CHIH LIEN INDUSTRIAL CO., LTD.

Stock Code: 2024

2024

Annual Report

Prepared by CHIH LIEN INDUSTRIAL CO., LTD.

Published on May 3, 2025

The website for this Annual Report:http://mops.twse.com.tw
or http://www.chihlien.com.tw

I. Spokesperson of the Company

Name: Hsin-An Lin
Job Title: Vice President
Tel.: (03)477-2797 ext. 3008
E-mail: andylin@mail.chihlien.com.tw

Acting spokesperson of the Company

Name: Po-Han Huang
Job Title: Manager, Finance Department
Tel.: (03)477-2797 ext. 3006
E-mail:allen@mail.chihlien.com.tw

II. Address and telephone number of head office, branch office and plant

Head Office Address: No. 480, Zhongxing Road, Xinwu District, Taoyuan City
Tel.: (03)477-2797
Plant Address: No. 480, Zhongxing Road, Xinwu District, Taoyuan City
Tel.: (03)477-2797

III. Name, address and telephone number of the stock transfer agency

Name: CAPITAL SECURITIES CORP.
Address: B2, No. 97, Section 2, Dunhua South Road, Da’an District, Taipei City
Website: http://agency.capital.com.tw
Tel.: (02)2702-3999

IV. Attesting CPAs

Name of CPAs: Po-Shu Huang, Chung-Shun Wu
CPA Firm: KPMG
Address: Floor 68, No. 7, Section 5, Xinyi Road, Taipei City
Website: http://www.kpmg.com.tw
Tel.: (02)8101-6666

V. Name of the offshore exchange where the Company's securities are listed, and the method by which to access information on the offshore securities:

Not applicable

VI. Company Website: http://www.chihlien.com.tw

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One. Letter to Shareholders

I. 2024 Business Implementation Overview (The following figures are prepared on an unconsolidated financial reporting basis)

(I) Business plan implementation results

The Company's net sales for 2024 were $1,096,748 thousand, up 20% from $916,429 thousand in 2023. Operating gross profit was $84,834 thousand, up 364% from $18,285 thousand in 2023. Net operating income $16,504 thousand, up 172% from operating loss $45,234 thousand in 2023. Net non-operating income (expense) increased by $9,341 thousand compared with 2023. Net profit after tax for 2024 was $15,924 thousand, up 129% from net loss after tax of $54,787 thousand in 2023.

(II) Operating receipts and expenditures, budget execution and profitability analysis

1. The Company did not disclose financial forecast for 2024, so it is not applicable to disclose budget execution.
2. Financial receipts and expenditures and profitability analysis

Unit: Thousands of NTD

Financial receipts and	Amount (Thousands of	Profitability item	%
Net operating revenue	1,096,748	Return on assets	0.88%
Operating gross profit	84,834	Return on equity	1.74%
Operating expenses	68,330	Operating Income to paid-in capital ratio	1.69%
Net operating profit	16,504	Pre-tax income to paid-in capital (%)	1.71%
Net non-operating	178	Profit margin	1.52%
Net profit (loss) before	16,682	Earnings (loss) per share (NT$)	0.16

Note:

Compared to 2023, the steel industry in 2024 exhibited signs of recovery from its trough, with market demand gradually improving from the second quarter onward. In response, Chihlien Corporation benefited from its inventory policy adjustments initiated in 2023, effectively reducing high-cost inventories in 2024 and progressively restoring its gross profit margins to industry norms. Furthermore, the company optimized production line scheduling in 2024, enhancing production efficiency and effectiveness. Amid a downward trend in market prices, Chihlien effectively managed costs, thereby strengthening its overall profitability.

(III) R&D status:

1. The Company plans to introduce the QT equipment to increase product diversity.
2. Evaluate the new quality testing equipment to ensure product stability.

II. 2025 Business Plan Summary

(I) Business Policy

1. Provide education and training for young employees, to improve the quality of human resources, and to enhance overall competitiveness.
2. Pursue innovation and breakthrough, cost-conscious, teamwork, benefit-sharing, employee care and shareholder feedback.
3. Enhance capacity utilization, actively expand overseas markets, improve product yields, and refine various production processes.
4. Implement the management philosophy of "Innovation, Growth, Service, and Human Harmony" to achieve the annual target.

(II) Business Target

Compared to 2024, the sales volume target for this year is expected to increase slightly.

(III) Important production and sales policy

1. Maintain the quality of our business and improve the breadth, competitiveness and profitability of our products.
2. Expand the proportion of export sales and direct customers, and provide customers with better quality bar and wire materials.
3. Increase the breadth and depth of steel wire products, such as the market of spheroidized wire for large diameter motorcycle fasteners and the development of wire for small diameter oil seals.

(IV) Effect of external competition, legal environment, and overall business environment.

1. External competition

   The external environment is still highly competitive. The Company will continue to strive for self-improvement, refine its process capabilities and improve product yields, and try to move towards new products and equipment, and move towards high value-added products.
2. Legal environment

   The Company has implemented various management measures in accordance with the laws and regulations related to labor, occupational safety, environmental protection, accounting, and taxation, and no significant changes in the legal environment have affected its financial operations in the recent year.
3. Overall business:

   Although global demand in the manufacturing sector has yet to fully recover, the overall economy continues to exhibit moderate growth, and demand is expected to gradually pick up. Considering that inventory adjustments in downstream industries are still ongoing, China Steel Corporation plans to continue promoting a variety of supportive measures to help customers secure orders, thereby stabilizing confidence within the domestic downstream steel industry.

