	<u>\$ 2,601,588</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 262,379	\$ 262,088
Unlisted shares	<u>131,065</u>	<u>146,624</u>
	<u>\$ 393,444</u>	<u>\$ 408,712</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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets - current</u>		
Cash flow hedges		
Forward exchange contracts	\$ <u>10,045</u>	\$ <u>-</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 increase (decrease) in value used for calculating hedge ineffectiveness for the years ended December 31, 2025 and 2024 were \$10,045 thousand and \$(4,155) thousand, respectively. The following tables summarize the information relating to the hedges of foreign currency risk.

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2025</u>			
Buy	EUR:NTD	2026.04.07-2026.04.17	EUR6,000

### For the year ended December 31, 2025

<b>Hedged Items</b>	<b>Change in Value Used for Calculating Hedge Ineffectiveness</b>	<b>Other Equity Carrying Amount in Continuing Hedges</b>
Cash flow hedge		
Forecast transactions (capital expenditures)	\$ <u>10,045</u>	\$ <u>10,045</u>

### For the year ended December 31, 2024

<b>Hedged Items</b>	<b>Change in Value Used for Calculating Hedge Ineffectiveness</b>	<b>Other Equity Carrying Amount in Continuing Hedges</b>
Cash flow hedge		
Forecast transactions (capital expenditures)	\$ <u>(4,155)</u>	\$ <u>-</u>

Refer to Note 21(e) for information relating to gain or loss on changes in the fair value of hedging instruments and the original carrying amount transferred to hedged items for the years ended December 31, 2025 and 2024.

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturity between three months and a year	\$ 1,000	\$ 7,000
Foreign investments		
Time deposits with original maturity between three months and a year	<u>-</u>	<u>229,495</u>
	<u>\$ 1,000</u>	<u>\$ 236,495</u>
<u>Non-current</u>		
Foreign investments		
Time deposits with original maturity of more than a year	<u>\$ -</u>	<u>\$ 91,216</u>

As of December 31, 2025 and 2024, the interest rates for time deposits with original maturity between three months and a year were 1.69% and 1.69%-4.87%, 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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Notes receivable - operating	\$ 481,184	\$ 626,748
Accounts receivable - operating	<u>2,654,900</u>	<u>2,600,945</u>
Gross carrying amount	3,136,084	3,227,693
Less: Allowance for impairment loss	<u>(59,821)</u>	<u>(37,069)</u>
	<u>\$ 3,076,263</u>	<u>\$ 3,190,624</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 receivables 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 receivables based on the Group's provision matrix:

December 31, 2025

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 Days to A Year</b>	<b>Over A Year</b>	<b>Total</b>
Gross carrying amount	\$ 2,581,614	\$ 306,998	\$ 88,759	\$ 158,713	\$ 3,136,084
Loss allowance (Lifetime ECLs)	<u>(10,692)</u>	<u>(7,103)</u>	<u>(23,072)</u>	<u>(18,954)</u>	<u>(59,821)</u>
Amortized cost	<u>\$ 2,570,922</u>	<u>\$ 299,895</u>	<u>\$ 65,687</u>	<u>\$ 139,759</u>	<u>\$ 3,076,263</u>

December 31, 2024

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 Days to A Year</b>	<b>Over A Year</b>	<b>Total</b>
Gross carrying amount	\$ 2,832,095	\$ 270,686	\$ 121,098	\$ 3,814	\$ 3,227,693
Loss allowance (Lifetime ECLs)	<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>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 37,069	\$ 56,077
Recognized (reversed) for the year	22,955	(20,200)
Foreign exchange translation gains and losses	<u>(203)</u>	<u>1,192</u>
Balance on December 31	<u>\$ 59,821</u>	<u>\$ 37,069</u>

Receivables overdue for more than one year are secured by collateral provided by the counterparty, and additional measures have been implemented to safeguard their collectability.

As of December 31, 2025 and 2024, the Group discounted a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$249,631 thousand and \$175,500 thousand, respectively. For information on the transfer of financial instruments, refer to Note 26.

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Finished and purchased goods	\$ 4,058,867	\$ 3,493,175
Work in process	873,862	896,386
Materials	<u>1,384,022</u>	<u>2,010,487</u>
	<u>\$ 6,316,751</u>	<u>\$ 6,400,048</u>

The cost of goods sold for the years ended December 31, 2025 and 2024 included inventory write-downs of \$42,678 thousand and \$30,166 thousand, respectively.

## 13. BIOLOGICAL ASSETS

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 3,641,170	\$ 3,339,318
Increase due to planting	378,114	347,017
(Loss) gain from changes in fair value less costs to sell	(2,442)	817
Decrease due to harvest	(199,843)	(221,193)
Net exchange differences	<u>(66,907)</u>	<u>175,211</u>
Balance on December 31	<u>\$ 3,750,092</u>	<u>\$ 3,641,170</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Eucalyptus (Level 3)	<u>\$ 3,878,606</u>	<u>\$ 3,763,862</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 3,763,862	\$ 3,448,240
Increase due to planting	395,371	368,968
(Loss) gain from changes in fair value less costs to sell	(2,553)	868
Decrease due to harvest	(208,964)	(235,185)
Foreign exchange translation gains and losses	<u>(69,110)</u>	<u>180,971</u>
Balance on December 31	<u>\$ 3,878,606</u>	<u>\$ 3,763,862</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	
			December 31 2025	December 31 2024
The Company	CHP International (BVI) Corporation	Investment and holding.	100.0	100.0
CHP International (BVI) Corporation	Hwa Fong Investment Co., Ltd.	Investment and holding.	100.0	100.0
	Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business.	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
Hwa Fong Investment Co., Ltd.	Syntax Communication (H.K.) Limited	Sale and print of paper merchandise.	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
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
	Shenzhen Jinglun Paper Co., Ltd.	Paper trading, cargo and technic import and export business.	100.0	100.0
	Zhaoqing 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
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

The consolidated financial statements of subsidiaries were based on the subsidiaries' results which have been audited for the same years.

