Stock Code:1726

YUNG CHI PAINT & VARNISH MFG. CO., LTD AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF INDEPENDENT AUDITORS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Address: No. 26, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City, Taiwan (R.O.C.)
Tel: (07)871-3181

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Declaration of Consolidated Financial Statements of Affiliated Companies

Considering that the companies to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2024 (from January 1, 2024 through December 31, 2024) and the related information to be disclosed in the consolidated financial statements of affiliates were already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliates were prepared separately.

In witness thereof, the Declaration is hereby presented.

Company Name: YUNG CHI PAINT & VARNISH MFG. CO., LTD

Responsible person: Chang Te-Jen

March 11, 2025

Independent Auditors’ Report

To YUNG CHI PAINT & VARNISH MFG. CO., LTD:

Audit opinion

We have audited the consolidated balance sheet of YUNG CHI PAINT & VARNISH MFG. CO., LTD (“YUNG CHI” hereinafter) and its subsidiaries as at December 31, 2024 and 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flow for the period from January 1 through December 31, 2024 and 2023, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations that were approved and promulgated by the Financial Supervisory Commission (FSC), and thus presented fairly, in all material aspects, the consolidated financial position of YUNG CHI and its subsidiaries as of December 31, 2024 and 2023, and the consolidated financial performance and cash flows for the period from January 1 through December 31, 2024 and 2023.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. 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 were independent of YUNG CHI and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and fulfilled all other responsibilities thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of utmost significance in our audit of the consolidated financial statements of YUNG CHI and its subsidiaries for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these issues.

Key audit matters for the consolidated financial statements of YUNG CHI and its subsidiaries for the year ended December 31, 2024 are stated as follows:

Revenue recognition

YUNG CHI and its subsidiaries mainly engage in manufacture and sale of paints and coating materials and the undertaking of painting engineering work, of which the manufacture and sale of paints and coating materials accounts for more than 90% of annual operating revenue. Since revenue recognition is something whose default setting carries significant risks, and which fluctuates along with market demand changes and is of concern to users of the financial statements, we have identified the revenue from specific customers and the sale of specific paints and coating materials as the key audit matter. For the accounting policy regarding sales revenue, see Note IV of the consolidated financial statements.

We also performed the following key audit procedures:

I. Understood and tested the design of the internal control over the sales cycle, as well as the effectiveness of implementation thereof.
II. Checked relevant documents to see whether the control over products has indeed transferred and performance obligations fulfilled; tested the collection cycle to see whether revenues have indeed occurred.
III. Examined significant sales return after the reporting date to verify the authenticity of sales revenue recognized before the balance sheet date.

Other Matters

YUNG CHI has prepared the parent company only financial statements for the years ended December 31, 2024 and 2023, for which we have issued an audit report containing an unqualified opinion for reference.

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

The management was responsible for fairly presenting these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC interpretations that were approved and promulgated by the Financial Supervisory Commission, and for maintaining the necessary internal control related to the preparation of these consolidated financial statements to ensure that these consolidated financial statements were free of material misstatements, whether due to fraud or errors.

In preparing the consolidated financial statements, management is responsible for assessing the ability of YUNG CHI and its subsidiaries 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 YUNG CHI and its subsidiaries or to cease operations or has no realistic alternative but to do so.

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

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 auditing standards will always detect a material misstatement when it exists in these consolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following tasks:

I. 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.

II. 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 internal control of YUNG CHI and its subsidiaries.

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

IV. 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 ability of YUNG CHI and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

V. 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.

VI. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within YUNG CHI and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit for the Group. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of consolidated financial statements of YUNG CHI and its subsidiaries for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte & Touche Taiwan

CPA: Hsu Jui-Hsuan	CPA: Liu Yu-Shiang
Serial number of the official approval letter from the Financial Supervisory Commission	Serial number of the official approval letter from the Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi #1020025513	Jin-Guan-Zheng-Shen-Zi #1050024633

March 11, 2025

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2024 and 2023

Unit: NT$1,000

Code	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6)	$ 1,126,750	10	$ 1,844,911	16
1110	Financial assets at fair value through profit or loss (Notes 4 and 7)	415,223	4	355,994	3
1120	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	385,527	3	439,681	4
1140	Contract assets (Note 22)	131,179	1	100,094	1
1150	Notes receivable, net (Note 9)	444,124	4	540,279	5
1160	Notes receivable - related parties (Notes 9 and 28)	53,996	-	52,767	-
1170	Accounts receivable, net (Note 9)	1,860,751	16	1,756,136	15
1180	Accounts receivable - related parties (Notes 9 and 28)	138,072	1	130,335	1
1200	Other receivables (Notes 9 and 28)	23,452	-	17,491	-
130X	Inventories (Notes 4 and 10)	2,481,570	21	2,240,554	20
1476	Other financial assets (Note 11)	660,716	6	19,617	-
1479	Other current assets	137,174	1	119,061	1
11XX	Total Current Assets	7,858,534	67	7,616,920	66
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (Notes 4 and 8)	29,580	-	29,706	-
1550	Investments accounted for using equity method (Notes 4 and 13)	34,085	-	33,527	-
1600	Property, plant, and equipment (Notes 4, 14 and 29)	3,268,879	28	3,257,462	28
1755	Right-of-use assets (Notes 4 and 15)	320,418	3	329,476	3
1760	Investment property (Notes 4 and 16)	202,015	2	203,699	2
1780	Intangible assets (Note 4)	3,286	-	2,992	-
1840	Deferred income tax assets (Note 24)	40,835	-	50,076	1
1915	Equipment prepayments	45,120	-	11,720	-
1920	Guarantee deposits paid	20,830	-	19,166	-
1975	Net defined benefit assets（Notes 4 and 20）	22,662	-	-	-
1980	Other financial assets (Notes 11 and 29)	400	-	3,560	-
15XX	Total Non-current Assets	3,988,110	33	3,941,384	34
1XXX	Total Assets	$ 11,846,644	100	$ 11,558,304	100
Code	**Liabilities and Stockholders' Equity**				
	Current liabilities				
2100	Short-term borrowings (Notes 17, 28 and 29)	$ 8,259	-	$ 1,378	-
2130	Contract liabilities (Note 22)	53,971	-	58,385	1
2150	Notes payable	27,721	-	37,859	-
2170	Accounts payable	718,840	6	886,380	8
2200	Other payables (Notes 18 and 28)	423,353	4	396,000	3
2230	Current income tax liabilities (Note 24)	143,364	1	140,904	1
2280	Lease liability (Notes 4, 15 and 28)	21,908	-	20,400	-
2365	Refund liabilities	67,373	1	60,234	1
2399	Other current liabilities	4,031	-	21,112	-
21XX	Total Current Liabilities	1,468,820	12	1,622,652	14
	Non-current liabilities				
2550	Provisions (Notes 4 and 19)	5,824	-	6,383	-
2570	Deferred income tax liabilities (Notes 5 and 24)	82,778	1	82,778	1
2580	Lease liability (Notes 4, 15 and 28)	15,376	-	34,781	-
2640	Net defined benefit liability (Notes 4 and 20)	-	-	14,229	-
2645	Guarantee deposit received	9,652	-	9,465	-
25XX	Total Non-current Liabilities	113,630	1	147,636	1
2XXX	Total liabilities	1,582,450	13	1,770,288	15
	Equity attributable to owners of the Company (Note 21)				
3110	Capital stock	1,620,000	14	1,620,000	14
3200	Capital surplus	109,873	1	109,430	1
	Retained earnings				
3310	Legal reserve	2,082,370	18	1,999,353	17
3320	Special reserve	490,499	4	490,499	4
3350	Unappropriated earnings	6,042,330	51	5,811,676	51
3300	Total retained earnings	8,615,199	73	8,301,528	72
3400	Other equity	(80,878)	(1)	(242,942)	(2)
3XXX	Total stockholders' equity	10,264,194	87	9,788,016	85
3X2X	Total Liabilities and Equity	$ 11,846,644	100	$ 11,558,304	100

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

Chairperson: Chang Te-Jen　　Manager: Chen Hung-Wei　　Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2024 and 2023

Unit: NT$1,000, except earnings per share

Code		2024 Amount	2024 %	2023 Amount	2023 %
	Operating revenue (Notes 4, 22 and 28)				
4100	Goods sales revenue	$ 9,053,008	95	$ 8,989,772	96
4520	Construction revenue	472,919	5	364,608	4
4000	Total operating revenue	9,525,927	100	9,354,380	100
	Operating cost (Notes 10, 23 and 28)				
5110	Sales cost	6,630,463	70	6,702,068	72
5520	Construction cost	421,402	4	312,673	3
5000	Total operating cost	7,051,865	74	7,014,741	75
5900	Operating gross profit	2,474,062	26	2,339,639	25
	Operating expenses (Notes 9, 23 and 28)				
6100	Marketing expenses	763,350	8	669,110	7
6200	General and administrative expenses	470,106	5	448,987	5
6300	R&D expense	253,758	3	277,581	3
6450	Reversal gain on expected credit impairment	(5,108)	-	(813)	-
6000	Total operating expenses	1,482,106	16	1,394,865	15
6900	Operating Income	991,956	10	944,774	10
	Non-operating income and expenses (Notes 23 and 28)				
7100	Income from interests	26,283	-	25,994	-
7010	Other income	58,551	1	68,349	1
7020	Other gains and losses	32,049	-	6,009	-
7050	Financial cost	(1,023)	-	(1,155)	-
7060	Share of profit or loss of associates accounted for using equity method (Note 13)	(624)	-	(1,271)	-
7000	Total non-operating income and expenses	115,236	1	97,926	1
7900	Net profits before tax	1,107,192	11	1,042,700	11
7950	Income tax expenses (Notes 4 and 24)	251,139	2	211,462	2
8200	Net profit in the current year	856,053	9	831,238	9
	Other comprehensive income (Notes 20, 21 and 24)				
8310	Items that will not be reclassified to profit or loss				
8311	Re-measurement of defined benefit plans	30,490	-	(11,360)	-
8316	Unrealized valuation gains or losses on investment in equity instruments at fair value through other comprehensive income	(51,943)	-	23,710	-
8349	Income tax expenses related to items that will not be reclassified	(6,098)	-	2,272	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences arising in the translation of foreign operations	214,233	2	(64,093)	(1)
8300	Other comprehensive income (net after tax) for the year	186,682	2	(49,471)	(1)
8500	Total comprehensive income for the year	$ 1,042,735	11	$ 781,767	8
8600	Net income attributable to:				
8610	Owners of the Company	$ 856,053		$ 831,238	
8700	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 1,042,735		$ 781,767	
	Earnings per share (Note 25)				
9710	Basic	$ 5.28		$ 5.13	
9810	Diluted	$ 5.27		$ 5.12	

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

Chairperson: Chang Te-Jen Manager: Chen Hung-Wei Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 through December 31, 2024 and 2023