   In addition, following the inauguration of the new U.S. President, a series of economic policies have been proposed. Among them, the imposition of a 25% tariff on steel imports into the United States is expected to drive up steel prices. Furthermore, with increasing prospects for a ceasefire in the Russia-Ukraine war, opportunities related to post-war reconstruction are anticipated to emerge.

(V) Future development strategy of the Company

1. Introduce new type of steel bar equipment and develop new niche products to reduce the risk of transition competition of existing products.
2. Invest in Southeast Asian countries to set up plants or business bases to reduce tariff barriers and adjust the overseas market deployment.

Chairperson: Chung-Liang Pan

Two. Corporate Governance Report

I. Information on directors, president, vice presidents, assistant VP, and officers of departments and branches

(I) Information on directors

March 31, 2025

Job Title	Name	Nationality or place of registration	Gender Age	Date elected	Term of office	Date first elected	Shareholdings when elected		Shareholding at present		Shareholding of spouse and dependents at present		Shareholding in the name of others	
							Number of shares	Shareholding percentage	Number of shares	Shareholdings percentage	Number of shares	Shareholdings percentage	Number of shares	Shareholdings percentage
Chairperson	Dasheng International: Representative: Chung-Liang Pan	R.O.C.	Male 71 ~ 75 years old	2021.8.25	3 years	2011.06.04 2019.10.22	10,468,000 1,635,843	10.73% 1.68%	11,183,000 5,610,843	11.46% 5.75%	4,229,000	4.33%	2,049,000	2.10%
Director	Dasheng International: Representative: Teng-Li Wang	R.O.C.	Male 61 ~ 65 years old	2024.05.30	3 years	2011.06.04 2024.05.30	10,468,000 0	10.73% 0%	11,183,000 0	11.46% 0%	-	-	-	-
Director	Renhe International: Representative: Hsiao-Chueh Hsieh	R.O.C.	Female 61 ~ 65 years old	2021.8.25	3 years	2011.06.04 2020.01.06	9,910,000 2,200,000	10.16% 2.26%	10,568,000 4,229,000	10.83% 4.33%	5,610,843	5.75%	-	-
Director	Renhe International: Representative: Hsin-An Lin	R.O.C.	Male 56 ~ 60 years old	2024.05.30	3 years	2011.06.04 2024.05.30	9,910,000 30,000	10.16% 0.003%	10,568,000 30,000	10.83% 0%	2,883	0%	-	-

Independent Director	Chung-Yu Wang	R.O.C.	Male 76 ~ 80 years old	2021.8.25	3 years	2021.08.25	0	0%	0	0%	-	-	-	-
Independent Director	Shu-Chin Liang	R.O.C.	Female 66 ~ 70 years old	2021.8.25	3 years	2021.8.25	0	0%	0	0%	-	-	-	-
Independent Director	Cheng-Hsiung Hsieh	R.O.C.	Male 71 ~ 75 years old	2024.05.30	3 years	2024.05.30	0	0%	0	0%	-	-	-	-

March 31, 2025

Job Title	Name	Major education and experience	Concurrent positions in the Company and other companies at present	Spouse or relatives within second degree of kinship who are managerial officers or directors of the Company			Remark
				Job Title	Name	Relationship	
Chairperson	Dasheng International: Representative: Chung-Liang Pan	Taipei Shixin High School / Chairperson of JUNE LAI METAL CO., LTD.	Chairperson of Chairperson of JUNE LAI METAL CO., LTD. / Chairperson of Dasheng International Investment Co., Ltd. / Chairperson of Renhe International Investment Co., Ltd.	Director	Hsiao-Chueh Hsieh	Spouses	
Director	Dasheng International: Representative: Teng-Li Wang	Department of Industrial Management Science, National Cheng Kung University / President of TA CHONG SECURITIES / Senior Vice President of TAISHIN SECURITIES / President of TACHAN SECURITIES	None	—	—	—	
Director	Renhe International: Representative: Hsiao-Chueh Hsieh	EMBA Business Management Program, National Chengchi University / Vice President of JUNE LAI METAL CO., LTD.	Chairperson of Renhe International Investment Co., Ltd. / Independent Director of Shihlin Paper Corporation / Director of Dasheng International Investment Co., Ltd.	Chairperson	Chung-Liang Pan	Spouses	
Director	Renhe International: Representative: Hsin-An Lin	National Chengchi University Business Leadership Class / Manager of INTERFACE COMMUNICATION CO., LTD. Manager of ERA WORLD PUBLISHING LIMITED	Vice President of CHIH LIEN	—	—	—	
Independent Director	Chung-Yu Wang	Department of Chemical Engineering, Chung Yuan University / Executive Fellowship, Harvard University / Chairperson of China Steel & TONG LUNG METAL & Kaohsiung Rapid Transit Corporation / Independent	Director of CX TECHNOLOGY CORPORATION /	—	—	—	

		Director of CTBC Bank & Chunghwa Telecom / Legislator of the 5th Term					
Independent Director	Shu-Chin Liang	Master of Business Administration, National Taiwan University of Science and Technology / Supervisor of SOUTH CHINA INSURANCE CO., LTD. / Manager of Consumer Credit Management Department, Hua Nan Commercial Bank / Manager of Shinwell Branch, Hua Nan Commercial Bank	Independent Director of Enliven Therapeutics, Inc.	—	—	—	
Independent Director	Cheng-Hsiung Hsieh	Department of Economics, Soochow University / President of TAIWAN. COOPERATIVE BILLS FINANCE CORPORATION	Credit Review Committee member of Agricultural Bank of Taiwan	—	—	—	