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Associates that are not individually material	<u>\$ 1,224,108</u>	<u>\$ 1,032,248</u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2025</b>	<b>2024</b>
The Group's share of:		
Profit from continuing operations	\$ 172,267	\$ 155,479
Other comprehensive income	<u>108,672</u>	<u>73,798</u>
<b>Total comprehensive income for the year</b>	<b><u>\$ 280,939</u></b>	<b><u>\$ 229,277</u></b>

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.

For the years ended December 31, 2025 and 2024, the Group obtained 247,268 and 1,844,021 voting shares of Union Paper Corporation., Ltd. at \$7.02 per share with a total investment of \$1,736 thousand and \$12,947 thousand, respectively, and 0.24% and 1.78% of voting rights, respectively. The Group recognized a gain from bargain purchase of \$1,263 thousand and \$9,554 thousand, respectively.

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.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2025 and 2024 were based on the associates' financial statements which have been audited for the same years.

## 16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Electric Equipment	Tools	Miscellaneous Equipment	Property in Construction	Total
<b>Cost</b>								
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	34,170	15,454	39,636	25,296	23,863	10,742	1,229,448	1,378,609
Disposals	-	(30,528)	(519,821)	(1,274)	(16,417)	(6,744)	-	(574,784)
Effects of foreign currency exchange differences	-	37,666	245,732	-	178	9,431	4,682	297,689
Reclassifications	-	38,908	816,194	33,873	92,338	23,228	(1,004,541)	-
Balance on December 31, 2024	<u>\$ 7,958,489</u>	<u>\$ 4,284,206</u>	<u>\$ 32,646,423</u>	<u>\$ 3,221,000</u>	<u>\$ 2,105,769</u>	<u>\$ 895,919</u>	<u>\$ 1,110,006</u>	<u>\$ 52,221,812</u>
<b>Accumulated depreciation and impairment</b>								
Balance on January 1, 2024	\$ -	\$ 3,310,321	\$ 27,007,687	\$ 2,605,091	\$ 1,768,308	\$ 751,503	\$ -	\$ 35,442,910
Disposals	-	(30,528)	(519,713)	(1,274)	(16,417)	(6,744)	-	(574,676)
Depreciation expense	-	101,927	849,055	92,058	94,411	42,189	-	1,179,640
Effects of foreign currency exchange differences	-	18,758	164,818	-	204	7,823	-	191,603
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 3,400,478</u>	<u>\$ 27,501,847</u>	<u>\$ 2,695,875</u>	<u>\$ 1,846,506</u>	<u>\$ 794,771</u>	<u>\$ -</u>	<u>\$ 36,239,477</u>
Carrying amounts on December 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>
<b>Cost</b>								
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	-	15,830	67,900	13,869	25,673	12,328	1,257,221	1,392,821
Disposals	(123,337)	(48,173)	(426,524)	(3,233)	(5,697)	(8,725)	-	(615,689)
Effects of foreign currency exchange differences	-	(10,983)	(89,668)	-	(113)	(2,284)	(5,962)	(109,010)
Reclassifications	(258,550)	79,570	652,625	30,895	95,428	89,423	(1,049,066)	(359,675)
Balance on December 31, 2025	<u>\$ 7,576,602</u>	<u>\$ 4,320,450</u>	<u>\$ 32,850,756</u>	<u>\$ 3,262,531</u>	<u>\$ 2,221,060</u>	<u>\$ 986,661</u>	<u>\$ 1,312,199</u>	<u>\$ 52,530,259</u>
<b>Accumulated depreciation and impairment</b>								
Balance on January 1, 2025	\$ -	\$ 3,400,478	\$ 27,501,847	\$ 2,695,875	\$ 1,846,506	\$ 794,771	\$ -	\$ 36,239,477
Disposals	-	(47,426)	(426,524)	(3,234)	(5,697)	(8,724)	-	(491,605)
Impairment losses recognized	-	-	45,952	2,033	3,107	141	-	51,233
Depreciation expense	-	102,949	860,218	91,433	100,798	42,617	-	1,198,015
Effects of foreign currency exchange differences	-	(7,062)	(63,241)	-	(109)	(2,156)	-	(72,568)
Reclassifications	-	(19,663)	-	-	-	-	-	(19,663)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 3,429,276</u>	<u>\$ 27,918,252</u>	<u>\$ 2,786,107</u>	<u>\$ 1,944,605</u>	<u>\$ 826,649</u>	<u>\$ -</u>	<u>\$ 36,904,889</u>
Carrying amounts on December 31, 2025	<u>\$ 7,576,602</u>	<u>\$ 891,174</u>	<u>\$ 4,932,504</u>	<u>\$ 476,424</u>	<u>\$ 276,455</u>	<u>\$ 160,012</u>	<u>\$ 1,312,199</u>	<u>\$ 15,625,370</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

As several key production lines within the pulp and paper segment have reached advanced stages of aging, the Group assessed that the future economic benefits expected to be derived from the related plants and machinery have diminished to the point where no recoverable amount exists. Consequently, an impairment loss of \$51,233 thousand, measured using the assets' carrying amount, was recognized and accounted as other gains and losses in the consolidated statement of comprehensive income for the year ended December 31, 2025.

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Carrying amount</u>		
Land	\$ 390,195	\$ 412,830
Buildings	101,386	30,573
Office equipment	42,264	37,709
Transportation equipment	<u>11,500</u>	<u>1,814</u>
	<u>\$ 545,345</u>	<u>\$ 482,926</u>
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Additions to right-of-use assets	<u>\$ 132,345</u>	<u>\$ 56,677</u>
Depreciation charge for right-of-use assets		
Land	\$ 14,386	\$ 14,778
Buildings	18,374	16,014
Office equipment	13,325	10,795
Transportation equipment	<u>12,747</u>	<u>10,902</u>
	<u>\$ 58,832</u>	<u>\$ 52,489</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 years ended December 31, 2025 and 2024.

b. Lease liabilities

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Carrying amount</u>		
Current	<u>\$ 56,762</u>	<u>\$ 42,022</u>
Non-current	<u>\$ 102,650</u>	<u>\$ 34,605</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Land	0.88%-1.75%	0.88%-1.75%
Buildings	0.88%-2.50%	0.88%-2.50%
Office equipment	0.88%-2.04%	0.88%-1.86%
Transportation equipment	0.88%-2.04%	0.88%-1.86%

c. Material lease-in activities and terms

The Group leases certain equipment and plant 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.