Unit: NT$1,000

		Equity attributable to owners of the Company									
				Retained earnings				Other equity			
Code		Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences arising in the translation of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Total	Total stockholders' equity
A1	Balance as of January 1, 2023	$1,620,000	$ 109,380	$1,917,371	$ 490,499	$5,630,491	$8,038,361	($ 276,525)	$ 81,983	($ 194,542)	$9,573,199
	Earnings allocation and distribution for 2022 (Note 21)										
B1	Legal reserve	-	-	81,982	-	(81,982)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(567,000)	(567,000)	-	-	-	(567,000)
C3	Amount from donation	-	50	-	-	-	-	-	-	-	50
D1	Net profit for 2023	-	-	-	-	831,238	831,238	-	-	-	831,238
D3	Other comprehensive income (loss) after tax for 2023	-	-	-	-	(9,088)	(9,088)	(64,093)	23,710	(40,383)	(49,471)
D5	Total comprehensive income for 2023	-	-	-	-	822,150	822,150	(64,093)	23,710	(40,383)	781,767
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	8,017	8,017	-	(8,017)	(8,017)	-
Z1	Balance as of December 31, 2023	1,620,000	$ 109,430	$1,999,353	$ 490,499	$5,811,676	$8,301,528	($ 340,618)	$ 97,676	($ 242,942)	$9,788,016
	Earnings allocation and distribution for 2023 (Note 21)										
B1	Legal reserve	-	-	83,017	-	(83,017)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(567,000)	(567,000)	-	-	-	(567,000)
C3	Amount from donation	-	443	-	-	-	-	-	-	-	443
D1	Net profit for 2024	-	-	-	-	856,053	856,053	-	-	-	856,053
D3	Other comprehensive income (loss) after tax for 2024	-	-	-	-	24,392	24,392	214,233	(51,943)	162,290	186,682
D5	Total comprehensive income for 2024	-	-	-	-	880,445	880,445	214,233	(51,943)	162,290	1,042,735
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 21)	-	-	-	-	226	226	-	(226)	(226)	-
Z1	Balance as of December 31, 2024	$1,620,000	$ 109,873	$2,082,370	$ 490,499	$6,042,330	$8,615,199	($ 126,385)	$ 45,507	($ 80,878)	$10,264,194

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

Chairperson: Chang Te-Jen　　Manager: Chen Hung-Wei　　Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Consolidated Statement of Cash Flow

January 1 through December 31, 2024 and 2023

Unit: NT$1,000

Code		2024	2023
	Cash flow from operating activities		
A10000	Pre-tax profit for the year	$1,107,192	$1,042,700
A20010	Income expenses		
A20100	Depreciation	228,942	211,748
A20200	Amortization	1,058	2,392
A20300	Reversal gain on expected credit impairment	(5,108)	(813)
A20400	Gains on financial assets at fair value through profit or loss	(8,302)	(6,994)
A20900	Financial cost	1,023	1,155
A21200	Income from interests	(26,283)	(25,994)
A21300	Dividend income	(15,486)	(12,435)
A22300	Share of profit or loss of associates accounted for using equity method	624	1,271
A22500	Loss (gain) on disposal and retirement of property, plant, and equipment	(332)	86
A23700	Loss on inventory devaluation	941	-
A29900	Provisions reversed	(559)	(8,639)
A29900	Refund liabilities recognized	180,907	168,425
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(31,085)	(4,539)
A31130	Notes receivable	96,829	74,306
A31140	Notes receivable - related parties	(1,254)	5,420
A31150	Accounts receivable	(101,251)	135,683
A31160	Accounts receivable - related parties	(7,895)	(29,929)
A31180	Other receivables	(2,528)	7,080
A31200	Inventories	(245,366)	330,309
A31240	Other current assets	(18,132)	(31,831)
A32125	Contract liabilities	(4,414)	3,099
A32130	Notes payable	(10,138)	14,259
A32150	Accounts payable	(167,540)	41,789
A32180	Other accounts payable	28,005	(8,465)
A32230	Other current liabilities	(17,081)	20,158
A32240	Net defined benefit assets and liabilities	(6,401)	(6,393)
A32990	Refund liabilities	(174,925)	(153,149)

(Continued)

(Continued)

Code		2024	2023
A33000	Cash flow from operating activities	$ 801,441	$1,770,699
A33100	Interest received	22,850	25,250
A33200	Dividends received	15,486	12,435
A33300	Interest paid	(1,023)	(1,616)
A33500	Income taxes paid	(245,536)	(228,504)
AAAA	Net cash generated by operating activities	593,218	1,578,264
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(496)	(53,079)
B00020	Disposal of financial assets at fair value through other comprehensive income	2,861	50,971
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	16,199
B00100	Acquisition of financial assets at fair value through profit or loss	(650,000)	(1,513,766)
B00200	Disposal of financial assets at fair value through profit or loss	599,073	1,164,771
B02700	Acquisition of property, plant and equipment	(149,733)	(168,267)
B02800	Proceeds from disposal or property, plant and equipment	1,090	760
B03800	Decrease (increase) in guarantee deposit paid	(1,664)	963
B04500	Acquisition of intangible assets	(1,313)	(300)
B06500	Increase in other financial assets	(637,939)	(18,036)
BBBB	Net cash used in investing activities	(838,121)	(519,784)
	Cash Flow from Financing Activities		
C00100	Increase in short-term borrowings	6,881	300
C03000	Increase in guarantee deposit received	187	125
C03800	Decrease in other payables	-	(100,000)
C04020	Repayment of principal of lease liabilities	(21,151)	(18,439)
C04500	Cash dividends paid	(567,000)	(567,000)
C09900	Refund of shareholder unclaimed dividends	443	50
CCCC	Net cash used in financing activities	(580,640)	(684,964)
DDDD	Effects of exchange rate changes on cash and cash equivalents	107,382	(33,038)
EEEE	Increase (decrease) in cash and cash equivalents	(718,161)	340,478
E00100	Cash and cash equivalents - beginning of year	1,844,911	1,504,433
E00200	Cash and cash equivalents - end of year	$1,126,750	$1,844,911

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

Chairperson: Chang Te-Jen Manager: Chen Hung-Wei Accounting Manager: Chen Hsi-Hui

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries
Notes to the Consolidated Financial Statements
January 1 through December 31, 2024 and 2023
(All amounts are in NT$ thousand unless otherwise specified)

I. Company History

Founded in May 1957 in Kaohsiung, YUNG CHI PAINT & VARNISH MFG. CO., LTD (the "Company" hereinafter) is mainly engaged in the manufacture and sale of paints and coatings and the undertaking of painting projects.

The Company's shares began trading on Taiwan Stock Exchange in September 2000.

The consolidated financial statements are stated in the functional currency of the Company, which is New Taiwan Dollars.

II. Date and procedures of approval of the financial statements

The consolidated financial statements were approved at the Board meeting on March 11, 2025.

III. Application of New Standards, Amendments, and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations (IFRIC), and SIC interpretations (SIC) (hereinafter collectively referred to as "IFRS Accounting Standards") approved and promulgated by the Financial Supervisory Commission (hereinafter referred to as "FSC")

The application of the amended IFRS Accounting Standards approved and promulgated by the Financial Supervisory Commission won't cause any significant changes to the accounting policy of the Company and its subsidiaries.

(II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of	January 1, 2025 (Note 1)

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB
Exchangeability”	
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

(III) The IFRS Accounting Standards issued by the IASB but not yet approved and promulgated by the FSC

Application of New Standards, Amendments, and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” -	January 1, 2026

the amendments to the application guidance of classification of financial assets	
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosures in Financial Statements"

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the

primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

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- 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

ncome tax and non-controlling interests effects of related reconciliation items

Up to the date when the consolidated financial statements were approved by the Board of Directors, the Company and subsidiaries assessed the effects of the said amendments to the standards and interpretations on their financial position and performance on a continuous basis. The relevant effects will be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards approved and promulgated by the FSC.

(II) Basis of preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities (assets) recognized at the present value of defined benefit obligations less the fair value of the plan assets, the consolidated financial statements were prepared on the basis of historical cost.

Fair value measurements are classified into Level 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that is accessible on the measurement date (before adjustment).
2. Level 2 inputs: Other than quoted prices included in Level 1, the inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. inferred from the price).
3. Level 3 inputs: The inputs that are not observable for assets or liabilities.

(III) Criteria for classification of assets and liabilities as current or non-current

Current assets include:

1. Assets that are held mainly for trading purposes;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities that are held mainly for trading purposes;
2. liabilities that will be settled within 12 months after the balance sheet date; and
3. Liabilities for which there is no substantive right to defer settlement for at least 12 months after the balance sheet date.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

Entities covered by the consolidated financial statements include the Company and the entities controlled by the Company (i.e., subsidiaries).

The consolidated statement of comprehensive income includes the operating profit or loss of subsidiaries, both acquired and disposed of, for the period starting from the acquisition date or ending on the disposal date. The financial statements of the subsidiaries are adjusted to have their accounting policies be consistent with those of Company. All the transactions, account balances, profits, and expenses/losses between entities are eliminated during preparation of the consolidated financial statements.

For details of subsidiaries, shareholding percentage in them, and their business activities, refer to Note 12 and Appendix Tables 7 and 8.

(V) Foreign currency

Entities preparing their own financial statements translated the transactions denominated in currencies other than their functional currency (i.e., foreign currencies) into their functional currency by applying the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized in the profit or loss of the period.

Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on the date the fair value was determined. The exchange differences resulting therefrom are recognized in profit or loss of the period, or in other comprehensive income when changes in fair value of such items were designated to be recognized in other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries of associates of which the countries they operate or the currencies they use are different from those of the Group) are translated into NTD at the exchange rate prevailing on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized in other comprehensive income.

(VI) Inventories

Inventories include raw materials, materials, finished goods, and products. Inventories are measured at the lower of cost and net realizable value. Cost and net realizable values are compared on an item by item basis, except inventories of the same category. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VII) Investment in associates

An associate (i.e., affiliate) refers to a company over which the Group has a significant influence and which is not a subsidiary or joint venture.

The Group accounts for its equity in an associate using the equity method.

Under the equity method, the investment in associates is initially recognized at its costs and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the profits distributed and the Group's shares of profit/loss and other comprehensive income in the associates and joint ventures. In addition, changes to the Group's equity in the associates are recognized based on our shareholding ratio.

When the Group does not subscribe to new shares issued by associates based on its shareholding ratio, resulting in changes in the shareholding ratio and thus the net equity value of investment, the Group accounts for such changes by adjusting capital reserves - changes in the net equity of associates recognized under the equity method and investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates, the amounts related to the associate in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Group's share of loss in associates equals or exceeds its share of profit in the associates, the Group does not recognize further losses. The Group recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Group made payment on behalf of the associates.

For impairment evaluation, the Group tests the entire investment (including goodwill) book value for impairment as a single asset by comparing the recoverable amount and book value of the investment. 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 the impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

On the date when the Group's investment ceases to be considered as an associate, the Group ceases to account for it using equity method and measures the Group's retained interest in it at fair value; the differences between the fair value, disposal consideration, and the investment's book value on the date when it ceases to be accounted for using the equity method are recognized in profit or loss. The amounts in relation to the associate that are recognized in the Group's other comprehensive income are accounted for on the same basis as if related assets or liabilities were disposed of by the associate.

(VIII) Property, plant and equipment

Property, plant, and equipment are initially recognized at cost and subsequently at cost net of accumulated depreciation.

Property, plant, and equipment under construction are measured at cost. Costs comprise professional service fees and borrowing costs eligible for capitalization. Such assets are measured at the lower of costs and net realizable value before reaching the condition of intended use; disposal proceeds and costs thereof are recognized in profit or loss. Upon completion and reaching the intended use status, such assets are classified to proper categories of property, plant, and equipment and depreciated.

Except own land, which is not depreciated, each significant part of the property, plants, and equipment is separately depreciated on the straight-line basis over their useful life. The Group reviews the estimated useful life, residual value, and method of depreciation at least once before the end of each year and prospectively recognizes the effect from changes in accounting estimates.

When property, plant, and equipment is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(IX) Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Property, plant, and equipment are initially recognized at cost (including transaction cost) and subsequently at cost net of accumulated depreciation and accumulated impairment. Investment property is depreciated on a straight line basis.

When investment property is disposed of, the difference between the net disposal proceeds and the asset book value is recognized in profit or loss.

(X) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently at cost less accumulated amortization. Intangible assets are amortized on the straight-line basis over their useful life. The Group reviews the estimated useful life, residual value, and method of amortization at least once before the end of each year and prospectively recognizes the effects of changes in accounting estimates.