Schedule 1: Major shareholders of corporate shareholders

March 31, 2025

Name of corporate shareholders	Major shareholders of corporate shareholders
Dasheng International Investment Co., Ltd.	JUNE LAI METAL CO., LTD. (53%), Shu-Hui Lai (12%), Chung-Liang Pan (11%), Tung-Ching Pan (11%), Kuo-Ming Chen (5%)
Renhe International Investment Co., Ltd.	JUNE LAI METAL CO., LTD. (53%), Jung-Chung Chen (12%), Hsiao-Chueh Hsieh (11%), Tung-Ching Pan (11%), Kuo-Ming Chen (5%)

Schedule 2: Where the major shareholders are corporations in Schedule 1, the major shareholders

March 31, 2025

Name of corporate shareholders	Major shareholders of corporates
JUNE LAI METAL CO., LTD.	Hsiao-Chueh Hsieh (50%), Chung-Liang Pan (46%), Kuan-Hua Pan (3%), Ko-Hua Pan (1%)

(II) Information on professional qualification of directors and independence of independent directors

Criteria / Name	Professional qualification and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Director Chung-Liang Pan	Chairperson of JUNE LAI METAL CO., LTD. / Chairperson of TAIWAN STEEL WIRE & WIRE ROPE INDUSTRIES ASSOCIATION (Without any of the circumstances under Article 30 of the Company Act)	Spousal relationship with Director Hsiao-Chueh Hsieh	0
Teng-Li Wang Director	Department of Industrial Management Science, National Cheng Kung University / President of TA CHONG SECURITIES / Senior Vice President of TAISHIN SECURITIES / President of TACHAN SECURITIES (Without any of the circumstances under Article 30 of the Company Act)	● Without any of the circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act	0
Hsiao-Chueh Hsieh Director	EMBA Business Management Program, National Chengchi University / Vice President of JUNE LAI METAL CO., LTD. / Independent Director of Shihlin Paper Co. Ltd. (Without any of the circumstances under Article 30 of the Company Act)	Spousal relationship with Director Chung-Liang Pan	1
Hsin-An Lin Director	National Chengchi University Business Leadership Class / Vice President of CHIH LIEN (Without any of the circumstances under Article 30 of the Company Act)	● Without any of the circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act	0
Chung-Yu Wang Independent Director	Department of Chemical Engineering, Chung Yuan University / Chairperson of China Steel Independent Director of CTBC Bank & GlobalWafers Co., Ltd / Legislator of the 5th Term (Without any of the circumstances under Article 30 of the Company Act)	● Without any of the circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act ● Without any of the circumstances under Note 2	0

Shu-Chin Liang Independent Director	Master of Business Administration, National Taiwan University of Science and Technology / Supervisor of SOUTH CHINA INSURANCE CO., LTD. / Manager of Consumer Credit Management Department, Hua Nan Commercial Bank / Independent Director of Enliven Therapeutics, Inc. → Formerly serviced in the affiliates of Hua Nan Financial Holdings Co., Ltd. with accounting or financial expertise (Without any of the circumstances under Article 30 of the Company Act)	● Without any of the circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act ● Without any of the circumstances under Note 2	1
Cheng-Hsiung Hsieh Independent Director	Department of Economics, Soochow University / President of TAIWAN. COOPERATIVE BILLS FINANCE CORPORATION (Without any of the circumstances under Article 30 of the Company Act)	● Without any of the circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act ● Without any of the circumstances under Note 2	0

(III) Diversity and Independence of Board of Directors

1. Diversity of the Board of Directors:

(1) Diversity Policy:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company's Board of Directors' on 2021.9.29 made the latest amendments to the "**Corporate Governance Best Practices Principles**" for a total of 61 articles, of which Article 20: Diversity for the composition of the Board of Directors should be taken into considerations, and in addition to the requirement that the number of directors who also serve as the Company's managerial officers should not exceed one-third of the number of directors, appropriate diversity guidelines for its operations, business model and development should be formulated, including but not limited to the following two major criteria:

A. Basic criteria and values: gender, age, nationality and culture, etc.

B. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

(2) Specific management objectives.

The Board of Directors of the Company shall direct the Company's strategy, supervise the management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with the law, the provisions of the Company's Articles of Incorporation, or the resolutions of the shareholders' meetings. The members of the Board of Directors of the Company possess the knowledge, skills, and education necessary for the execution of their business, as well as the ability to make decisions and manage the industry. The Company continues to arrange diversified training programs for its Board members to enhance the quality of their decision-making and supervisory skills, and to strengthen the Board of Directors' functions. In addition, the Company also emphasizes gender equality in the composition of the Board of Directors, with at least one female director.