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 129,999</u>	<u>\$ 105,625</u>
Total cash outflow for leases	<u>\$ (188,809)</u>	<u>\$ (155,341)</u>

## 18. INVESTMENT PROPERTIES

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Cost</u>		
Opening balance	\$ 771,534	\$ 771,534
Disposals	(501,808)	-
Reclassifications	<u>359,675</u>	<u>-</u>
Ending balance	<u>\$ 629,401</u>	<u>\$ 771,534</u>
<u>Accumulated depreciation and impairment</u>		
Opening balance	\$ (16,526)	\$ (16,259)
Depreciation expense	(267)	(267)
Reclassifications	<u>(19,663)</u>	<u>-</u>
Ending balance	<u>\$ (36,456)</u>	<u>\$ (16,526)</u>
Ending carrying amount	<u>\$ 592,945</u>	<u>\$ 755,008</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:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value	<u>\$ 908,112</u>	<u>\$ 856,590</u>

The investment properties were leased out as operating leases from July 1, 2020 to November 14, 2035. 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:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Lease commitments of investment properties	<u>\$ 660,968</u>	<u>\$ 276,567</u>

## 19. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Bank credit loans	\$ 5,311,783	\$ 4,084,347
Letter of credit loans	<u>-</u>	<u>260,726</u>
	<u>\$ 5,311,783</u>	<u>\$ 4,345,073</u>

As of December 31, 2025 and 2024, interest rates on short-term borrowings were 1.78%-3.65% and 1.543%-5.88%, respectively.

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Commercial paper	\$ 8,750,000	\$ 8,000,000
Less: Unamortized discount on bills payable	<u>(10,874)</u>	<u>(19,008)</u>
	<u>\$ 8,739,126</u>	<u>\$ 7,980,992</u>

Short-term bills payable are commercial papers due within one year. As of December 31, 2025 and 2024 interest rates on bills payable were 1.49%-1.81% and 1.64%-1.67%, respectively.

### c. Long-term borrowings

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Unsecured bank loans	\$ 1,830,000	\$ 2,030,000
Less: Loan management fees	<u>(7,727)</u>	<u>(7,213)</u>
Long-term bank loans	<u>\$ 1,822,273</u>	<u>\$ 2,022,787</u>

	Due Date	Article	Interest Rate	<b>December 31</b>	
				<b>2025</b>	<b>2024</b>
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. It is not available for revolving use.	1.90-2.14	\$ 480,000	\$ 480,000
Syndicated loan from First Bank, Hua Nan Bank and Bank of Taiwan - credit loan A	2028.12.29	The credit can be revolved within 60 months from December 29, 2023, the first drawdown date of the loan.	1.93-2.17	500,000	1,550,000
Syndicated loan from First Bank and Bank of Taiwan - credit loan A	2030.09.26	The credit can be revolved within 60 months from September 26, 2025, the first drawdown date of the loan.	2.11	<u>850,000</u>	<u>-</u>
				<u>\$ 1,830,000</u>	<u>\$ 2,030,000</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company, Hwa Fong Investment Co., Ltd. and Genovella Renewables Inc. of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in mainland China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government of the Republic of China. Pension benefits are calculated on the basis of the length of service and average monthly salary of the six months before retirement. The Group contributes specific percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value of plan assets	\$ 856,787	\$ 849,214
Present value of defined benefit obligation	<u>(435,179)</u>	<u>(457,433)</u>
Net defined benefit assets	<u>\$ 421,608</u>	<u>\$ 391,781</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets</b>
Balance on January 1, 2024	<u>\$ (465,996)</u>	<u>\$ 817,691</u>	<u>\$ 351,695</u>
Service cost			
Current service cost	(12,613)	-	(12,613)
Net interest (expense) income	<u>(6,626)</u>	<u>11,956</u>	<u>5,330</u>
Recognized in profit or loss	<u>(19,239)</u>	<u>11,956</u>	<u>(7,283)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ 72,368	\$ 72,368
Actuarial loss			
Experience adjustments	(45,873)	-	(45,873)
Changes in financial assumptions	(436)	-	(436)
Recognized in other comprehensive income	<u>(46,309)</u>	<u>72,368</u>	<u>26,059</u>
Contributions from the employer	-	21,310	21,310
Benefits paid	<u>74,111</u>	<u>(74,111)</u>	<u>-</u>
Balance on December 31, 2024	<u>\$ (457,433)</u>	<u>\$ 849,214</u>	<u>\$ 391,781</u>
Balance on January 1, 2025	<u>\$ (457,433)</u>	<u>\$ 849,214</u>	<u>\$ 391,781</u>
Service cost			
Current service cost	(13,059)	-	(13,059)
Net interest (expense) income	(6,509)	12,439	5,930
Recognized in profit or loss	<u>(19,568)</u>	<u>12,439</u>	<u>(7,129)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	61,324	61,324
Actuarial loss			
Experience adjustments	(38,887)	-	(38,887)
Recognized in other comprehensive income	<u>(38,887)</u>	<u>61,324</u>	<u>22,437</u>
Contributions from the employer	-	14,519	14,519
Benefits paid	<u>80,709</u>	<u>(80,709)</u>	<u>-</u>
Balance on December 31, 2025	<u>\$ (435,179)</u>	<u>\$ 856,787</u>	<u>\$ 421,608</u>

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rates	1.50%	1.50%
Expected rates of salary increase - less than 16 years	1.50%	1.50%
Expected rates of salary increase - more than 16 years	1.00%	1.00%

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rates		
0.125% increase	<u>\$ (2,046)</u>	<u>\$ (2,413)</u>
0.125% decrease	<u>\$ 2,069</u>	<u>\$ 2,439</u>
Expected rates of salary increase		
0.125% increase	<u>\$ 2,077</u>	<u>\$ 2,449</u>
0.125% decrease	<u>\$ (2,059)</u>	<u>\$ (2,378)</u>

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
The expected contributions to the plans for the next year	<u>\$ 5,920</u>	<u>\$ 7,129</u>
The average duration of the defined benefit obligation	3.8 years	4.3 years

## 21. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Number of shares authorized (in thousands)	<u>1,300,000</u>	<u>1,300,000</u>
Shares authorized	<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>
Shares issued	<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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Arising from treasury share transactions	\$ 143,193	\$ 20,817
The difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	484	484
<u>May only be used to offset a deficit</u>		
Arising from share of changes in capital surplus of associates	20,675	12,875
Capital surplus transferred from unclaimed dividends	<u>4,153</u>	<u>4,304</u>
	<u>\$ 168,505</u>	<u>\$ 38,480</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 (c).