(XI) Impairments of property, plant, and equipment, right-of-use assets, investment property, and intangible assets

The Group assesses whether there are any signs indicating that any property, plant, and equipment, right-of-use assets, investment property, or intangible assets might be impaired on each balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated. When the recoverable amount of individual assets cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are allocated on a reasonable and consistent basis to individual cash-generating units.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value shall not exceed the book value that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities are initially recognized in the consolidated balance sheet when the Group becomes a party to the financial instrument contract.

Financial assets or financial liabilities other than those measured at fair value through profit or loss are initially recognized at the fair value plus the transaction costs that can be directly attributed to acquisition or issuance of such financial assets or liabilities. Any transaction cost directly attributable to the acquisition or issuance of the financial assets or financial liabilities measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The arms-length transactions of financial assets are recognized and derecognized using the transaction date accounting method.

(1) Type of measurement

The Group's financial assets include financial assets measured at fair value through profit or loss, investment in equity instrument measured at fair value through other comprehensive income, and financial assets measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily designated to be measured at fair value through profit or loss, including financial assets not eligible to be classified as financial assets measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value; any gain or loss on their remeasurement is recognized in other gains and losses. For the method for determining fair value, refer to Note 27.

B. Investment in equity instruments at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable election to measure the investment in equity instruments that are held not for trading, that are not recognized by the acquirer in a business merger, and that have no consideration, at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gains and losses are transferred to retained earnings and not reclassified to profit or loss.

The dividends derived from investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive dividends is determined, except under the circumstance that such dividends apparently represent a partial return of the investment cost.

C. Financial assets at amortized cost

When the Group's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

a. The financial assets are held within a business model whose objective is collecting contractual cash flows; and
b. 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.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, net accounts and notes receivables [including those due from related parties], other receivables, guarantee deposit paid, and other financial assets) are measured at the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any gain or loss from foreign currency translation is recognized in profit or loss.

Interest income is calculated as the effective interest rate times the total book value of financial assets.

Financial assets are deemed to be credit-impaired upon the occurrence of significant financial difficulties confronting the issuer or debtor; default; the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization; or the disappearance of an active market for the financial assets as a result of financial difficulties.

Cash equivalents include time deposits and repo bonds that are highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value, and that mature within three months after the acquisition date; cash equivalents are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Group assesses impairment losses on the financial assets measured at amortized cost (including receivables) and contract assets based on the expected credit losses on each balance sheet date.

Loss allowance for receivables is recognized based on the lifetime expected credit losses. The Group first assess whether the credit risk on other financial assets significantly has increased after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized at the 12-month expected credit losses; when the increase is significant, the loss allowance is recognized at the lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted on when internal or external information indicates that it’s impossible for the debtor to settle the debt, without consideration of the collateral held:

The impairment loss on all financial assets is deducted from the book value of the financial assets through their allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred to other entities.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. For derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Group are recognized as the amount of consideration received, less the direct cost of issuance.

3. Financial liabilities

(1) Subsequent measurement

All of the Group's financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between the book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XIII) Provisions

The amount of provisions recognized is the best estimate of expenditures requisite for settling obligations on the balance sheet date, taking into account the risks and uncertainties associated with the obligations. Provisions are measured at the discounted value of the estimated cash flows requisite for settling obligations.

(XIV) Revenue recognition

After identifying the performance obligations under a contract with customers, the Group allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after the underlying performance obligation is fulfilled.

1. Revenue from sale of goods

   Sales revenue is recognized when the Group transfers the goods to customers as pledged and thus fulfills its performance obligations.

   Sales revenue is measured at the fair value of the consideration received or paid, less any estimated customer returns, discounts, and other similar allowances.

   The significant financial components of the transaction price of the Group's contracts of which the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months are not adjusted. Before the Group fulfills its performance obligations, the prepayments for products to be sold are recognized as contract liabilities.

2. Construction revenue

   The Group recognizes revenue from construction painting projects over time. Since the cost invested in construction is directly related to the completion of performance obligation, the Group estimates the percentage of completion at the ratio of the actually invested cost to the estimated total cost. The Group recognizes contract assets over the construction progress, and transfers them to accounts receivable upon issuance of an invoice.

If the construction proceeds received exceed the recognized amount, the difference is recognized as a contract liability. A portion of the project price retained by customers as per contractual terms is meant to ensure that the Group completes all of its performance obligations, and is recognized as a contract asset before the Group does so.

(XV) Lease

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

For a contract comprising lease and non-lease components, the Group accounts for such components separately by allocating the contract consideration to each of them.

1. The Group is a lessor.

   Leases whose contractual terms stipulate transfer of almost or all of the risks and rewards incidental to the ownership of the underlying assets to the lessee are classified as a finance lease. Otherwise they are classified as an operating lease.

   Under an operating lease, lease payments less any lease incentives are recognized as revenue on a straight line basis over the lease term. The original direct costs associated with acquisition of an operating lease are added to the book value of the underlying assets and then recognized as expense over the lease term.

   Variable rentals of a lease agreement that do not depend on an index or a rate are recognized as revenue in the period in which they occur.

2. The Group is a lessee.

   When the Company is a lessee, the lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized in expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initial recognized amount of lease liabilities), and subsequently measured at the cost net of accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of lease liabilities. Right-of-use assets are separately presented in the consolidated balance sheet.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of lease payment. If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When future lease payments change as a result of a change in the lease term, or in the index or rate on which lease payments depend, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly. However, the residual remeasurements are recognized in profit or loss when the book value of right-of-use assets is reduced to zero. Lease liabilities are separately presented in the consolidated balance sheet.

Variable rentals of a lease agreement that do not depend on an index or a rate are recognized as expense in the period in which they occur.

(XVI) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at non-discounted amount expected to be paid in exchange for the services to be provided by the employees.

2. Post-employment benefit

   The pension contributed under the Defined Contribution Pension Plan is recognized in expenses during the period when employees provide services.

   Defined benefit costs (including service cost, net interest, and remeasurements) under the Defined Benefit Pension Plan are calculated actuarially using the projected unit credit method. Service costs and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses when they are incurred. Remeasurements are recognized in other comprehensive income and presented in retained earnings when they occurred, and are not reclassified to profit or loss in subsequent periods.

   Net defined benefit liabilities (assets) are the shortfall (surplus) of contributions to the Defined Benefit Pension Plan. Net defined benefits shall not exceed the present value of refunds from the plan or reductions in future contributions to the plan.

(XVII) Income tax

Tax expenses are the total of current income tax and deferred income tax.

1. Current income tax

   The Group uses the laws and regulations promulgated by each tax jurisdiction to calculate taxable income (loss), thus income tax payable (recoverable) for the current period.

   The additional income tax on undistributed earnings that is calculated according to the Income Tax Act of the Republic of

China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when taxable income sufficiently enough to offset the deductible temporary differences is highly likely in the future.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have adequate taxable income necessary for the recovery of all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized in deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income necessary for the recovery of all or part of the assets in the future, the book value thereof is increased.

Deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax law legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax consequences on the balance sheet date arising from the method that the Group expects to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss; in other comprehensive income if they are initially designated to be recognized in other comprehensive income; or in equity if they are initially designated to be recognized directly in equity.

V. Significant Accounting Judgments, Assumptions, and Major Sources of Estimation Uncertainty

For adoption of the accounting policies, the Group, based on historical experience and other relevant factors, must make judgments, estimates, and assumptions related to the information that cannot be readily acquired from other sources. The actual results may differ from those estimates. The management will continue to review estimates and fundamental assumptions.

Assumptions, and Major Sources of Estimation Uncertainty-Deferred income tax

Since the taxable temporary difference related to the investment in overseas subsidiaries is unlikely to be realized in the foreseeable future, no deferred income tax liability is recognized. Income tax expenses will be recognized in the year overseas subsidiaries wire back their earnings. On December 31, 2024 and 2023, the tax effects arising from the Company's not recognizing deferred income tax liabilities for the gains on investment in overseas subsidiaries were NT$406,768 thousand and NT$346,332 thousand, respectively.

VI. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working capital	$ 1,718	$ 1,504
Bank check and demand deposit	875,856	1,104,974
Cash equivalents (investment whose initial maturity date will be due within 3 months)		
Time deposits in banks	249,176	595,852
Bonds with repurchase agreement	-	142,581
	$1,126,750	$1,844,911

VII. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss		
Fund beneficiary certificates	$415,223	$355,994

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Current		
TWSE-listed stocks	$385,527	$439,681
Non-current		
Domestic shares not traded on an exchange or OTC	$ 29,431	29,567
Foreign shares not traded on an exchange or OTC	149	139
	$ 29,580	$ 29,706

Since the Group holds the said equity instrument investment not for trading or gaining profits in the short term, the Group elects to designate them to be measured at fair value through other comprehensive income.

IX. Notes receivable (including those due from related parties); accounts receivable (including those due from related parties); and other receivables

(I) Notes receivable and accounts receivable (including overdue receivables)

	December 31, 2024	December 31, 2023
Notes receivable (including those due from related parties)		
Measured at amortized cost		
Arising from operating activities	$ 503,669	$ 599,244
Less: loss allowance	5,549	6,198
	$ 498,120	$ 593,046

Accounts receivable (including those due from related parties)		
Measured at amortized cost		
Total book value	$2,057,882	$1,944,923
Less: loss allowance	59,059	58,452
	$1,998,823	$1,886,471
Overdue receivables		
Total book value	$ 7,814	$ 15,136
Less: loss allowance	7,814	15,136
	$ -	$ -

The credit period provided by the Group to customers averages about 90 days to 100 days; receivables do not accrue interest. To mitigate credit risk, the Group has a dedicated team be responsible for determining the credit limits, approving credit lending, and executing other monitoring procedures, so as to ensure that appropriate actions have been taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of receivables on the balance sheet date so as to ensure that appropriate impairment loss has been recognized for uncollectible receivables.

The Group recognizes the allowance for receivables based on the lifetime ECL, which is calculated using the provision matrix, taking into account a customer's historical default record and current financial standing and the industrial and economic conditions. According to the Group's historical credit loss record, the loss patterns do not differ among different customer bases, so the provision matrix does not look into individual customer bases but instead estimates the ECL rate based on the number of days past due of receivables.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Group cannot estimate a reasonable recoverable amount, the Group transfers the receivables to overdue receivables while providing sufficient loss allowance. When it is sure that the receivables cannot be recovered, the Group directly writes off related receivables, but will continue recourse activities. Any recovered amount through the recourse activities is recognized in profit or loss.

The loss allowance the Group recognized for receivables based on the provision matrix is as follows:

December 31, 2024

	Not past due	1～90 days past due	91～270 days past due	271～630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	$ 2,395,130	$ 95,943	$ 34,492	$ 28,818	$ 14,780	$ 202	$ 2,569,365
Loss allowance	(43,426)	(1,919)	(3,449)	(8,646)	(14,780)	(202)	(72,422)
Amortized cost	$ 2,351,704	$ 94,024	$ 31,043	$ 20,172	$ -	$ -	$ 2,496,943

December 31, 2023

	Not past due	1～90 days past due	91～270 days past due	271～630 days past due	More than 630 days past due	Individual identification	Total
ECL rate (%)	2	2	10	30	100	100	
Total book value	$ 2,388,670	$ 88,034	$ 33,459	$ 23,542	$ 22,544	$ 3,054	$ 2,559,303
Loss allowance	(42,018)	(1,761)	(3,346)	(7,063)	(22,544)	(3,054)	(79,786)
Amortized cost	$ 2,346,652	$ 86,273	$ 30,113	$ 16,479	$ -	$ -	$ 2,479,517

Movements in the loss allowance for receivables are as follows:

	2024	2023
Balance - beginning of period	$ 79,786	$ 84,902
Reversed in the current year	(5,108)	(813)
Written off in the current year	(3,509)	(3,793)
Net exchange differences	1,253	(510)
Balance - end of year	$ 72,422	$ 79,786

(II) Other receivables

The Group recognizes the loss allowance for other receivables based on the lifetime ECL. As at December 31, 2024 and 2023, there were no material overdue other receivables; accordingly, there was no balance of loss allowance based on our assessment.