(3) The implementation of diversity of the Board of Directors members at present is as follows:

The current Board of Directors consists of seven directors, each of whom possesses the abilities according to their education and experience and the related implementation status as follows:

Core item of diversity	Basic composition							Industry experience				Professional competence			
				Age			Years of service as an independent director								
Name of director	Nationality	Gender	Concurrently an employee of the Company	40 ~ 55 years old	56 ~ 70 years old	71 ~ 85 years old	Less than 3 years	Operational judgment	Business management	Leadership and decision making	Industry knowledge	Finance and accounting	Legal affairs	Commerce	Risk management
Chung-Liang Pan	R.O.C.	Male	-			√	-	√	√	√	√			√	√
Teng-Li Wang	R.O.C.	Male	-		√		-	√	√	√	√	√		√	√
Hsiao-Chueh Hsieh	R.O.C.	Female	-		√		-	√	√	√	√	√		√	√
Hsin-An Lin	R.O.C.	Male	√		√		-	√	√	√	√			√	√
Chung-Yu Wang	R.O.C.	Male	-			√	√	√	√	√	√			√	√
Shu-Chin Liang	R.O.C.	Female	-		√		√	√	√	√	√	√		√	√
Cheng-Hsiung Hsieh	R.O.C.	Male	-	-	√	-	√	√	√	√	√	√	-	√	√

Note: Percentage of female directors: 2/7 (29%) Given the particular nature of the steel industry, professionals with relevant expertise are predominantly male. Moving forward, the Company remains committed to enhancing the implementation of its board diversity policy.

1. Independence of the Board of Directors:

    (1) The total number of independent directors is 3, accounting for 43% of all of the 7 directors.

    (2) None of the 7 directors have any of the circumstances under Article 30 of the Company Act.

    (3) None of the 7 directors, except that Chung-Liang Pan and Hsiao-Chueh Hsieh are spouses, have any of the circumstances under of Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.; that is, none of the other 4 directors are related to each other as spouses or relatives within the second degree of kinship.

    (4) Percentage of directors who are concurrently employees of the Company: 1/7 (14%)

(IV) Information on president, vice presidents, assistant VP, and officers of departments and branches

March 31, 2025

Job Title	Nationality	Name	Gender Age	Date assuming office	Shareholding		Shareholding of spouse and dependents		Shareholding in the name of others		Major education and experience	Concurrent positions in other companies at present	Spouse or relatives within second degree of kinship who are managerial officers of the Company			Remark
					Number of shares	Shareholdings percentage	Number of shares	Shareholdings percentage	Number of shares	Shareholdings percentage			Job Title	Name	Relationship	
President	R.O.C.	Chen-Wang Hsieh	Male 66 ~ 70 years old	2018.8.29	0	0	0	0	-	-	Industrial Management Department, Tamsui College of Business and Administration, CHIH LIEN (Vice President / Manager / Plant Manager)	None	-	-	-	Note 1
Vice President	R.O.C.	Hsin-An Lin	Male 56 ~ 60 years old	2023.9.1	30,000	0.003%	2,883	0.000%	-	-	National Chengchi University Business Leadership Class, Manager of INTERFACE COMMUNICATION CO., LTD. Manager of ERA WORLD PUBLISHING LIMITED	None	-	-	-	Note 1
Assistant VP	R.O.C.	Ming-Yuan Chiu	Male 61 ~ 65 years old	2011.4.1	0	0	0	0	-	-	Department of Accounting, National Cheng Kung University, CHIH LIEN (Manager)	None	-	-	-	Note 2
Assistant VP	R.O.C.	Huan Chang	Male 56 ~ 60 years old	2011.4.1	0	0	0	0	-	-	Department of International Trade, Fu Jen Catholic University, CHIH LIEN (Manager/Plant Manager)	None	-	-	-	-
Financial Officer	R.O.C.	Po-Han Huang	Male 30 ~ 35 years old	2024.7.1	1,000	0.000%	0	0	-	-	Department of Accounting, Chung Yuan Christian University; Assistant Manager, PwC Taiwan; President assistant, ZIRCO APPLIED MATERIALS CO., LTD	None	-	-	-	Note 2

Note 1: President Chen-Wang Hsieh retired on February 29, 2024, and Vice President Hsin-An Lin served as the acting President starting March 1, 2024.
Note 2: Assistant VP Ming-Yuan Chiu retired on June 30, 2024, and Manager Po-Han Huang was appointed as the Financial Officer on July 1, 2024.

II. Remuneration for directors, president and vice presidents in the most recent year (names and remuneration are disclosed individually)

(I) Remuneration for regular and independent directors

Unit: Thousands of NTD

Job Title	Name	Remuneration for directors								Sum of A, B, C and D and their ratio to the net profit after tax	
		Base remuneration (A)		Severance and pension (B)		Profit-sharing remuneration for directors (C)		Business execution expenses (D)			
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Chairperson	Dasheng (Representative: Chung-Liang Pan) (18th - 19th term)	1,015	1,015	-	-	133	133	615	615	1,763	11.07 %
Director	Dasheng (Representative: Yi-Sheng Tseng) (18th term)	-	-	-	-	53	53	6	6	59	0.37 %
Director	Dasheng (Representative: Teng-Li Wang) (19th term)	-	-	-	-	80	80	24	24	104	0.65 %
Director	Renhe (Representative: Hsiao-Chueh Hsieh) (18th - 19th term)	-	-	-	-	133	133	33	33	166	1.04 %
Director	Renhe (Representative: Hsin-An Lin) (19th term)	-	-	-	-	80	80	24	24	104	0.65 %
Director	PROSPERITY DID (Representative: Kao-Huang Lin) (18th term)	-	-	-	-	53	53	9	9	62	0.39 %
Independent Director	Chung-Yu Wang (18th - 19th term)	416	416	-	-	-	-	27	27	443	2.78 %
Independent Director	Shu-Chin Liang (18th - 19th term)	416	416	-	-	-	-	36	36	452	2.84 %
Independent Director	Cheng-Hsiung Hsieh (19th term)	257	257	-	-	-	-	24	24	281	1.76 %