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. 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 offsetting of deficit for 2024 and 2023 was approved in the shareholders’ meetings on June 17, 2025 and June 26, 2024, respectively, 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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Special reserves	<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

	<b>Exchange Differences on Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Gain (Loss) on Hedging Instruments</b>	<b>Total</b>
<u>2025</u>				
Balance on January 1	\$ 101,730	\$ 1,904,212	\$ -	\$ 2,005,942
Unrealized gain on financial assets at FVTOCI	-	799,954	-	799,954
Exchange differences on translation of the financial statements of foreign operations	(159,992)	-	-	(159,992)
Fair value changes of financial instruments for hedging	-	-	10,045	10,045
Share of other comprehensive income of associates	(17,339)	126,011	-	108,672
Disposal of investments in equity instruments at FVTOCI	<u>-</u>	<u>(26,918)</u>	<u>-</u>	<u>(26,918)</u>
Balance on December 31	<u>\$ (75,601)</u>	<u>\$ 2,803,259</u>	<u>\$ 10,045</u>	<u>\$ 2,737,703</u>

(Continued)

	<b>Exchange Differences on Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Gain (Loss) on Hedging Instruments</b>	<b>Total</b>
<u>2024</u>				
Balance on January 1	\$ (220,748)	\$ 1,474,580	\$ (6,034)	\$ 1,247,798
Unrealized gain on financial assets at FVTOCI	-	375,817	-	375,817
Exchange differences on translation of the financial statements of foreign operations	308,855	-	-	308,855
Fair value changes of financial instruments for hedging	-	-	4,155	4,155
The amount transferred to initial carrying amount of hedged items	-	-	1,879	1,879
Share of other comprehensive income of associates	13,623	60,128	-	73,751
Disposal of associates	-	(816)	-	(816)
Disposal of investments in equity instruments at FVTOCI by associates	<u>-</u>	<u>(5,497)</u>	<u>-</u>	<u>(5,497)</u>
Balance on December 31	<u>\$ 101,730</u>	<u>\$ 1,904,212</u>	<u>\$ -</u>	<u>\$ 2,005,942</u> (Concluded)

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 2,494,629	\$ 2,318,408
Share-based payment transactions	534	-
Additions	28,286	25,109
Attributable to non-controlling interests:		
Share of (loss) profit for the year	(17,182)	29,648
Exchange differences on translation of the financial statements of foreign operations	<u>(47,960)</u>	<u>121,464</u>
Balance on December 31	<u>\$ 2,458,307</u>	<u>\$ 2,494,629</u>

g. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Balance on January 1, 2025	15,944
Transferred to employees for the year	<u>(15,944)</u>
Balance on December 31, 2025	<u><u>-</u></u>

As of December 31, 2024, 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 FROM CONTINUING OPERATIONS

a. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Interest on bank loans	\$ 338,903	\$ 280,161
Add: Interest of lease liabilities	1,646	1,222
Less: Amounts included in the cost of qualifying assets	<u>(12,676)</u>	<u>(1,111)</u>
	<u>\$ 327,873</u>	<u>\$ 280,272</u>

Information on capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Capitalization rate	2.03%-2.12%	1.96%-2.03%

b. Depreciation and amortization

	<b><u>For the Year Ended December 31</u></b>	
	<b>2025</b>	<b>2024</b>
An analysis of depreciation by function		
Operating costs	\$ 1,227,825	\$ 1,205,498
Operating expenses	<u>29,289</u>	<u>26,898</u>
	<u>\$ 1,257,114</u>	<u>\$ 1,232,396</u>
An analysis of amortization by function		
Operating costs	\$ 10,695	\$ 9,561
Operating expenses	<u>1,322</u>	<u>2,652</u>
	<u>\$ 12,017</u>	<u>\$ 12,213</u>

c. Employee benefit expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2025</b>	<b>2024</b>
Post-employment benefits		
Defined contribution plans	\$ 84,368	\$ 83,309
Defined benefit plans	<u>7,129</u>	<u>7,283</u>
	91,497	90,592
Share-based payment transactions	123,247	-
Other employee benefits	<u>2,036,339</u>	<u>2,093,861</u>
Total employee benefit expense	<u>\$ 2,251,083</u>	<u>\$ 2,184,453</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,896,616	\$ 1,934,580
Operating expenses	<u>354,467</u>	<u>249,873</u>
	<u>\$ 2,251,083</u>	<u>\$ 2,184,453</u>

As of December 31, 2025 and 2024, the Group had 2,856 and 2,880 employees, respectively. The calculation basis is consistent with the employee benefits.

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at the 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. For the years ended December 31, 2025 and 2024, due to operation loss, the Company did not estimate the compensation of employees and the remuneration of directors.