X. Inventories

	December 31, 2024	December 31, 2023
Finished-goods	$ 733,532	$ 750,331
Products	22,753	14,854
Raw materials	1,668,873	1,392,373
Materials	18,238	19,943
Inventory in transit	38,174	63,053
	$2,481,570	$2,240,554

In 2024 and 2023, the cost of goods sold related to inventories was NT$6,630,463 thousand and NT$6,702,068 thousand, which included inventory impairment losses of NT$941 thousand and NT$0 thousand, respectively.

XI. Other financial assets

	December 31, 2024	December 31, 2023
Current		
Time deposits whose original maturity date is more than three months apart	$ 637,541	$ 3,372
Project deposit	23,175	16,245
	$ 660,716	$ 19,617
Non-current		
Time deposits pledged	$ 400	$ 400
Project deposit	-	3,160
	$ 400	$ 3,560

For information on pledged financial assets, see Note 29.

XII. Subsidiary

Entities in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership interests and voting rights in percentage terms (%) December 31, 2024	December 31, 2023	Description
The Company	Bmass Investment Co., Ltd（Bmass）	Professional investment company	100	100	
	Cmass Investment Co., Ltd（Cmass）	Professional investment company	100	100	
	Emass Investment International Co., Ltd（Emass）	Professional investment company	100	100	
Bmass	YUNG CHI PAINT & VARNISH MFG. (Kunshan) Co., Ltd. (YUNG CHI Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	
	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD. (YUNG CHI Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	
Cmass	Dmass Investment International Co., Ltd（Dmass）	Professional investment company	100	100	
Emass	Yung Chi America Corp. (YUNG CHI USA)	Professional investment company	100	100	
Dmass	YUNG CHI PAINT & VARNISH MFG. (Vietnam) CO., LTD. (YUNG CHI Vietnam)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	100	100	
	YUNG CHI PAINT & VARNISH MFG. (Malaysia) CO., LTD. (YUNG CHI Malaysia)	Manufacture and sale of paints	100	100	
YUNG CHI USA	Continental Coatings, Inc.	Sale and processing of paints	100	100	

XIII. Investments accounted for using equity method

	December 31, 2024	December 31, 2023
Individually insignificant associate	$ 34,085	$ 33,527

Summary information on individually insignificant associates

	2024	2023
The Group's share		
Net loss for the year	($ 624)	($ 1,271)
Other comprehensive income	-	-
Total comprehensive income	($ 624)	($ 1,271)

The Group's investments accounted for using the equity method as at December 31, 2024 and 2023 were recognized and disclosed based on the investees' financial statements for the same period that were not audited by CPAs. However, the Group's management does not think that using the said investees' financial statements not audited by CPAs will effect any material effects.

XIV. Property, plant and equipment

2024

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Cost							
Balance as of January 1, 2024	$ 1,050,891	$ 1,910,346	$ 1,619,887	$ 97,507	$ 309,096	$ 76,379	$ 5,064,106
Increase	-	35,135	53,571	12,834	35,964	(21,823)	115,681
Disposal	-	-	(5,900)	(4,541)	(5,780)	-	(16,221)
Net exchange differences	5,578	77,721	50,391	2,177	8,531	894	145,292
Balance as of December 31, 2024	$ 1,056,469	$ 2,023,202	$ 1,717,949	$ 107,977	$ 347,811	$ 55,450	$ 5,308,858

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Accumulated depreciation							
Balance as of January 1, 2024	$ -	$ 566,906	$ 941,551	$ 79,425	$ 218,762	$ -	$ 1,806,644
Depreciation	-	57,340	108,099	7,104	28,007	-	200,550
Disposal	-	-	(5,146)	(4,537)	(5,780)	-	(15,463)
Net exchange differences	-	18,174	23,689	1,669	4,716	-	48,248
Balance as of December 31, 2024	$ -	$ 642,420	$ 1,068,193	$ 83,661	$ 245,705	$ -	$ 2,039,979
Net amount on December 31, 2024	$ 1,056,469	$ 1,380,782	$ 649,756	$ 24,316	$ 102,106	$ 55,450	$ 3,268,879

2023

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Cost							
Balance as of January 1, 2023	$ 1,050,904	$ 1,926,387	$ 1,180,588	$ 94,295	$ 259,205	$ 470,370	$ 4,981,749
Increase	-	5,626	471,985	5,616	55,838	(395,025)	144,040
Disposal	-	-	(14,397)	(1,727)	(3,758)	-	(19,882)
Reclassification	-	-	(77)	-	77	-	-
Net exchange differences	(13)	(21,667)	(18,212)	(677)	(2,266)	1,034	(41,801)
Balance as of December 31, 2023	$ 1,050,891	$ 1,910,346	$ 1,619,887	$ 97,507	$ 309,096	$ 76,379	$ 5,064,106

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other facilities	Unfinished construction and equipment pending acceptance	Total
Accumulated depreciation							
Balance as of January 1, 2023	$ -	$ 515,783	$ 868,037	$ 75,868	$ 197,642	$ -	$ 1,657,330
Depreciation	-	56,667	95,322	5,811	26,041	-	183,841
Disposal	-	-	(13,551)	(1,727)	(3,758)	-	(19,036)
Reclassification	-	-	(77)	-	77	-	-
Net exchange differences	-	(5,544)	(8,180)	(527)	(1,240)	-	(15,491)
Balance as of December 31, 2023	$ -	$ 566,906	$ 941,551	$ 79,425	$ 218,762	$ -	$ 1,806,644
Net amount on December 31, 2023	$ 1,050,891	$ 1,343,440	$ 678,336	$ 18,082	$ 90,334	$ 76,379	$ 3,257,462

The Group's property, plant, and equipment were depreciated on a straight-line basis over the following useful lives:

Buildings and structures	5~55 years
Machinery and equipment	2~25 years
Transportation equipment	5~40 years
Other facilities	3~40 years

For the amount of property, plant, and equipment pledged as borrowing collateral by the Group, see Note 29.

XV. Lease agreement

(I) Right-of-use assets

	December 31, 2024	December 31, 2023
Book value of right-of-use assets		
Land	$ 287,776	$ 280,423
Buildings	31,229	47,866
Transportation equipment	1,413	1,187
	$ 320,418	$ 329,476

	2024	2023
Increase in right-of-use assets	$ 1,330	$ 22,025
Depreciation expenses - Right-of-use assets		
Land	$ 7,418	$ 7,295
Buildings	18,186	17,781
Transportation	1,104	1,146

equipment	$ 26,708	$ 26,222

(II) Lease liabilities

	December 31, 2024	December 31, 2023
Book value of lease liabilities		
Current	$ 21,908	$ 20,400
Non-current	$ 15,376	$ 34,781

The discount rates (%) for lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Buildings	1.775～2.625	1.775～2.625
Transportation equipment	1.775～2.625	2.625

(III) Material lease activities and terms

The Group leased land and buildings from others and used them as plants, operating premises, and shipping hubs, with a lease term of 3~50 years. The Group did not have an option to buy the land and buildings underlying the lease at the termination of the lease period.

The Group leased transportation equipment for use in business travel; the lease period was 3 years. There was no contractual term which grants the Group the right to renew the lease or buy the underlying assets at the expiration of the lease term.

(IV) Other lease information

For the agreement under which the Group leases out investment property recognized as an operating lease, see Note 16.

	2024	2023
Short-term lease expense	$ 7,513	$ 6,045
Low-value asset lease expense	$ 703	$ 677
Total cash outflow from leases	$ 30,390	$ 26,248

For employee dormitory lease qualified as a short-term lease and the lease of office accessories like photocopiers that qualifies as a lease whose underlying assets are of low value, the Group applies the recognition exemption to them, and does not recognize any right-of-use assets or lease liability for them.

XVI Investment property

2024

	Land	Buildings and structures	Total
Cost			
Balance as of January 1, 2024 and December 31, 2024	$299,901	$ 84,640	$384,541
Accumulated depreciation and impairment			
Balance as of January 1, 2024	$137,822	$ 43,020	$180,842
Depreciation	-	1,684	1,684
Balance as of December 31, 2024	$137,822	$ 44,704	$182,526
Net amount on December 31, 2024	$162,079	$ 39,936	$202,015

2023

	Land	Buildings and structures	Total
Cost			
Balance as of January 1, 2023 and December 31, 2023	$299,901	$ 84,640	$384,541
Accumulated depreciation and impairment			
Balance as of January 1, 2023	$137,822	$ 41,335	$179,157
Depreciation	-	1,685	1,685
Balance as of December 31, 2023	$137,822	$ 43,020	$180,842
Net amount on December 31, 2023	$162,079	$ 41,620	$203,699

The lease term of an investment property lease is between 1 and 5 years; the lessee does not have the option to purchase the investment property at the termination of the lease term.

Total future lease payments to be generated from investment property recognized as an operating lease is as follows:

	December 31, 2024	December 31, 2023
Year 1	$ 3,840	$ 3,203
Year 2	186	716
Year 3	-	202
	$ 4,026	$ 4,121

Buildings and structures recognized as investment property are depreciated on a straight-line basis over their useful lives (15 to 50 years).

Their fair value stood at NT$637,281 thousand on both December 31, 2024 and December 31, 2023. The fair value of investment property is assessed by referencing independent property appraisers' appraisal arrived at by using Level 3 fair value inputs, and by referencing the value derived using direct capitalization method and the comparable method that looks into the transaction price of similar properties on the market. The significant unobservable input used, the capitalization rate of profits, was 1.50% in both years.

XVII. Short-term borrowings

	December 31, 2024	December 31, 2023
Secured loans		
Loan against L/C - settled before interest accrual	$ 8,259	$ 1,378

XVIII. Other accounts payable

	December 31, 2024	December 31, 2023
Salary and bonus payable	$172,409	$162,862
Advertising expenditure payable	53,711	29,671
Employee and director compensation payable	25,255	22,637
Business tax payable	24,516	30,225
Construction and equipment payable	7,596	8,248
Others	139,866	142,357
	$423,353	$396,000

XIX. Provisions

Non-current	December 31, 2024	December 31, 2023
Construction warranty	$ 5,824	$ 6,383

The provisions for construction warranty are the present value of the management's best estimate of outflow of future economic benefits arising from the warranty obligations; such estimate is estimated based on historical warranty experience.

XX. Post-employment benefit plan

(I) Defined contribution plan

The pension system that is specified in the "Labor Pension Act" and adopted by the Company is the defined contribution pension plan managed by the government. A pension equal to 6% of employee's monthly wage shall be contributed to the personal labor pension account with the Bureau of Labor Insurance.

Subsidiaries within the boundary of China contribute a certain percentage of employees' salary, as required by local laws, to relevant government agencies to be deposited under an employee's dedicated account.

The scheme in which subsidiaries in other foreign countries make pension contributions as required by local laws is a defined pension contribution plan.