Job Title	Name (Note 1)	Remuneration for the concurrent position as an employee								Sum of A, B, C, D, E, F and G and their ratio to the net profit after tax		Remuneration from investees other than subsidiaries or parent company
		Salary, bonus, special allowance (E)		Severance and pension (F)		Profit-sharing remuneration for employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
						Cash amount	Stock amount	Cash amount	Stock amount			
Chairperson	Dasheng (Representative: Chung-Liang Pan) (18th - 19th term)	-	-	-	-	-	-	-	-	1,763	11.07 %	None
Director	Dasheng (Representative: Yi-Sheng Tseng) (18th term)	-	-	-	-	-	-	-	-	59	0.37 %	None
Director	Dasheng (Representative: Teng-Li Wang) (19th term)	-	-	-	-	-	-	-	-	104	0.65 %	None
Director	Renhe (Representative: Hsiao-Chueh Hsieh) (18th - 19th term)	-	-	-	-	-	-	-	-	166	1.04 %	None
Director	Renhe (Representative: Hsin-An Lin) (19th term)	1,543	1,543	66	66	21	-	21	-	1,755	11.02 %	None
Director	PROSPERITY DID (Representative: Kao-Huang Lin) (18th term)	-	-	-	-	-	-	-	-	62	0.39 %	None
Independent Director	Chung-Yu Wang (18th - 19th term)	-	-	-	-	-	-	-	-	443	2.78 %	None
Independent Director	Shu-Chin Liang (18th - 19th term)	-	-	-	-	-	-	-	-	452	2.84 %	None
Independent Director	Cheng-Hsiung Hsieh (19th term)	-	-	-	-	-	-	-	-	281	1.76 %	None

Note 1: The policy, system, standard and package of remuneration for independent directors are described in detail on P.20~21 of this Annual Report

Remuneration range table

Remuneration ranges for the directors of the Company	Name of director			
	Total amount of the four remunerations (A+B+C+D)		Total amount of the seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than $1,000,000	Regular Directors: Hsiao-Chueh Hsieh, Yi-Sheng Tseng, Hsin-An Lin, Teng-Li Wang, Kao-Huang Lin Independent Director: Chung-Yu Wang, Shu-Chin Liang, Cheng-Hsiung Hsieh	Regular Directors: Hsiao-Chueh Hsieh, Yi-Sheng Tseng, Hsin-An Lin, Teng-Li Wang, Kao-Huang Lin Independent Director: Chung-Yu Wang, Shu-Chin Liang, Cheng-Hsiung Hsieh	Regular Directors: Hsiao-Chueh Hsieh, Yi-Sheng Tseng, Teng-Li Wang, Kao-Huang Lin Independent Director: Chung-Yu Wang, Shu-Chin Liang, Cheng-Hsiung Hsieh	Regular Directors: Hsiao-Chueh Hsieh, Yi-Sheng Tseng, Teng-Li Wang, Kao-Huang Lin Independent Director: Chung-Yu Wang, Shu-Chin Liang, Cheng-Hsiung Hsieh
$1,000,000 (inclusive) ~ $2,000,000 (exclusive)	Regular Director: Chung-Liang Pan	Regular Director: Chung-Liang Pan.	Regular Director: Chung-Liang Pan, Hsin-An Lin	Regular Director: Chung-Liang Pan, Hsin-An Lin
$2,000,000 (inclusive)～$3,500,000 (exclusive)				
$3,500,000 (inclusive)～$5,000,000 (exclusive)				
$5,000,000 (inclusive)～$10,000,000 (exclusive)				
$10,000,000 (inclusive)～$15,000,000 (exclusive)				
$15,000,000 (inclusive)～$30,000,000 (exclusive)				
$30,000,000 (inclusive)～$50,000,000 (exclusive)				
$50,000,000 (inclusive)～$100,000,000 (exclusive)				
More than $100,000,000				
Total	3,434	3,434	5,085	5,085

Note 1: Refers to directors' remuneration in the most recent fiscal year, including salaries, position allowances, severance payments, various bonuses, incentives, etc.

Note 2: Refers to the amount of directors' compensation distributed in the most recent fiscal year as approved by the Board of Directors.

Note 3: Refers to directors' business execution-related expenses in the most recent fiscal year, including transportation allowances, special expense accounts, various stipends, housing, company vehicles, and other in-kind benefits. If housing, vehicles, or other transportation tools or personal-use expenditures are provided, the nature and cost of the assets, as well as the actual or fair market rental value, fuel costs, and other payments must be disclosed. Chairman Pan Chung-Liang is provided with a chauffeur, with total compensation of NT$550,000 in 2024.

Note 4: Refers to directors who concurrently serve as employees (including those also serving as General Manager, Deputy General Manager, other managerial personnel, or employees) and receive salaries, position allowances, severance payments, various bonuses, incentives, transportation allowances, special expense accounts, various stipends, housing, company vehicles, and other in-kind benefits. If housing, vehicles, or other transportation tools or personal-use expenditures are provided, the nature and cost of the assets, as well as the actual or fair market rental value, fuel costs, and other payments must be disclosed. If a chauffeur is provided, the company shall also disclose the remuneration paid to the chauffeur, which shall not be included in the director's compensation. In addition, compensation expenses recognized in accordance with IFRS 2 "Share-based Payment," including employee stock warrants, restricted shares, and subscriptions to cash capital increases, shall also be included in remuneration.

Note 5: Refers to directors who concurrently serve as employees and received employee compensation (in stock or cash) in the most recent fiscal year.

Note 6: Net income after tax refers to the net income after tax in the most recent fiscal year based on the standalone or individual financial statements.