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 were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Current tax		
In respect of the current year	\$ 1,111	\$ 930
Deferred tax		
Others		
Land value increment tax	6,520	-
Separate taxation on house and land transactions	<u>137,237</u>	<u>-</u>
Income tax benefit recognized in profit or loss	<u>\$ (139,040)</u>	<u>\$ (84,168)</u>

A reconciliation of accounting profit and income tax benefit is as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Net loss before tax from continuing operations	<u>\$ (768,780)</u>	<u>\$ (306,643)</u>
Income tax benefit calculated at the statutory rate (20%)	\$ (153,756)	\$ (61,329)
Nondeductible expenses in determining taxable income	642	-
Tax-exempt income	(132,751)	(21,946)
Additional tax on unappropriated earnings	607	-
Unrecognized loss carryforwards and temporary differences	2,977	(94)
Land value increment tax	6,520	-
Separate taxation on house and land transactions	137,237	-
Effect of different tax rates of group entities in the Group operating in other jurisdictions	<u>(516)</u>	<u>(799)</u>
Income tax benefit recognized in profit or loss	<u>\$ (139,040)</u>	<u>\$ (84,168)</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”, Zhaqing Xinchuan Green Technology Co., Ltd. has met its requirements, Zhaqing 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. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Deferred tax</u>		
Remeasurement on defined benefit plans	<u>\$ (4,487)</u>	<u>\$ (5,212)</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Loss carryforwards	\$ 306,617	\$ 290,005	\$ -	\$ -	\$ 596,622
Others	<u>60,077</u>	<u>18,053</u>	<u>-</u>	<u>(124)</u>	<u>78,006</u>
	<u>\$ 366,694</u>	<u>\$ 308,058</u>	<u>\$ -</u>	<u>\$ (124)</u>	<u>\$ 674,628</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 1,924,940	\$ -	\$ -	\$ -	\$ 1,924,940
Defined benefit plans	78,356	24,150	4,487	-	106,993
Others	<u>77,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,763</u>
	<u>\$ 2,081,059</u>	<u>\$ 24,150</u>	<u>\$ 4,487</u>	<u>\$ -</u>	<u>\$ 2,109,696</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Loss carryforwards	\$ 224,370	\$ 82,247	\$ -	\$ -	\$ 306,617
Others	<u>57,056</u>	<u>2,783</u>	<u>-</u>	<u>238</u>	<u>60,077</u>
	<u>\$ 281,426</u>	<u>\$ 85,030</u>	<u>\$ -</u>	<u>\$ 238</u>	<u>\$ 366,694</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Land value increment tax	\$ 1,924,940	\$ -	\$ -	\$ -	\$ 1,924,940
Defined benefit plans	70,339	2,805	5,212	-	78,356
Others	<u>80,636</u>	<u>(2,873)</u>	<u>-</u>	<u>-</u>	<u>77,763</u>
	<u>\$ 2,075,915</u>	<u>\$ (68)</u>	<u>\$ 5,212</u>	<u>\$ -</u>	<u>\$ 2,081,059</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Loss carryforwards		
Expiry in 2029	\$ 140,317	\$ 187,419
Expiry in 2030	382,133	389,758
Expiry in 2031	132,444	180,560
Expiry in 2033	4,414	86,155
Expiry in 2034	530	-
Expiry in 2035	137,682	-
Unlimited	<u>15,724</u>	<u>16,131</u>
	<u>\$ 813,244</u>	<u>\$ 860,023</u>

- e. Loss carryforwards as of December 31, 2025 comprised:

The Company

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 111,732	2029
319,406	2030
688,628	2033
411,236	2034
<u>1,450,024</u>	2035
<u>\$ 2,981,026</u>	

Guangdong Dingfung Pulp & Paper Co., Ltd.

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 140,317	2029
382,133	2030
132,444	2031
4,414	2033
530	2034
<u>137,682</u>	2035
<u>\$ 797,520</u>	

Syntax Communication (H.K.) Limited.

<b>Unused Amount</b>	<b>Expiry Year</b>
<u>\$ 15,428</u>	Unlimited

f. Deferred tax liabilities associated with investments

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized were \$656,408 thousand and \$707,358 thousand, respectively.

g. Income tax assessments

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

h. Pillar Two income taxes legislation

The Hong Kong government, where the Syntax Communication (H.K.) Limited is registered, has enacted the Pillar Two income tax legislation, which came into effect on January 1, 2025. As of December 31, 2025, the aforementioned legislation has no significant impact on the Group's current income tax. The Group will continue to assess the impact of the Pillar Two income tax legislation on its future financial performance.

## 24. LOSSES PER SHARE

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Basic loss per share	<u>\$ (0.56)</u>	<u>\$ (0.23)</u>

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

Net loss for the year:

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Loss for the year attributable to owners of the Company	<u>\$ (612,558)</u>	<u>\$ (252,123)</u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Weighted average number of ordinary shares used in the computation of basic loss per share	<u>1,099,777</u>	<u>1,086,891</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. 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.

## 26. 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

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 369	\$ -	\$ -	\$ 369
Derivative financial assets - foreign exchange forward contracts (not under hedge accounting)	-	1,678	-	1,678
	<u>\$ 369</u>	<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 2,047</u>
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 3,621,993	\$ -	\$ -	\$ 3,621,993
Domestic unlisted shares	-	-	131,065	131,065
	<u>\$ 3,621,993</u>	<u>\$ -</u>	<u>\$ 131,065</u>	<u>\$ 3,753,058</u>
Financial assets for hedging				
Derivative financial assets - foreign exchange forward contracts	\$ -	\$ 10,045	\$ -	\$ 10,045
Financial liabilities at FVTPL				
Derivative financial liabilities - foreign exchange forward contracts (not under hedge accounting)	\$ -	\$ 84,071	\$ -	\$ 84,071

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>
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 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>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2025 and 2024.

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

Financial Assets	Investments in Equity Instruments at FVTOCI
Balance on January 1, 2025	\$ 146,624
Recognized in other comprehensive loss	(806)
Proceeds from capital return	<u>(14,753)</u>
Balance on December 31, 2025	<u>\$ 131,065</u>
Balance on January 1, 2024	\$ 161,006
Recognized in other comprehensive loss	(14,379)
Transfers out of Level 3	<u>(3)</u>
Balance on December 31, 2024	<u>\$ 146,624</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. 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.

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Discount for lack of marketability	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:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Discount for lack of marketability		
2.5% increase	<u>\$ (4,201)</u>	<u>\$ (4,312)</u>
2.5% decrease	<u>\$ 4,201</u>	<u>\$ 4,312</u>

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 2,047	\$ 39,621
Financial assets at amortized cost (1)	5,717,692	5,317,137
Financial assets at FVTOCI	3,753,058	3,010,300
Financial assets for hedging	10,045	-
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	84,071	16,691
Financial liabilities at amortized cost (2)	18,927,322	17,828,641

- 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 and the balances below would be negative.