(II) Defined benefit plan

The pension system under our country's Labor Standards Act applicable to the Company is a defined benefit plan. Payment of employee pension is calculated based on an employee's service years and the average of their salaries over the 6 months before their approved retirement date. The Company appropriates a certain percentage of the total monthly wage of an employee as the pension and remits the amount to the Retirement Reserves Supervisory Committee, which will deposit the amount in a dedicated account under its name with the Bank of Taiwan. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, the Company will make up the difference in one appropriation before the end of March in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor, so the Company does not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the consolidated balance sheet are listed as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$327,305	$333,729
Fair value of plan assets	(349,967)	(319,500)
Net defined benefit (assets) liabilities	($ 22,662)	$ 14,229

Changes in net defined benefit (assets) liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (assets) liabilities
Balance as of January 1, 2024	$333,729	($319,500)	$ 14,229
Financial cost			
Current service cost	998	-	998
Interest expenses (income)	3,488	(3,432)	56
Recognized in profit or loss	4,486	(3,432)	1,054
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(29,039)	(29,039)
Actuarial gain - change in financial assumption	(6,816)	-	(6,816)

Actuarial loss - experience adjustment	5,365	-	5,365
Recognized in other comprehensive income	(1,451)	(29,039)	(30,490)
Contribution by employer	-	(7,455)	(7,455)
Payment of benefits	(9,459)	9,459	-
	(9,459)	2,004	(7,455)
December 31, 2024	$327,305	($349,967)	($ 22,662)
Balance as of January 1, 2023	$325,327	($316,065)	$ 9,262
Financial cost			
Current service cost	1,210	-	1,210
Interest expenses (income)	3,693	(3,685)	8
Recognized in profit or loss	4,903	(3,685)	1,218
Remeasurements			
Return on plan assets (excluding the amount included in net interest)	-	(3,107)	(3,107)
Actuarial gain - change in financial assumption	(18,373)	-	(18,373)
Actuarial loss - experience adjustment	32,840	-	32,840
Recognized in other comprehensive income	14,467	(3,107)	11,360
Contribution by employer	-	(7,611)	(7,611)
Payment of benefits	(10,968)	10,968	-
	(10,968)	3,357	(7,611)
December 31, 2023	$333,729	($319,500)	$ 14,229

The amount of defined benefit plan recognized in P/L is summarized by category as follows:

	2024	2023
Operating cost	$ 448	$ 506
Operating expenses	606	712
	$ 1,054	$ 1,218

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk

   The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company's plan assets shall be no less than the profit that would have been yielded had the interest rate for 2-year time deposits with local banks were applied in calculation.

2. Interest rate risk

   A decrease in the interest rates of government bonds leads to an increase in the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The effect of both on the net defined benefit liabilities may be partially offset against each other.

3. Salary risk

   Since the present value of defined benefit obligation is calculated based on future salary of plan participants, the present value of the defined benefit obligation would be increased by an increase in the plan participants' salary.

The Company's present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2024	December 31, 2023
Discount rate (%)	1.55	1.15
Rate of expected salary increase (%)	2.00	2.00

If there was any reasonably possible change to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2024	December 31, 2023
Discount rate		
Increase by 0.25%	($ 4,130)	($ 4,633)
Decrease by 0.25%	$ 4,230	$ 4,753
Rate of expected salary increase		
Increase by 0.25%	$ 4,200	$ 4,701
Decrease by 0.25%	($ 4,122)	($ 4,606)

Since the actuarial assumptions might be correlated to each other and it is unlikely that a single assumption changes alone, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2024	December 31, 2023
Expected contribution within 1 year	$18,738	$18,744
Average maturity of defined benefit obligations	5 years	5 years

XXI. Equity

(I) Capital stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousand shares)	180,000	180,000
Authorized capital	$1,800,000	$1,800,000
Number of issued shares fully paid (in thousand shares)	162,000	162,000
Issued capital	$1,620,000	$1,620,000

A share of issued common stock had a par value of NTD10 and was entitled to one voting right and dividends.

(II) Capital surplus

	December 31, 2024	December 31, 2023
Available for makeup of loss, distribution of cash dividends, or transfer into capital (Note)		
Additional paid-in capital	$106,385	$106,385
Only available for makeup of loss		
Asset disposal gain	2,612	2,612
Others	876	433
	$109,873	$109,430

Note: These capital reserves may be used to make up losses, to distribute cash dividends, or to be transferred into the capital if the Company is not in the red. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(III) Retained earnings and dividend policy

According to the dividend policy prescribed in the Company's Articles of Incorporation, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserves. The remainder may be set aside as special reserves, or the previous recognized special reserves may be reversed, in accordance with laws and regulations. If there is remainder surplus, the Board of Directors shall draft a surplus distribution proposal regarding the remainder of the surplus as well as accumulated undistributed surplus, and shall submit the distribution proposal to the Shareholders Meeting for approval.

Considering capital expenditure needs and a sound financial planning requisite for sustainable development, the Company shall distribute no less than 50% of the annual earnings as shareholder dividends in principle. The Company may distribute dividends in cash or in shares. Considering the Company's growth rate and capital expenditure status, the Company shall distribute earnings more in cash than in shares; the cash dividends distributed shall not be less than 60% of total dividends distributed in the given year.

Legal reserves may be used to make up for losses. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by no greater than 25% may be appropriated as capital or distributed in cash.

The earnings distribution proposal for 20223 and 2022 that was approved at the General Shareholders Meeting in May 2024 and June 2023, respectively, and the dividends per share are as follows:

	Earnings Distribution Proposal		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$ 83,017	$ 81,982		
Cash dividends	567,000	567,000	$ 3.5	$ 3.5

The earnings distribution proposal for 2024 drafted at the Board of Directors meeting in March 2025 is as follows:

	Earnings Distribution Proposal	Dividend per share (NT$)
Legal reserve	$ 88,067	
Cash dividends	583,200	$ 3.6

The Earnings Distribution Proposal for 2024 is pending a resolution from the General Shareholders Meeting to be held in May 2025.

(IV) Other equity

1. Exchange differences arising in the translation of foreign operations

	2024	2023
Balance - beginning of period	($340,618)	($276,525)
Exchange difference	214,233	(64,093)

	2024	2023
arising from translation of the net assets of foreign operations		
Balance - end of year	($126,385)	($340,618)

2. Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income

	2024	2023
Balance - beginning of period	$ 97,676	$ 81,983
Recognized for the year		
Accumulated gains and losses from disposal of equity instruments are transferred to retained earnings	(226)	(8,017)
Equity instruments - unrealized gains or losses	(51,943)	23,710
Balance - end of year	$ 45,507	$ 97,676

XXII. Operating revenue

(I) Customer contract revenue breakdown

2024

	Paint Business Department	Coating Engineering Department	Total
Type of product or service			
Product sales revenue	$ 9,053,008	$ -	$ 9,053,008
Construction revenue	-	472,919	472,919
	$ 9,053,008	$ 472,919	$ 9,525,927
Primary regional markets			
Taiwan	$ 6,464,736	$ 472,919	$ 6,937,655
China	1,276,807	-	1,276,807
Others	1,311,465	-	1,311,465
	$ 9,053,008	$ 472,919	$ 9,525,927
Revenue recognition time point			
At a point in time	$ 9,053,008	$ -	$ 9,053,008

Fulfilled as time elapses	-	472,919	472,919
	$ 9,053,008	$ 472,919	$ 9,525,927

2023

Type of product or service	Paint Business Department	Coating Engineering Department	Total
Product sales revenue	$ 8,989,772	$ -	$ 8,989,772
Construction revenue	-	364,608	364,608
	$ 8,989,772	$ 364,608	$ 9,354,380
Primary regional markets			
Taiwan	$ 6,309,098	$ 364,608	$ 6,673,706
China	1,425,435	-	1,425,435
Others	1,255,239	-	1,255,239
	$ 8,989,772	$ 364,608	$ 9,354,380
Revenue recognition time point			
At a point in time	$ 8,989,772	$ -	$ 8,989,772
Fulfilled as time elapses	-	364,608	364,608
	$ 8,989,772	$ 364,608	$ 9,354,380

(II) Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable and accounts receivable	$ 2,496,943	$ 2,479,517	$ 2,663,674
Contract assets			
Coating Engineering	$ 131,179	$ 100,094	$ 95,555
Contract liabilities			
Coating Engineering	$ 48,505	$ 57,675	$ 54,043
Product sales	5,466	710	1,243
	$ 53,971	$ 58,385	$ 55,286

Changes in contract assets and contract liabilities mainly come from the difference between the points in time when the Company fulfills obligations and when customers make payments.

(III) Customer contracts outstanding

As of December 31, 2024 and 2023, transaction price allocated to unfulfilled performance obligation was NT$1,493,647 thousand and NT$960,303 thousand, respectively. The Company will recognize it as construction revenue when construction items are completed; such revenue is expected to be recognized in 1 to 3 years.

XXIII. Net profits before tax

(I) Income from interest

	2024	2023
Bank deposit	$ 21,380	$ 17,402
Others	4,903	8,592
	$ 26,283	$ 25,994

(II) Other income

	2024	2023
Lease income	$ 9,785	$ 9,987
Dividend income	15,486	12,435
Subsidy income	16,245	6,098
Others	17,035	39,829
	$ 58,551	$ 68,349

(III) Other gains and losses

	2024	2023
Net foreign exchange gain	$ 29,583	$ 5,885
Gain (loss) on disposal of property, plant and equipment	332	(86)
Gains on financial assets at fair value through profit or loss	8,302	6,994
Others	(6,168)	(6,784)
	$32,049	$ 6,009

(IV) Financial cost

	2024	2023
Financial cost		
Interest on	$ -	$ 68

financing facilities		
Interest on lease liabilities	1,023	1,087
	$1,023	$1,155

(V) Depreciation and amortization

	2024	2023
Property, plant and equipment	$200,550	$183,841
Right-of-use assets	26,708	26,222
Investment property	1,684	1,685
Intangible assets	1,039	2,371
Other current assets	19	21
	$230,000	$214,140
Summary of depreciation by function		
Operating cost	$ 87,211	$ 82,839
Operating expenses	140,047	127,224
Others	1,684	1,685
	$228,942	$211,748
Summary of amortization by function		
Operating expenses	$ 1,058	$ 2,392

(VI) Employee benefit expenses

	2024	2023
Short-term employee benefits		
Salary	$907,489	$833,516
Labor insurance and health insurance	53,185	51,778
Others	59,960	51,693
	1,020,634	936,987
Post-employment benefit		
Defined contribution plan	30,060	26,931

Defined benefit plan	1,054	1,218
	31,114	28,149
	$1,051,748	$965,136

Summary by function		
Operating cost	$437,904	$386,385
Operating expenses	613,844	578,751
	$1,051,748	$965,136

(VII) Employee and director compensation

According to its Articles of Incorporations, the Company shall take the pre-tax profits inclusive of employee and director compensation and allocate 1% ~ 5% of such profits as employee compensation and no greater than 0.5% as director compensation. The Board of Directors meetings in March 2025 and 2024 resolved on the employee compensation and director compensation estimated for 2024 and 2023, respectively - shown as follows:

	2024	2023
Employee compensation	$ 21,903	$ 19,529
Director compensation	3,352	3,108

Any amount that changes after the approval and publication date of the annual consolidated financial statements is accounted for as changes in accounting estimates, and will be adjusted and recognized in the following year.

The actually distributed amount of employee compensation and director compensation for 2023 and 2022 is the same as the amount recognized in the consolidated financial statements for 2023 and 2022.

The information about compensation to employees and directors determined by the Board of Directors may be viewed at TWSE's Market Observation Post System (MOPS).

XXIV. Income tax

(I) Income tax recognized in profit or loss

	2024	2023
Current income tax		
Tax incurred in the year	$215,685	$249,613
Additional levy on undistributed earnings	6,507	6,042
Adjustments for the previous year	25,804	(2,437)
Deferred income tax		
Tax incurred in the year	7,042	(41,716)
Adjustments for the previous year	(3,899)	(40)
	$251,139	$211,462

Reconciliation of accounting income and income tax is as follows:

	2024	2023
Net profits before tax	$ 1,107,192	$ 1,042,700
Income tax expense derived from applying the pre-tax profit to the statutory tax rate	$ 236,126	$ 221,941
Permanent differences	6,893	1,351
Deductible temporary differences not approved	(6,292)	(1,195)
Additional levy on undistributed earnings	6,507	6,042
Investment tax credits generated in the current year	(14,000)	(14,200)
Adjustments for the previous year	21,905	(2,477)
	$ 251,139	$ 211,462

The profit-seeking enterprise income tax applicable to the Company is 20% and the applicable tax rate on the Company's unappropriated earnings is 5%. The tax incurred by subsidiaries is calculated based on the applicable tax rate in the country where they operate.