＊The remuneration disclosed here is different from the concept of income under the Income Tax Act, therefore, the purpose here is for information disclosure and not for tax return purposes.

(II) Remuneration for president and vice presidents in the most recent year (names and remuneration are disclosed individually)

Unit: Thousands of NTD

Job Title (Note)	Name	Salary (A)		Severance and pension (B)		Bonus and special allowance (C)		Profit-sharing remuneration for employees (D)				Sum of A, B, C and D and their ratio to the net profit after tax (%)		Remuneration from investees other than subsidiaries or parent company
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chen-Wang Hsieh	389	389	11	11	84	84	0	0	0	0	3.04	3.04	None
Vice President	Hsin-An Lin	1,118	1,118	66	66	425	425	21	0	21	0	10.24	10.24	None

Note: President Chen-Wang Hsieh retired on February 29, 2024.

Vice President Hsin-An Lin took office on September 1, 2023. The above remuneration period: 2024.1.1 to 2024.12.31.

Remuneration range table

Remuneration ranges for the president and vice president of the Company	Name of the president and vice president	
	The Company	All companies in the financial statements
Less than $1,000,000	Chen-Wang Hsieh	Chen-Wang Hsieh
$1,000,000 (inclusive) ~ $2,000,000 (exclusive)	Hsin-An Lin	Hsin-An Lin
$2,000,000 (inclusive)～$3,500,000 (exclusive)		
$3,500,000 (inclusive)～$5,000,000 (exclusive)		
$5,000,000 (inclusive)～$10,000,000 (exclusive)		
$10,000,000 (inclusive)～$15,000,000 (exclusive)		
$15,000,000 (inclusive)～$30,000,000 (exclusive)		
$30,000,000 (inclusive)～$50,000,000 (exclusive)		
$50,000,000 (inclusive)～$100,000,000 (exclusive)		
More than $100,000,000		
Total	2,114	2,114

＊The remuneration disclosed here is different from the concept of income under the Income Tax Act, therefore, the purpose here is for information disclosure and not for tax return purposes.

Remuneration for the top five highest paid officers (names and remuneration are disclosed individually)

Job Title (Note)	Name	Salary (A)		Severance and pension (B)		Bonus and special allowance (C)		Profit-sharing remuneration for employees (D)				Sum of A, B, C and D and their ratio to the net profit after tax (%)		Remuneration from investees other than subsidiaries or parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chen-Wang Hsieh	389	389	11	11	84	84	-	-	-	-	3.04	3.04	None
Vice President	Hsin-An Lin	1,118	1,118	66	66	425	425	21	-	21	-	10.24	10.24	None
Assistant VP	Ming-Yuan Chiu	670	670	41	41	4	4	-	-	-	-	4.49	4.49	None
Assistant VP	Huan Chang	1,036	1,036	63	63	332	332	21	-	21	-	9.12	9.12	None
The definition of a manager has not yet been applied to the fifth supervisor.														

Note 1: President Hsieh Chen-Wang retired on February 29, 2024. The remuneration stated above covers the period from January 1, 2024 to February 29, 2024.
Note 2: Assistant Vice President Chiu Ming-Yuan retired on June 30, 2024. The remuneration stated above covers the period from January 1, 2024 to June 30, 2024.
Note 3: The term "Top Five Highest-Paid Managers" refers to company managerial officers. The criteria for identifying managerial officers follow the scope defined in the Financial Supervisory Commission's directive No. 1120384295 dated October 4, 2023. The calculation for identifying the top five highest-paid managers is based on the total amount of salaries, retirement/severance payments, bonuses, special expense accounts, and employee compensation (i.e., the sum of items A + B + C + D) received by managerial officers from all entities included in the consolidated financial statements. The top five are determined based on this total amount. ∗The remuneration disclosed here is different from the concept of income under the Income Tax Act, therefore, the purpose here is for information disclosure and not for tax return purposes.

1. Disclosure of Employee Compensation for Managerial Officers (Individual Disclosure)

Unit: Thousands of NTD, 2024

	Job Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total as % of the Net Income
President	Vice President	Hsin-An Lin	0	21	**63**	**0.39**
	Assistant VP	Huan Chang	0	21		
	Manager	Po-Han Huang	0	21		

2. Comparative Analysis of Total Remuneration Paid to the Company's Directors, President, and Vice Presidents as a Percentage of Net Income After Tax Over the Past Two Fiscal Years, Including Policy, Standards, Structure, and Relevance to Performance and Risk

a. The total remuneration paid to the Company's directors, president, and vice presidents as a percentage of the net income after tax in the standalone financial statements for the past two fiscal years and the corresponding analysis are as follows:

Category	Standalone				Consolidated			
	2024		2023		2024		2023	
	Total Amount	% of Net Income	Total Amount	% of Net Income	Total Amount	% of Net Income	Total Amount	% of Net Income
Directors' Remuneration	2,258	14.18%	2,038	(3.72%)	2,258	14.18%	2,038	(3.72%)
Independent Directors' Remuneration	1,176	7.39%	1,336	(2.44%)	1,176	7.39%	1,336	(2.44%)
President and Vice Presidents' Remuneration	2,114	13.28%	4,838	(8.83%)	2,114	13.28%	4,838	(8.83%)
Net Income After Tax	15,924	-	(54,787)	-	15,924	-	(54,787)	-

(1) The total remuneration paid to the Company's directors (including independent directors) for the fiscal years 2024 and 2023 was NT$3,434 and NT$3,374 respectively. The percentage of these amounts relative to the net income after tax in the standalone financial statements was 21.57% for 2024 and (6.16%) for 2023. The variance is mainly attributed to the significant loss in 2023, while the Company returned to profitability in 2024. Although the directors' remuneration as a percentage of net income after tax increased in 2024, the net income after tax for 2024 improved by approximately 129% compared to 2023. The total amount of directors' remuneration increased by only around 1.8%, with no changes in the fixed transportation allowances. Therefore, the increase in the ratio of directors' remuneration to net income after tax is considered reasonable.