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Influence to profit or loss at 5% variance		
USD	\$ 29,477	\$ 76,340
RMB	7,236	86,328
EUR	50,081	7,524

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:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value interest rate risk		
Financial assets	\$ 937,128	\$ 1,046,989
Financial liabilities	10,720,811	10,080,406
Cash flow interest rate risk		
Financial assets	1,003,363	644,503
Financial liabilities	5,311,783	4,345,073

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 for the years ended December 31, 2025 and 2024 would have increased/decreased as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Financial assets and liabilities		
Increase/decrease	<u>\$ 4,308</u>	<u>\$ 3,701</u>

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 income for the years ended December 31, 2025 and 2024 would have increased/decreased as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Loss before tax		
Increase/decrease	\$ 18	\$ 168
Other comprehensive income		
Increase/decrease	187,653	150,515

#### 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 10% and 9% of total amounts of trade receivables as of December 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 December 31, 2025 and 2024, the Group's unused financing facilities were \$9,869,479 thousand and \$8,137,619 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 discounted and received amount and the ranges of interest rates were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
The discounted amount	<u>\$ 249,631</u>	<u>\$ 175,500</u>
The received amount	<u>\$ 248,620</u>	<u>\$ 174,768</u>
Interest rates	0.8%-1.64%	0.93%-1.80%

## 27. TRANSACTIONS WITH RELATED PARTIES

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

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Consumer Products Co., Ltd.	Fellow subsidiaries
YFY Packaging Inc.	Fellow subsidiaries
YFY Development Corp.	Fellow subsidiaries
Union Paper Corp.	Fellow subsidiaries
Shin Foong Specialty & Applied Materials Co., Ltd.	Fellow subsidiaries
China Color Printing Co., Ltd.	Fellow subsidiaries
Cupid InfoTech Co., Ltd.	Fellow subsidiaries
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiaries
Ever Growing Agriculture Biotech Co., Ltd.	Fellow subsidiaries
YFY Japan Co., Ltd.	Fellow subsidiaries
Sustainable Carbohydrate Innovation Co., Ltd.	Fellow subsidiaries
Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch	Fellow subsidiaries
Yuen Foong Shop Co., Ltd.	Fellow subsidiaries
Ensilience Co., Ltd.	Fellow subsidiaries
Effion Enertech Co., Ltd.	Fellow subsidiaries
Yfy Jupiter limited Taiwan Branch (Hong Kong)	Fellow subsidiaries
YFY Investment Co., Ltd.	Fellow subsidiaries
YFY Biotechnology Co., Ltd.	Parent's associates
E Ink Holdings Inc.	Parent's associates
Shen's Art Printing Co., Ltd.	Related parties in substance
Shin-Yi Foundation	Related parties in substance
Shin-Yi Enterprise Co., Ltd.	Related parties in substance
Hsin Yi Recreation Enterprise CO., Ltd.	Related parties in substance
Yuen Foong Paper Co., Ltd.	Related parties in substance
SinoPac Securities Co., Ltd.	Related parties in substance

b. Sales of goods

<b>Related Party Type</b>	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries	\$ 1,685,267	\$ 2,130,715
Related parties in substance	165,228	106,134
Parent's associates	6,980	1,354
Parent company	<u>45</u>	<u>32</u>
	<u>\$ 1,857,520</u>	<u>\$ 2,238,235</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

<b>Related Party Type</b>	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries	\$ 1,302,961	\$ 1,467,767
Related parties in substance	463	408
Parent's associates	<u>312</u>	<u>265</u>
	<u>\$ 1,303,736</u>	<u>\$ 1,468,440</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

<b>Related Party Type</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries		
YFY Consumer Products Co., Ltd	\$ 68,930	\$ 102,883
Union Paper Corp.	57,021	73,543
YFY Development Corp.	30,888	37,631
Others	<u>34,888</u>	<u>27,373</u>
	191,727	241,430
Related parties in substance	48,767	32,465
Parent's associates	1,024	-
Parent company	<u>4</u>	<u>3</u>
	<u>\$ 241,522</u>	<u>\$ 273,898</u>

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

e. Other receivables from related parties

<b>Related Party Type</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Parent's associates	\$ <u>403,915</u>	\$ <u>-</u>

f. Notes and accounts payable to related parties

<b>Related Party Type</b>	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries		
Shin Foong Specialty & Applied Materials Co., Ltd.	\$ 121,671	\$ 159,345
YFY Development Corp.	35,587	38,590
YFY Packaging Inc.	18,210	94,840
Others	<u>31,745</u>	<u>39,480</u>
	207,213	332,255
Related parties in substance	1,228	1,042
Parent's associates	<u>-</u>	<u>4,702</u>
	\$ <u>208,441</u>	\$ <u>337,999</u>

The outstanding accounts payable to related parties are unsecured.

g. Acquisitions of property, plant and equipment

<b>Related Party Type</b>	<b>Purchase Price</b>	
	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fellow subsidiaries	\$ 844	\$ 1
Parent's associates	-	871
Parent company	<u>-</u>	<u>8</u>
	\$ <u>844</u>	\$ <u>880</u>

h. Proceeds from disposal of property, plant and equipment

<b>Related Party Type</b>	<b>Consideration Received</b>		<b>Gain on Disposal</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Parent's associates	\$ 265,848	\$ -	\$ 141,763	\$ -
Fellow subsidiaries	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
	\$ <u>265,848</u>	\$ <u>500</u>	\$ <u>141,763</u>	\$ <u>500</u>

i. Proceeds from disposal of investment properties

Related Party Type	Consideration Received		Gain on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2025	2024	2025	2024
Parent's associates	\$ 1,080,490	\$ -	\$ 578,682	\$ -

j. Lease arrangements

Related Party Type	For the Year Ended December 31	
	2025	2024
<u>Lease expense</u>		
Parent company	\$ 11,028	\$ 11,028
Related parties in substance	7,548	7,160
	<u>\$ 18,576</u>	<u>\$ 18,188</u>

k. Other transactions with related parties

Related Party Type	Rental Income (Accounted as Other Income)	
	For the Year Ended December 31	
	2025	2024
Parent's associates	\$ 21,817	\$ 15,467
Fellow subsidiaries	1,653	1,653
Parent company	114	114
	<u>\$ 23,584</u>	<u>\$ 17,234</u>

Related Party Type	Other Operating Expenses	
	For the Year Ended December 31	
	2025	2024
Fellow subsidiaries	\$ 50,932	\$ 50,963
Related parties in substance	321	67
	<u>\$ 51,253</u>	<u>\$ 51,030</u>

Related Party Type	Management Fees (Accounted as Operating Expenses)	
	For the Year Ended December 31	
	2025	2024
Fellow subsidiaries	\$ 83,053	\$ 81,319
Associates	6,832	3,608
Related parties in substance	3,257	3,385
	<u>\$ 93,142</u>	<u>\$ 88,312</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.

1. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Salaries and benefits	\$ 28,551	\$ 28,535
Executive fees	<u>2,539</u>	<u>2,720</u>
	<u>\$ 31,090</u>	<u>\$ 31,255</u>

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

**28. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES**

As of December 31, 2025 and 2024, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$353,147 thousand and \$333,552 thousand, respectively.

**29. 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:

	<b>December 31, 2025</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 67,364	31.43	\$ 2,117,251
RMB	322,363	4.472	1,441,607
EUR	22,243	36.9	820,767
Non-monetary items			
Derivative instruments			
USD	5,000	31.43	157,150
EUR	12,000	36.9	442,800
<u>Financial liabilities</u>			
Monetary items			
USD	15,107	31.43	474,813
EUR	99	36.9	3,653
Non-monetary items			
Derivative instruments			
USD	38,500	31.43	1,210,055
RMB	290,000	4.472	1,296,880
EUR	7,000	36.9	258,300

	<b>December 31, 2024</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<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
Non-monetary items			
Derivative instruments			
USD	38,000	32.785	1,245,830
RMB	60,000	4.561	273,660
<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
Non-monetary 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

For the years ended December 31, 2025 and 2024, realized and unrealized foreign exchange gains were \$28,400 thousand and \$128,234 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.

### **30. SEPARATELY DISCLOSED ITEMS**

- a. Information about significant transactions and investees:
- 1) Financing provided to others (Table 1)
  - 2) Endorsements/guarantees provided (Table 2)
  - 3) 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 year, 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 year (Table 4)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (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 year and the purposes (Table 2)
  - e) The highest balance, the end of year balance, the interest rate range, and total current year 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)

### 31. SEGMENT INFORMATION

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

	<b>Business Unit of Pulp and Fine Paper</b>	<b>Business Unit of Forestry</b>	<b>Other Segment</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<u>For the year ended December 31, 2025</u>					
Revenue from external customers	<u>\$ 18,346,993</u>	<u>\$ 96,919</u>	<u>\$ 323,079</u>	<u>\$ -</u>	<u>\$ 18,766,991</u>
Revenue from other internal operating segments	<u>\$ 1,756,926</u>	<u>\$ 310,847</u>	<u>\$ 40,103</u>	<u>\$ (2,107,876)</u>	<u>\$ -</u>
Segment profit or loss	<u>\$ (649,508)</u>	<u>\$ 45,508</u>	<u>\$ (25,740)</u>	<u>\$ -</u>	<u>\$ (629,740)</u>
<u>For the year ended December 31, 2024</u>					
Revenue from external customers	<u>\$ 20,572,228</u>	<u>\$ 39,002</u>	<u>\$ 156,300</u>	<u>\$ -</u>	<u>\$ 20,767,530</u>
Revenue from other internal operating segments	<u>\$ 2,170,272</u>	<u>\$ 440,500</u>	<u>\$ 41,378</u>	<u>\$ (2,652,150)</u>	<u>\$ -</u>
Segment profit or loss	<u>\$ (277,132)</u>	<u>\$ 44,920</u>	<u>\$ 9,737</u>	<u>\$ -</u>	<u>\$ (222,475)</u>

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.

### Geographical Information

The Group operates in two principal geographical areas - Taiwan and mainland China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	<b>Revenue from</b>		<b>Non-current Assets</b>	
	<b>External Customers</b>			
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Taiwan	\$ 14,294,671	\$ 16,080,641	\$ 14,590,486	\$ 14,836,599
Mainland China	<u>4,472,320</u>	<u>4,686,889</u>	<u>2,924,603</u>	<u>2,694,520</u>
	<u>\$ 18,766,991</u>	<u>\$ 20,767,530</u>	<u>\$ 17,515,089</u>	<u>\$ 17,531,119</u>

### Information about Major Customers

No other single customers contributed 10% or more to the Group's revenue for the years ended December 31 2025 and 2024.

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 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)	Note
													Item	Value			
1	CHP International (BVI) Corporation	Shenzhen Jinglun Paper Co., Ltd.	Other receivables from related parties	Yes	\$ 83,265 (US\$ 2,649)	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,251,812 (US\$ 71,645)	\$ 2,251,812 (US\$ 71,645)	Note 5
		Zhaoqing Dingfung Forestry Ltd.	Other receivables from related parties	Yes	136,461 (US\$ 4,342)	131,912 (US\$ 4,197)	131,912 (US\$ 4,197)	2.5	Short-term financing	-	Operating capital	-	-	-	2,251,812 (US\$ 71,645)	2,251,812 (US\$ 71,645)	Note 5
		Guangdong Dingfung Pulp & Paper Co., Ltd.	Other receivables from related parties	Yes	1,100,943 (US\$ 35,028)	1,064,242 (US\$ 33,861)	1,064,242 (US\$ 33,861)	2.5	Short-term financing	-	Operating capital	-	-	-	2,251,812 (US\$ 71,645)	2,251,812 (US\$ 71,645)	Note 5

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\$31.43 as of December 31, 2025.

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

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 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 Year (Foreign Currencies in Thousands) (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (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.	\$ 22,536,191	\$ 597,690 (US\$ 19,017)	\$ 565,740 (US\$ 18,000)	\$ 42,431	\$ -	3.77	\$ 30,048,254	Note 8	N	N
		Hwa Fong Investment Ind. Co., Ltd.	b.	22,536,191	130,000	130,000	90,000	-	0.87	30,048,254	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.