(II) Income tax expense (income) recognized in OCI

	2024	2023
Generated in current year - defined benefit plan remeasurements	$ 6,098	($ 2,272)

(III) Current income tax liabilities

	December 31, 2024	December 31, 2023
Current income tax liabilities		
Income tax payable	$143,364	$140,904

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

Deferred income tax assets	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Temporary differences				
Unrealized loss on inventory devaluation	$ 16,358	($ 430)	$ -	$ 15,928
Unrealized impairment loss	11,870	-	-	11,870
Deferred tax credit for construction structure cost	5,388	(209)	-	5,179
Unrealized allowance	6,172	(407)	-	5,765
Unrealized	508	-	-	508

damages				
Others	9,780	(2,097)	(6,098)	1,585
	$ 50,076	($ 3,143)	($ 6,098)	$ 40,835
Deferred income tax liabilities				
Temporary differences				
Land value increment tax	$ 82,778	$ -	$ -	$ 82,778

2023

	Balance - beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	Balance - end of year
Deferred income tax assets				
Temporary differences				
Unrealized loss on inventory devaluation	$ 18,083	($ 1,725)	$ -	$ 16,358
Unrealized impairment loss	11,870	-	-	11,870
Deferred tax credit for construction structure cost	5,597	(209)	-	5,388
Unrealized allowance	5,459	713	-	6,172
Unrealized damages	508	-	-	508
Others	9,531	(2,023)	2,272	9,780
	$ 51,048	($ 3,244)	$ 2,272	$ 50,076
Deferred income tax liabilities				
Temporary differences				
Land value increment tax	$ 82,778	$ -	$ -	$ 82,778
Overseas investment gain	45,000	(45,000)	-	-
	$127,778	($ 45,000)	$ -	$ 82,778

(V) Deductible temporary difference for which no deferred income tax asset is not recognized on the consolidated balance sheet.

	December 31, 2024	December 31, 2023

Deductible temporary difference - asset impairment loss	$ 55,885	$ 61,893

(VI) Total amount of temporary difference which is related to investment and for which no deferred income tax liability is recognized

As of December 31, 2024 and 2023, taxable temporary difference which is related to investment in subsidiaries or associates and for which no deferred tax liability is recognized was NT$2,033,839 thousand and NT$1,731,662 thousand, respectively.

(VII) Authorization of income tax

The Company's profit-seeking enterprise income tax returns have been approved by competent tax authorities through 2020; subsidiaries have paid their income tax through 2023 in full to competent local tax authorities.

XXV. Earnings per share

The earnings and the weighted average number of common shares used for calculating earnings per share are as follows:

Net profit in the current year

	2024	2023
Net profit attributable to owners of the Company	$856,053	$831,238

Shares

Unit: 1,000 shares

	2024	2023
Weighted average number of common shares used for calculating basic earnings per share	162,000	162,000
Plus: Potential common shares that are dilutive - employee compensation	338	313
Weighted average number of shares used for calculating diluted earnings per share	162,338	162,313

Where the Company may elect to distribute employee remuneration in shares or in cash, when calculating the diluted EPS, the Company assumes that all employee remuneration is distributed in shares and counts the potentially dilutive common shares - when deemed dilutive - in the weighted average number of shares outstanding. The Group continues to consider the dilutive effect of such potentially delusive common shares when calculating the dilutive EPS before the number of share dividends is to be resolved on in the following year.

XXVI. Capital risk management

Capital management by the Group is to optimize debt and equity balance to effectively use capital and ensure smooth operations of each entity. The overall strategy of the Group doesn’t change. Since the Group's capital structure is composed of net liability and equity, it does not have to comply with other external capital requirement.

XXVII. Financial instruments

(I) Fair value information－financial instruments not measured at fair value

The book value of the Group’s financial instruments not measured at fair value, e.g., cash and cash equivalents, receivables, and payables, is a reasonable approximation of fair value.

(II) Fair value information－financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund benefit certificate	$415,223	$ -	$ -	$ 415,223
Financial assets at fair value through other comprehensive				

income				
TWSE-listed stocks	$385,527	$ -	$ -	$385,527
Domestic shares not traded on an exchange or OTC	-	-	29,431	29,431
Foreign shares not traded on an exchange or OTC	-	-	149	149
	$385,527	$ -	$ 29,580	$415,107

December 31, 2023				
Financial assets at fair value through profit or loss				
Fund benefit certificate	$355,994	$ -	$ -	$ 355,994
Financial assets at fair value through other comprehensive income				
TWSE-listed stocks	$439,681	$ -	$ -	$439,681
Domestic shares not traded on an exchange or OTC	-	-	29,567	29,567
Foreign shares not traded on an exchange or OTC	-	-	139	139
	$439,681	$ -	$ 29,706	$469,387

There was no transfer between Level 1 and Level 2 fair value measurement in 2024 and 2023.

2. Reconciliation of the financial assets measured at Level 3 fair value

	Financial assets at fair value through profit or loss
	2023
Balance - beginning of period	$ -
Purchase	463,766
Disposal	(465,910)
Recognized in profit or loss	2,139
Netexchange differences	5
Balance - end of year	$ -

	Financial assets at fair value through other comprehensive income	
	2024	2023
Balance - beginning of period	$ 29,706	$ 44,711
Capital reduction and return	-	(16,199)
Recognized in other comprehensive income	(154)	1,194
Net exchange differences	28	-
Balance - end of year	$ 29,580	$ 29,706

3. Level 3 fair value valuation techniques and inputs

The fair value of investment products are estimated by referencing the contract's expected earnings yield; the fair value of unlisted shares are estimated based on the company's net worth.

(III) Type of financial instruments

Financial assets	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss	$ 415,223	$ 355,994
Financial assets at fair value through other comprehensive income - Equity instrument investment	415,107	469,387
Financial assets at amortized cost (Note	4,329,091	4,384,262

1)

Financial liabilities		
Measured at amortized cost (Note 2)	1,255,198	1,391,316

Note 1: The balance includes financial assets measured at amortized cost, e.g., cash and cash equivalents, other financial assets, notes receivable (including those due from related parties), accounts receivable (including those due from related parties), other receivables, and guarantee deposit paid.

Note 2: The balance included the financial liabilities measured at amortized cost such as short-term borrowings, notes payable, accounts payable, other payables, refund liabilities, and guarantee deposits received.

(IV) Financial risk management purpose and policy

The Group's financial risk management objectives are to manage the market risk, credit risk, and liquidity risk arising from operations. We also identify, measure, and manage the said risks according to our policy and risk preference, and seek to reduce the potentially adverse impact on the Group's financial position and financial performance.

The Group has put the said financial risk management policy in writing based on applicable regulations. Risk management work is carried out through close collaboration between the Group's business units and financial department, which are responsible for identifying, assessing, and avoiding financial risks and implementing the policy approved by the Board of Directors.

1. Market risk

(1) Exchange rate risk

The Group is exposed to the risk of exchange rate changes because it participates in purchase or sale transactions denominated in a currency other than its functional currency.

For the book value of the Group's monetary financial assets and monetary financial liabilities denominated in a currency other than the functional currency on the balance sheet date, refer to Note 31.

The Group is affected primarily by fluctuation in the exchange rate of USD. Below is a sensitivity analysis of the scenarios in which the exchange rate of each functional currency against each relevant foreign currency increases or decrease by 1%. The 1% represents the Group's assessment of a reasonable range of exchange rate change.

The sensitivity analysis includes only the foreign currency monetary items still outstanding on the balance sheet date. Scenario 1 as described in the following table represents the Group's profit or loss had each functional currency appreciated by 1% against USD. Scenario 2 as described in the following table represents the Group's profit or loss had each functional currency depreciated by 1% against the USD.

	Effect of USD currency (Note)	
	2024	2023
Scenario 1 - Pre-tax profit or loss	($ 2,584)	($ 3,804)
Scenario 2 - Pre-tax profit or loss	2,584	3,804

Note: Mainly comes from cash and cash equivalents, receivables, other receivables, other financial assets, short-term borrowings, and payables which were still outstanding on the balance sheet date and for which no cash flow hedge is purchased.

(2) Interest rate risk

The Group's interest rate risk mainly comes from bank deposits and repo bonds, by which the interest income generated would be impacted if interest rate changes. The Group does not expect to be significantly impacted by interest rate change.

(3) Other price risk

The Group is exposed to the risk of equity price change because it invests in domestic and foreign listed and unlisted shares, and fund benefit certificate.

If equity price goes down/up 1%, the pre-tax profit for 2024 and 2023 will go down/up NT$4,152 thousand and NT$3,560 thousand, respectively, due to changes in the fair value of financial assets at fair value through profit or loss, and other comprehensive income for 2024 and 2023 will go down/up NT$4,151 thousand and NT$4,694 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss from the failure of customers or financial instrument counterparties to fulfill their obligations, and mainly comes from the Group's bank deposits, other financial instruments, and the receivables due from customers that are generated from operations,

Operations manage customer credit risk based on the Group's customer credit risk management policy, procedures, and control. Such assessment accounts for the customer's financial condition, past transaction record, current economic environment, and the Group's internal credit rating. In addition, where appropriate, the Group uses some credit enhancement (e.g., trade advance, asset as collateral, etc.) to reduce the credit risk from certain customers.

The Group was not exposed to significant credit risk from a single customer, except those stated below. The balance of customer receivables indicative of a credit concentration risk is as follows:

Customer name	December 31, 2024	December 31, 2023
Yieh Phui Group	$323,953	$398,768

The financial department manages the credit risk accompanying bank deposits and other financial instruments according to the Group's policy. The Group's counterparties are all creditable banks, posing insignificant concern over default.

3. Liquidity risk

The Group's financial department monitors the forecast of the Group's liquidity needs to ensure that sufficient fund is available to meet operational needs, and maintains an amount of committed loan that is sufficient and left intact, at all times. As of December 31, 2024 and 2023, the amount of the Group's committed loans which have yet to be drawn on was NT$1,241,591 thousand and NT$1,247,849 thousand, respectively.

The remaining contractual maturity analysis for non-derivative financial liabilities was compiled based on the undiscounted cash flows from financial liabilities (including principal and estimated interest) on the earliest date on which the Group will be demanded to pay. Therefore, the bank loans which the Group is able to pay in full immediately if so demanded are listed in the earliest interval in the following table, without factoring in the chance of banks' immediate execution of the right. The maturity analysis for other non-derivative financial liabilities was compiled based on the repayment date specified on the ontract.

	Within 1 year	1~5 years	More than 5 years	Total
December 31, 2024				

Non-derivative financial liabilities				
Non interest bearing debt	$1,237,287	$ 9,652	$ -	$1,246,939
Floating rate liability	8,259	-	-	8,259
Lease liabilities	22,456	15,465	-	37,921
	$1,268,002	$ 25,117	$ -	$1,293,119
December 31, 2023				
Non-derivative financial liabilities				
Non interest bearing debt	$1,380,473	$ 9,465	$ -	$1,389,938
Floating rate liability	1,378	-	-	1,378
Lease liabilities	21,385	35,367	-	56,752
	$1,403,236	$ 44,832	$ -	$1,448,068

XXVIII. Related Party Transactions

Name of related party	Relationship with the Company
Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.
Yong Ying Investment Co., Ltd.	Substantive related party
Jieyou Industrial Co., Ltd.	Substantive related party
Sanxiangmin Co., Ltd.	Substantive related party
JAUH - HSING ENTERPRISE CO., LTD.	Substantive related party
Yung Yu Paint Shop	Substantive related party
YUNG FEW PAINT CO., LTD.	Substantive related party
PPG Yung Chi Coating Co., Ltd.	Associate
TLT Engineering Sdn Bhd	Associate
Chang Te-Hsiung	Member of the Company's key management
Chang Te-Jen	Member of the Company's key management
Chang Te-Sheng	Member of the Company's key management
Chang Te-Hsien	Member of the Company's key management

Transactions between the Group and related parties are as follows:

(I) Operating revenue

General ledger account	Type of related party	2024	2023
Goods sales revenue	The Company assumes the key management role in other company	$429,599	$439,646

	Substantive related party	130,467	142,993
		$560,066	$582,639

Terms for sale to related parties are the same as those for an arm's length transaction.