(2) The total remuneration paid to the Company's President and Vice Presidents for the fiscal years 2024 and 2023 was NT$2,114,000 and NT$4,838,000, respectively. The percentage of these amounts relative to the net income after tax in the standalone financial statements was 13.28% for 2024 and (8.83%) for 2023. The variance is mainly attributed to the significant loss in 2023, while the Company

returned to profitability in 2024. Although the remuneration of the President and Vice Presidents as a percentage of net income after tax increased, the gross profit in 2024 was up approximately 364% compared to 2023, and operating profit in 2024 increased by 136% compared to 2023. Moreover, the fixed base salary remained unchanged. Therefore, the increase in the ratio of the President and Vice Presidents' remuneration to net income after tax is considered reasonable.

b. Remuneration Policy, Standards, and Composition, Remuneration Determination Procedure, and the Linkage to Business Performance and Future Risks:

(1) Remuneration Policy, Standards, and Composition:

A. Directors

The remuneration for the Company's directors is determined in accordance with the Company's Articles of Association, Article 23, which authorizes the Board of Directors to set the remuneration based on industry standards, and Article 26, which stipulates that if the Company achieves profits in the annual financial results, 3%–10% shall be allocated for employee remuneration and up to 3% for directors' remuneration, to be decided by the Board of Directors. Additionally, the remuneration is governed by the "Director and Manager Remuneration Policy," and the related performance evaluations and reasonableness of the compensation are reviewed by the Compensation Committee and the Board of Directors.

B. Independent Directors

Fixed Compensation: Monthly salary and attendance fees for functional committees. Independent directors do not participate in the 3% director remuneration allocation described in Article 26 of the Articles of Association.

C. President and Vice Presidents

The remuneration for the President and Vice Presidents includes salary, bonuses, employee compensation, and other benefits. In addition to monthly salary payments, the remuneration is determined in accordance with the Company's "Director and Manager Remuneration Policy." The President and Vice Presidents also receive year-end bonuses based on the Company's "Year-End Bonus Policy," which considers departmental KPIs, closely linked to operational performance metrics such as gross margin and pre-tax net profit. The related performance evaluations and the reasonableness of the compensation are reviewed by the Compensation Committee and the Board of Directors.

(2) Remuneration Determination Procedure:

A. To regularly evaluate the remuneration of directors and managers, the assessments are based on the Company's "Board of Directors Performance Evaluation Guidelines" and the applicable "Performance Management Guidelines" for managers and employees. The remuneration for the Chairman and President is linked to key performance indicators (KPIs), which are submitted to the Board of Directors for approval. In order to demonstrate the achievement of performance indicators, the Chairman's performance evaluation is based on the Company's annual operational, governance, and financial outcomes, including indicators such as pre-tax net profit, customer satisfaction, and corporate governance evaluation. The

President’s performance evaluation covers areas such as operational safety management, overseeing the execution of financial plans, revenue management, talent development, strengthening internal controls, and ensuring quality assurance and management.

B. In 2024, the self-assessment results of the Board, directors, and functional committee members were significantly above the standards. Despite the continuing downturn in the international steel market and the traditional manufacturing industry, the Company adjusted its strategy to optimize production schedules, control cost losses, improve staff quality, and expand market share. As a result, the Company returned to profitability starting in Q2 2024, achieving a 20% revenue growth, a 364% increase in gross margin, and a 129% increase in net income after tax by the end of 2024.

C. The performance assessments and remuneration reasonableness for the Company’s directors and managers are evaluated and reviewed annually by the Compensation Committee and the Board of Directors. These evaluations consider individual performance achievements, contributions to the Company, overall business performance, future industry risks, and development trends. The remuneration system is reviewed and adjusted based on actual business conditions and regulatory requirements. After considering the current trends in corporate governance, reasonable compensation is provided to balance the Company’s long-term sustainability and risk management. The actual remuneration paid to directors and managers for 2024 was reviewed by the Compensation Committee and approved by the Board of Directors.

(3) Linkage to Business Performance and Future Risks:

A. The review of the remuneration policy and compensation standards is primarily based on the Company’s overall operational conditions, with financial, non-financial, and sustainability performance metrics used to determine the compensation. This approach aims to enhance the overall organizational efficiency of the Board and management. The remuneration is also benchmarked against industry standards to ensure that the Company’s management compensation is competitive and can retain high-caliber management talent.

B. The performance goals for the Company’s executives are closely tied to "risk management" to ensure that risks within their responsibilities are managed and mitigated. Performance evaluations are based on actual performance, and the outcomes are linked to relevant human resource policies and compensation frameworks. Important decisions made by the management take into account various risk factors, and the performance of these decisions is reflected in the Company’s profitability. Consequently, the remuneration of the executive management is directly linked to risk management performance.