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Chung Hwa Pulp Corporation	<u>Ordinary shares</u> SinoPac Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	114,854,061	\$ 3,284,826	0.8	\$ 3,284,826
	NTU Innovation & Incubation Co., Ltd.	The investor is the member of the investee's board of directors.	Financial assets at FVTPL - non-current	800,000	-	6.3	-
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non-current	14,939,982	131,065	14.9	131,065
	Direct Insight Inc.	-	Financial assets at FVTOCI - non-current	286,200	23,468	0.9	23,468
	TaiGen Biopharmaceuticals Holdings Ltd.	-	Financial assets at FVTOCI - non-current	17,829,132	238,911	2.5	238,911
Hwa Fong Investment Co., Ltd.	<u>Ordinary shares</u> Caihui Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	150,000	-	0.2	-
	SinoPac Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	2,614,953	74,788	-	74,788
Genovella Renewables Inc.	<u>Mutual funds</u> SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	25,082	369	-	369

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 Tables 6 and 7 for information on investments in subsidiaries and associates.

**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 YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
Chung Hwa Pulp Corporation	YFY Development Shenzhen Jinglun Paper Co., Ltd.	a.	Sales	\$ (501,307)	(3)	0.5 month after transaction month	\$ -	-	\$ 30,888	1
		b.	Sales	(1,743,593) (Note 2)	(11)	5 months after transaction month	-	-	1,215,604 (Note 2)	31
	YFY Consumer Products Co., Ltd. YFY Packaging Inc.	a.	Sales	(370,776)	(2)	2 months after transaction month	-	-	68,930	2
		a.	Purchases	348,697	2	2 months after transaction month	-	-	(18,210)	(1)
	Union Paper Corp. Yuen Foong Paper Co., Ltd.	a.	Sales	(598,795)	(4)	1 month after transaction month	-	-	57,021	1
		c.	Sales	(120,827)	(1)	1 month after transaction month	-	-	39,044	1
	YFY Japan Co., Ltd. Shin Foong Specialty and Applied Materials Co., Ltd.	a.	Purchases	553,106	3	In agreed terms	-	-	-	-
		a.	Purchases	260,547	2	4 months after transaction month	-	-	(121,671)	(7)
Guangdong Dingfung Pulp & Paper Co., Ltd.	Zhaoqing Dingfung Forestry Ltd.	b.	Purchases	310,847 (Note 2)	13	2 months after transaction month	-	-	(25,987) (Note 2)	(11)
Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	b.	Sales	(310,847) (Note 2)	(76)	2 months after transaction month	-	-	25,987 (Note 2)	100
Shenzhen Jinglun Paper Co., Ltd.	Chung Hwa Pulp Corporation	b.	Purchases	1,743,593 (Note 2)	93	5 months after transaction month	-	-	(1,215,604) (Note 2)	(100)

Note 1: a. Fellow subsidiaries.  
b. Parent company and subsidiary.  
c. Related parties in substance.

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

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

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

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

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	\$ 1,215,604 (Note)	1.35	\$ 598,872	-	\$ 193,959	\$ -

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

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
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	\$ 5,679,202	\$ 35,620	\$ 53,729	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	1,088,420	10,514,879	172,878	b.
	Hwa Fong Investment Co., Ltd.	Taipei, Taiwan	Investment and holding	36,000	36,000	6,600,000	100.00	146,197	2,499	2,499	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	23,466	1,963	1,963	b.
	Union Paper Corp	Yunlin, Taiwan	Pulp manufacturing, processing and sales business	78,253	76,518	11,118,971	10.74	135,688	(5,859)	(611)	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	7,061	(668)	(668)	a.

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

## CHUNG HWA PULP CORPORATION AND SUBSIDIARIES

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

1.

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 December 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 December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Guangdong Dingfung Pulp & Paper Co., Ltd.	Pulp and paper production, trading and forestry business	\$ 2,823,357 (US\$ 89,830) (Note 3)	Investment in mainland China through companies set up in another country	\$ 414,876 (US\$ 13,200)	\$ -	\$ -	\$ 414,876 (US\$ 13,200)	\$ (58,306) (Note 2, b.)	60.0	\$ (34,984) (Note 2, b.)	\$ 2,883,350	\$ -
Shenzhen Jinglun Paper Co., Ltd.	Sale of paper merchandise and import/export business	14,309 (RMB 3,200)	(Note 5)	(Note 5)	-	-	(Note 5)	(14,883) (Note 2, b.)	100.0	(14,883) (Note 2, b.)	92,804	-
Zhaoqing Dingfung Forestry Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	687,688 (US\$ 21,880)	Investment in mainland China through companies set up in another country	139,172 (US\$ 4,428)	-	-	139,172 (US\$ 4,428)	45,508 (Note 2, b.)	86.5 (Note 4)	39,368 (Note 2, b.)	2,774,939	-
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	8,943 (RMB 2,000)	(Note 5)	(Note 5)	-	-	(Note 5)	3,268 (Note 2, b.)	100.0	3,268 (Note 2, b.)	29,017	-
Guizhou Yuanfung Forestry Co., Ltd.	Export factoring, domestic factoring, business factoring and related consulting services, develop credit risk management platform	313,012 (RMB 70,000)	(Note 6)	(Note 6)	-	-	(Note 6)	- (Note 2, b.)	67.0	- (Note 2, b.)	209,718	-

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$554,048 (Note 1)	\$1,833,186 (Note 1)	\$9,677,300

Note 1: The exchange rates are US\$1=NT\$31.43 or RMB1=NT\$4.471603 as of December 31, 2025.

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

- Financial statements audited by an international CPA firm with the cooperation of the ROC CPA firm.
- Financial statements audited by the ROC CPA firm.
- 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\$89,830 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.

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

**CHUNG HWA PULP CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 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.	Parent company to subsidiary	Accounts receivable	\$ 1,215,604	5 months after transaction month By market price	3
				Sales	1,743,593		9
2	Zhaoqing Dingfung Forestry Ltd.	Guangdong Dingfung Pulp & Paper Co., Ltd.	Subsidiary to parent company	Sales	310,847	By market price	2

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