(II) Receivables due from related parties

General ledger account	Type of related party	December 31, 2024	December 31, 2023
Notes and Accounts receivables	The Company assumes the key management role in other company	$120,253	$111,300
	Substantive related party	71,815	71,802
		$192,068	$183,102
Other receivables	Substantive related party	$ 200	$ 118

(III) Payables due to related parties (excluding financing facilities)

General ledger account	Type of related party	December 31, 2024	December 31, 2023
Other payables	Substantive related party	$ 2,297	$ 1,253

The outstanding balance of the payables due to related parties was not secured against collateral.

(IV) Joint suretyship:

Joint surety for short-term borrowings as of December 31, 2024 and 2023 was provided by the key management.

(V) Other related party transactions

1. Lease agreements

The Company leased operational premises and shipping hubs from substantive related parties and members of the Company's key management. The lease term was 3 years and the rental, which was negotiated upon by referencing the rental charged in nearby areas, did not differ significantly from general lease terms and conditions. Lease liabilities recognized by the Company for said leases amounted to NT$14,546 thousand and NT$21,629 thousand as of December 31, 2024 and 2023, respectively.

2. Lease agreements

Subsidiaries leased warehouses and plants to associates under an operating lease; the lease term was three years and three months, and the rental was agreed upon by referencing the rentals charged in nearby areas. There were no similar transactions with other related parties for comparison. Lease income recognized in 2024 and 2023 was NT$4,106 thousand and NT$4,181 thousand, respectively.

3. Commissioned processing fee

The Group's fire resistance coating materials are processed by a substantive related party on a commission basis. The said expenses for 2024 and 2023 amounted to NT$19,206 thousand and NT$14,692 thousand, respectively. There was no transaction between the Company and other related parties which is similar enough for comparison.

(VI) Remuneration to key management

	2024	2023
Short-term employee benefits	$ 34,986	$ 33,795
Post-employment benefit	1,140	1,115
	$ 36,126	$ 34,910

XXIX. Pledged and Mortgaged Assets

The following assets were provided as collateral for short-term borrowings or guarantee for construction warranty or L/C issuance:

	December 31, 2024	December 31, 2023
Property, plant and equipment - net	$360,836	$361,954
Other financial assets - time deposit	400	400
	$361,236	$362,354

XXX. Material contingent liabilities and unrecognized contractual commitments

As of December 31, 2024, the Group had the following material commitments yet to be fulfilled:

(I) The L/Cs issued for purchase of materials but not used amounted to about NT$28,785 thousand.

(II) The guarantee letter issued by financial institutions for performance of contractual obligations amounted to about NT$120,778 thousand.

(III) The unfulfilled obligations under construction contracts undertaken amounted to about NT$1,493,647 thousand.

XXXI. Information on foreign currency assets and liabilities with significant effects

The information below is an aggregate amount by foreign currency that is not a functional currency of entities of the Group. The exchange rate disclosed is the exchange rate used to convert the foreign currency into a functional currency. Information on foreign currency assets and liabilities with significant effects is as follows:

Unit: In thousand foreign currency; exchange rate: dollars

	Foreign currency	Exchange rate		Book value
December 31, 2024				
Foreign currency assets				
Monetary items				
USD	$ 9,181	32.735	(USD:TWD)	$ 300,546
CNY	17,152	4.453	(CNY:TWD)	76,380
Foreign currency liabilities				
Monetary items				
USD	$ 678	32.835	(USD:TWD)	$ 22,255
MYR	904	4.3709	(USD:MYR)	29,578
December 31, 2023				
Foreign currency assets				
Monetary items				
USD	$ 14,797	30.655	(USD:TWD)	$ 453,602
CNY	13,625	4.302	(CNY:TWD)	58,616
Foreign currency liabilities				
Monetary items				

USD	1,081	30.755	(USD:TWD)	33,259
USD	1,205	24.030	(USD:VND)	36,930

The Group's net foreign currency exchange gain (including realized and unrealized gain) for 2024 and 2023 totaled NT$29,583 thousand and NT$5,885 thousand.

XXXII. Supplementary Disclosures

(I) Significant Transactions and (II) Information on Investees

1. Loaning of funds to others: None. Appendix Table 1
2. Making endorsements/guarantees for others: Appendix Table 2.
3. Marketable securities held at the end of year (excluding investment in subsidiaries and associates): Appendix Table 3
4. Accumulated purchase or sale of the same marketable securities reaching NT$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Appendix Table 4.
8. Receivables due from related parties reaching NT$100 million or 20% of paid-in capital or more: Appendix Table 5.
9. Engagement in derivatives trading: None.
10. Others: The business relationship and major transactions between the parent company and its subsidiaries and among subsidiaries and the amounts thereof: Appendix Table 6.
11. Information on investees: Appendix Table 7.

(III) Information on Investments in Mainland China

1. Name of investees in China; major business activities; paid-in capital; investment method; inward and outward remittance;

shareholding percentage; investment gains or losses; book value of investments at the end of year; investment gain (loss) remitted back; and limit on the amount of investment in China: Appendix Table 8.

2. Major transactions made with China investees through a third region, either directly or indirectly, and the price, payment terms, and unrealized gains or losses thereof:

   (1) Purchase amount and the percentage thereof, and balance of related payables and the percentage thereof at the end of year

   The purchase amount made by the Company from the subsidiary YUNG CHI Kunshan in 2024 was as follows:

	Purchase amount	Payables at the end of year
YUNG CHI Kunshan	$ 95,228	$ 5,897

   The price of goods purchased by the Company from YUNG CHI Kunshan is formulated by referencing the market price; the average credit period is about three months after acceptance of goods or receipt of required payment requisition documents. Such amount was written off during the preparation of the consolidated financial statements.

   (2) Sales amount and the percentage thereof, and balance of related receivables and the percentage thereof at the end of year

   The amount of sales made by the Company to the subsidiary YUNG CHI Kunshan in 2024 was as follows:

	Sales amount	Accounts receivable at the end of year
YUNG CHI Kunshan	$100,947	$ 35,317

The price of goods sold by the Company to YUNG CHI Kunshan is set by using the cost-plus pricing approach; the average credit period is about 90 days to 100 days. The unrealized sales gain of NT$546 thousand arising from the Company's sale of goods to YUNG CHI Kunshan as of December 31, 2024 was already written off when compiling the consolidated financial statements.

(3) Asset transaction price and the amount of gain or loss arising therefrom: None.

(4) The balance and purpose of endorsements and guarantees made for notes, or collateral provided, at the end of the year: None.

(5) Financing facilities in terms of maximum balance, year-end balance, interest interval, and total interest in the same year: None.

(6) Transactions significantly affected the profit or loss or financial position in the current year

The Company's 2024 purchase of materials on behalf of YUNG CHI Kunshan is as follows; such amount was written off during the preparation of the consolidated financial statements:

	Transaction content	Transaction price	Other receivables at the end of year
YUNG CHI Kunshan	Purchase of material on behalf of another party	$ 56,391	$ 10,996

(IV) Major shareholders: Name of major shareholders with a 5% or more stake in the Company, and the number and percentage of shares the person holds: Appendix Table 9.

XXXIII. Segment Information

Information provided for the operating decision makers to allocate resources and evaluate segment performance focuses on the type of products or services delivered or provided. The reportable segments of the Group are as follows:

. Paint Business Department — mainly engaged in the manufacture and sale of various paint products.

. Coating Engineering Department— engaged in the business of painting projects and structural coating or restoration.

(I) Segment revenue and operating outcome

The revenue and operational outcome of the Group are analyzed by reportable segment as follows:

	Paint Business Department	Coating Engineering	Reconciliation and write-off	Consolidation
2024				
Revenue from external customers	$ 9,053,008	$ 472,919	$ -	$ 9,525,927
Inter-segment revenue	804,186	-	(804,186)	-
Segment revenue	$ 9,857,194	$ 472,919	($ 804,186)	$ 9,525,927
Segment gross profit	$ 2,422,545	$ 51,517		$ 2,474,062
Operating expenses				(1,482,106)
Income from interests				26,283
Other income				58,551
Other gains and losses				32,049
Financial cost				(1,023)
Share of profit or loss of associates accounted for using equity method				(624)
Net profits before tax				$ 1,107,192
2023				
Revenue from external customers	$ 8,989,772	$ 364,608	$ -	$ 9,354,380
Inter-segment revenue	553,099	-	(553,099)	-
Segment revenue	$ 9,542,871	$ 364,608	($ 553,099)	$ 9,354,380
Segment gross profit	$ 2,287,704	$ 51,935		$ 2,339,639
Operating expenses				(1,394,865)
Income from interests				25,994
Other income				68,349
Other gains and losses				6,009
Financial cost				(1,155)
Share of profit or loss of associates accounted for using equity method				(1,271)
Net profits before tax				$ 1,042,700

Segment profit means the profit earned by each segment. Such measurements serve as a basis for main operational decision makers to allocate resources to segments and evaluate their performance.

(II) Geographic information

Below is the information about the Group's revenue from external customers by operation base and the Group's non-current assets by the region where the asset is in:

	Revenue from external customers		Non-current assets	
	2024	2023	2024 December 31	2023 December 31
Taiwan	$ 6,937,655	$ 6,673,706	$ 1,796,987	$ 1,762,876
China	1,276,807	1,425,435	1,520,922	1,527,144
Others	1,311,465	1,255,239	521,809	515,329
	$ 9,525,927	$ 9,354,380	$ 3,839,718	$ 3,805,349

Non-current assets do not include financial instruments, investments accounted for using equity method, and deferred income tax assets.

(III) Information on major customers

	2024		2023	
	Amount	Ratio to operating revenue (%)	Amount	Ratio to operating revenue (%)
Group A	$ 971,920	10	$ 898,227	10

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Loans to others

January 1 through December 31, 2024.

Appendix Table 1

Unit: NT$1,000

No.	Lending company	Borrowing company	Financial account	Whether a related party or not	Maximum balance during the period	Balance, end of period	Drawdown (Note 2)	Interest rate range (%)	Nature of loaning of funds	Business transaction amount	Reasons for the need of short-term financing	Appropriated provisions	Collateral		Limit of loans to a single borrower (Note 1)	Limit of total loaning of funds (Note 1)	Remarks
													Name	Value			
1	YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD.	YUNG CHI PAINT & VARNISH MFG. (Jiaxing) CO., LTD.	Other receivables	Yes	$ 270,871	$ 270,871	$ 223,771	3	Short-term financing fund	$ -	Working capital	$ -	None	$ -	$ 558,275	$ 558,275	Note3

Note 1: According to the "Regulations Governing Loaning of Funds" of YUNG CHI PAINT & VARNISH MFG. (Kunshan) CO., LTD., the amount of intra-group loaning of funds made by an individual group entity or all group entities must not exceed 100% of the Company's paid-in capital.

Note 2: This is the amount converted using the exchange rates at the end of drawdown month.

Note 3: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Making endorsements/guarantees for others

January 1 through December 31, 2024.

Appendix Table 2

Unit: NT$1,000

No.	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (Note 2)	Maximum balance for the period	Ending balance	Drawdown	Amount of endorsement/ guarantees collateralized with properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statement (%)	Highest limit (Note 2)	Guarantee provided by parent company to subsidiary	Guarantee provided by subsidiary to a parent company	Guarantee provided to entities in Mainland China	Remarks
		Company name	Relationship (Note 1)											
0	The Company	Twinahead International Material Co., Ltd.	1	324,000	33,290	33,290	-	-	0.32	648,000	N	N	N	
0	The Company	Superkuma International Co., Ltd.	1	324,000	126,000	126,000	-	-	1.23	648,000	N	N	N	
0	The Company	Jusheng Co., Ltd.	1	324,000	31,835	31,835	-	-	0.31	648,000	N	N	N	
0	The Company	Chief-Go Co., Ltd.	1	324,000	99,786	99,786	-	-	0.97	648,000	N	N	N	
0	The Company	Quan Shao Industrial Co., Ltd.	1	324,000	24,302	24,302	-	-	0.24	648,000	N	N	N	
0	The Company	Quan Cheng Industrial Co., Ltd.	1	324,000	7,560	7,560	-	-	0.07	648,000	N	N	N	
0	The Company	Quan Young Engineering Co., Ltd.	1	324,000	6,326	6,326	-	-	0.06	648,000	N	N	N	

Note 1: Companies with which the Company transacts.

Note 2: This is in accordance with the Company's Regulations for Making of Endorsements and Guarantees, which cap the Company's provision of endorsement and guarantee at 40% of the Company's paid-in capital, and which also cap the Company's provision of endorsement and guarantee for a single enterprise at 20% of the Company's paid-in capital.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Marketable Securities Held at the End of Period

December 31, 2024.

Appendix Table 3

Unit: NT$ thousand, unless otherwise stated

Investor	Type and name of marketable securities	Relationship with the securities issuer	General ledger account	End of Period				Remarks
				Shares/units	Book value	Shareholding Percentage (%)	Fair value	
The Company	Fund benefit certificate							
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss-current	22,232,970	$314,541	-	$314,541	
	Fubon Jixiang Money Market Fund		Financial assets at fair value through profit or loss-current	6,164,810	100,682	-	100,682	
					$415,223		$415,223	
	Common shares							
	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Financial assets at fair value through other comprehensive income - current	3,668,477	$ 87,677	1.14	$ 87,677	
	China Steel Structure Co., Ltd.		Financial assets at fair value through other comprehensive income - current	5,000,000	253,000	2.50	253,000	
	Aerospace Industrial Development Corporation		Financial assets at fair value through other comprehensive income - current	1,000,000	44,850	0.11	44,850	
					$385,527		$385,527	
	Common shares							
	CANDO		Financial assets at fair value through other comprehensive income - non-current	3,520,359	$ -	0.90	$ -	Note1
	Hua Nan Investment Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	85,887	-	15.85	-	Note2
	SHIN CHOU ENTERPRISE CO.,		Financial assets at fair value through other	2,850,000	19,391	15.00	19,391	

	LTD.		comprehensive income - non-current					
	ASIA HEPATO GENE CO.		Financial assets at fair value through other comprehensive income - non-current	333,250	2,089	3.84	2,089	
	RISING CHEMICAL CO., LTD.		Financial assets at fair value through other comprehensive income - non-current	1,080,000	7,951	5.14	7,951	
					$ 29,431		$ 29,431	
Dmass Investment International Co., Ltd	Common shares							
	SELATAN COATING & INSULATION SDN.BHD		Financial assets at fair value through other comprehensive income - non-current	50,000	$ 149	10.00	$ 149	

Note 1: Declared bankrupted by the bank.

Note 2: Suspended operations.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

January 1 through December 31, 2024.

Appendix Table 4

Unit: NT$ thousand, unless otherwise stated

Purchase from (sale to)	Transaction counterparty	Relationship	Transaction details				Occurrence of transaction terms other than those for an arms-length transaction and reasons therefor		Notes/Accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio to total purchase (sales) (%)	Credit period	Unit price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Sales	$429,599	4.51	The credit periods average 90 days to 100 days.	$ -	-	$120,253	4.82	-
	Continental Coatings, Inc.	Subsidiary	Sales	276,348	2.90	The credit periods average 90 days to 100 days.	-	-	88,868	3.56	Note
	Yung Few Paint Co., Ltd.	Substantive related party	Sales	129,392	1.36	The credit periods average 90 days to 180 days.	-	-	71,668	2.87	-
	Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Subsidiary	Sales	100,947	1.06	The credit periods average 90 days to 100 days.	-	-	35,317	1.41	Note
Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Fellow subsidiary	Sales	129,242	1.36	The credit periods average payment at sight to 30 days.	-	-	3,311	0.13	Note

Note: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Receivables due from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2024.

Appendix Table 5

Unit: NT$ thousand, unless otherwise stated

Company from which receivables are due	Transaction counterparty	Relationship	Item	Balance of receivables due from related parties	Turnover rate	Overdue receivables due from related parties		Receivables due from related party that were recovered after the reporting period	Appropriated allowance for bad debt
						Amount	Handling method		
The Company	Sheng Yu Steel Co., Ltd.	The Company assumes the key management role in other company.	Accounts receivable	$ 120,253	3.71	$ -	-	$ 34,260	$ 2,454
Yung Chi Paint & Varnish Mfg. (Kunshan) Co., Ltd.	Yung Chi Paint & Varnish Mfg. (Jiaxing) Co., Ltd.	Fellow subsidiary	Other receivables	223,771	- (Note)	-	-	-	-

Note: Other receivables.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

The business relationship and major transactions between the parent company and its subsidiaries

January 1 through December 31, 2024.

Appendix Table 6

Unit: NT$ thousand, unless otherwise stated

No.	Company name	Counterparty	Relationship with the company	Transaction details			
				General ledger account	Amount	Transaction terms	Ratio to consolidated total operating revenues or total assets (%)
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Sales	$ 100,947	The credit periods average 90 days to 100 days.	1.06
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Accounts receivable	35,317	The credit periods average 90 days to 100 days.	0.30
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Other receivables	10,996	The credit periods average 90 days to 100 days.	0.09
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Parent company to subsidiary	Purchase	95,228	The credit periods average 60 days to 90 days.	1.00
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Parent company to subsidiary	Sales	71,792	The credit periods average 90 days to 100 days.	0.75
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Parent company to subsidiary	Sales	46,947	The credit periods average 90 days to 100 days.	0.49
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Parent company to subsidiary	Accounts receivable	13,892	The credit periods average 90 days to 100 days.	0.12
0	The Company	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Parent company to subsidiary	Other receivables	14,823	The credit periods average 90 days to 100 days.	0.13
0	The Company	Continental Coatings, Inc.	Parent company to subsidiary	Sales	276,348	The credit periods average 90 days to 100 days.	2.90
0	The Company	Continental Coatings, Inc.	Parent company to subsidiary	Accounts receivable	88,868	The credit periods average 90 days to 100 days.	0.75
1	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Subsidiary to subsidiary	Sales	129,242	The credit periods average payment at sight to 30 days.	1.36

1	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Subsidiary to subsidiary	Processing income	12,792	The credit periods average payment at sight to 30 days.	0.13
2	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Subsidiary to subsidiary	Sales	64,068	The credit periods average 90 days to 100 days.	0.67
2	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Subsidiary to subsidiary	Other receivables	223,771	According to the contract	1.89

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on investees

January 1 through December 31, 2024.

Appendix Table 7

Unit: NT$ thousand, unless otherwise stated

Name of investor	Investee	Region	Main business line	Original investment amount		Held at the period-end			Net Profit (Loss) of Investee Company in the period	Investment Gains (Losses) Recognized in the Period	Remarks
				End of This Period	End of This Period End of Previous Year	Shares	Percentage (%)	Book value			
The Company	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	$ 652,182	$ 652,182	16,714,658	94	$ 2,767,705	$ 23,547	$ 22,151	Subsidiary (Note)
The Company	Cmass Investment Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	891,595	63,755	63,755	Subsidiary (Note)
The Company	Emass Investment International Co., Ltd	Samoa	Professional investment company	858,390	858,390	22,020,000	100	644,429	4,132	4,132	Subsidiary (Note)
The Company	PPG Yung Chi Coatings Co., Ltd	Vietnam	Paint and pigments manufacture	30,797	30,797	-	35	27,399	2,327	814	Associate
Cmass Investment Co., Ltd	Dmass Investment International Co., Ltd	Samoa	Professional investment company	755,921	755,921	23,800,000	100	893,074	63,749	63,749	Subsidiary (Note)
Emass Investment International Co., Ltd	Yung Chi America Corp	USA	Professional investment company	858,390	858,390	2,202,000	100	661,022	4,131	4,131	Subsidiary (Note)
Yung Chi America Corp	Continental Coatings, Inc.	USA	Sale and processing of paints	507,554	507,554	10,736,000	100	338,476	9,023	9,023	Subsidiary (Note)
Dmass Investment International Co., Ltd	Bmass Investment Co., Ltd	British Virgin Islands	Professional investment company	138,420	138,420	1,053,408	6	174,621	23,547	1,396	Subsidiary (Note)
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Vietnam)	Vietnam	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	488,081	488,081	-	100	512,366	61,558	61,558	Subsidiary (Note)
Dmass Investment International Co., Ltd	YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	Malaysia	Manufacture and sale of paints	383,127	383,127	44,552,170	100	187,833	12	12	Subsidiary (Note)
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Malaysia)	TLT Engineering Sdn Bhd	Malaysia	Thermal insulation and painting projects	16,011	16,011	1,960,000	49	6,686	(2,935)	(1,438)	Associate

Note: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD and Subsidiaries

Information on Investments in Mainland China

January 1 through December 31, 2024.

Appendix Table 8

Unit: NT$ thousand, unless otherwise stated

Investee in Mainland China	Main business line	Paid-in Capital	Method of investment	Accumulated amount of investments from Taiwan at the beginning of current period	Amount of investments remitted or recovered in this period		Accumulated amount of investments from Taiwan at the end of period	Profit (loss) of investee in the current period (Note 1)	The Company's shareholding of direct or indirect investment	Investment gains of losses recognized in current period (losses)	Investment book value at the end of the period	Profit received from investments as of the end of current period	Remarks
					Outflow	Inflow							
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Kunshan)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	$ 493,722	Investment in China through a company in a third region	$ 483,140	$ -	$ -	$ 483,140	$ 141,926	100.00	$ 141,926	$ 1,690,893	$ 1,366,447	Note 5
YUNG CHI PAINT & VARNISH MFG. CO., LTD. (Jiaxing)	Manufacture and sale of paints and undertaking of coating and painting engineering projects.	1,517,013	Investment in China through a company in a third region	158,460	-	-	158,460	(118,525)	100.00	(118,525)	1,249,762	-	Note 5

Name of investor	Accumulated amount of investments from Taiwan to Mainland China at the end of period (Note 2)	Investment amount approved by the Investment Review Committee, MOEA (Note 3)	Limit on the Company's investment in China (Note 4)
The Company	$ 652,182	$ 1,211,195	$ 6,158,516

Note 1: The investment gain or loss is recognized based on the Taiwan parent's financial statements audited and attested by CPAs.

Note 2: The accumulated investment amount remitted from Taiwan to Bmass at the end of this year was US$20,132 thousand, but the amount actually invested in YUNG CHI Kunshan and YUNG CHI Jiaxing by Bmass was US$14,687 thousand and US$ 5,132 thousand, respectively.

Note 3: This is the amount converted using the exchange rates at the end of December 2024.

Note 4: Calculated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" promulgated by the Investment Review Committee on August 29, 2008: Net worth $10,264,194×60% = $6,158,516.

Note 5: Written off during compiling the consolidated financial statements.

YUNG CHI PAINT & VARNISH MFG. CO., LTD

Information on Major Shareholders

December 31, 2024.

Appendix Table 9

Name of major shareholder	shares	
	Number of shares held (shares)	Shareholding percentage
Yong Ying Investment Co., Ltd.	36,698,653	22.65%
Chang Te-Hsiung	12,248,846	7.56%
CITI Bank as the custodian of the dedicated investment account of Yuanta Securities	12,167,000	7.51%
Chang Te-Jen	11,529,971	7.11%
Chang Te-Sheng	10,365,996	6.39%
Huang Hsiang-Hui	9,336,101	5.76%