III. Operations of corporate governance

(I) Information on the operations of the Board of Directors**:**

The Board of Directors met 6 times (A) in 2024, and the attendance of directors was as follows:

Job Title	Name (Note 1)	Number of attendance in person (B)	Number of attendance by proxy	Percentage of attendance in person [B/A]	Remark
Chairperson	Dasheng (Representative: Chung-Liang Pan)	6	0	100%	Re-elected
Director	Renhe (Representative: Hsiao-Chueh Hsieh)	6	0	100%	Re-elected
Independent Director	Chung-Yu Wang	4	2	67%	Re-elected
Independent Director	Shu-Chin Liang	6	0	100%	Re-elected
Director	Renhe (Representative: Hsin-An Lin)	3	0	100%	Newly elected
Director	Dasheng (Representative: Teng-Li Wang)	3	0	100%	Newly elected
Independent Director	Cheng-Hsiung Hsieh	3	0	100%	Newly elected
Director	Dasheng (Representative: Yi-Sheng Tseng)	2	1	67%	Former
Director	PROSPERITY DID (Representative: Kao-Huang Lin)	3	0	100%	Former

Other matters required to be recorded:

I. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:
(I) Matters listed in Article 14-3 of the Securities and Exchange Act.
(II) In addition to the previous matters, other Board meeting resolutions that have been opposed or reserved by independent directors with records or written statements:
→None of the above situations.

II. In the implementation of a director's recusal for being an interested party in a proposal, the director's name, the proposal content, reason for recusal and his or her participation in voting should be stated:
Board meeting date: February 27, 2024
Proposal: Adjustment of independent directors' remuneration.
Name of the directors who recused themselves due to conflict of interest: Shu-Chin Liang
Reason for recusal: this proposal involved a conflict of interest with the above-mentioned persons, so they should recuse themselves from participating in the discussion and voting on the proposal.
Implementation: the independent directors of the Company did not participate in the discussion and vote on the proposal, and referred it to the other directors for discussion and vote.
Voting result: Director Kao-Huang Lin had an opposing opinion, and the remaining four directors all agreed with the motion. Therefore, the motion was approved after voting.

Board meeting date: November 12, 2024
Proposal: Adjustment of the managerial position allowance for Vice President Hsin-An Lin.
Name of the directors who recused themselves due to conflict of interest: Hsin-An Lin
Reason for recusal: this proposal involved a conflict of interest with the above-mentioned persons, so they should recuse themselves from participating in the discussion and voting on the proposal.
Implementation: Director Hsin-An Lin did not participate in the discussion and vote on the proposal, and referred it to the other directors for discussion and vote.

Voting result: the proposal was approved as presented.

III. Listed companies should disclose information on the frequency and period, scope, method and content of the self-evaluation (or peer evaluation) by the Board of Directors, and fill out Exhibit 2 on the implementation of the Board evaluation.
→ Refer to the following exhibit: Implementation of the Board evaluation

IV. Evaluation of the current and most recent year's objectives for enhancing the functions of the Board of Directors (establishing an audit committee, enhancing information transparency, etc.) and their implementation.
→ (I) The number of board meetings and functional committees convened in 2024 exceeded the statutory number.

Meeting Name	Statutory Requirement for Minimum	Actual Number of Meetings Convened
Remuneration Committee	2	2
Audit Committee	4	5
Board of Directors	4	6

(II) Continuing education of directors in 2024. (Including courses organized by the company and directors' own participation in courses organized by other units)

Job Title	Name	Course Content	Date of continuing education courses	Course hours
Chairperson	Chung-Liang Pan	Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		Corporate governance and securities regulations	2024/11/12	3
Director	Hsiao-Chueh Hsieh	Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		2024 Insider Trading Prevention Seminar	2024/10/04	3
Director	Teng-Li Wang	Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		Corporate governance and securities regulations	2024/11/12	3
Director	Hsin-An Lin	Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		Corporate governance and securities regulations	2024/11/12	3
Independent Director	Chung-Yu Wang	Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		Corporate governance and securities regulations	2024/11/12	3
Independent Director	Shu-Chin Liang	Discussion on important issues of insider trading and market manipulation	2024/06/20	3
		Comprehensive guide to high-asset financial allocation and tax management	2024/07/18	
		Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		Corporate governance and securities regulations	2024/11/12	3
Independent Director	Cheng-Hsiung Hsieh	Sharing of issues and practices on enterprise risk and compliance risk management	2024/08/09	3
		Corporate governance and securities regulations	2024/11/12	3

(II) Implementation of Board evaluation: "Including functional committees (Audit + Remuneration)"

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation results	Evaluation content
Performed once a year	2024.05.30~ 2024.12.31	Individual Board member	Self-evaluation of directors	Total 23 questions, full score of 115, average score of 113.	A. Alignment of the Company's objectives and mission B. Perception of directors' responsibilities. C. The extent of participation in the Company's operations. D. Internal relationship management and communication. E. Professionalism and continuing education of directors. F. Internal control
		The Board of Directors as a whole	Internal self-evaluation of the Board	Total 45 questions, full score of 225, average score of 220	A. The extent of participation in the Company's operations. B. Improvement in the quality of the Board's decision-making. C. Composition and structure of the Board. D. Election and continuing education of directors. E. Internal control
		Functional committees (Remuneration)	Self-evaluation of independent directors	Total 19 questions, full score of 95, average score of 95	A. The extent of participation in the Company's operations. B. Perception of functional committee's responsibilities. C. Improvement in the quality of the functional committee's decision-making. D. Composition and appointment of functional committee members.

Supplementary notes on the evaluation method:

1. On November 12, 2024, the Board of Directors reported that the performance evaluations of the Board, the Remuneration Committee, and the Audit Committee for the year would be conducted through a self-evaluation questionnaire. The questionnaire was sent to all directors by mail on January 3, 2025. The statistical results were collected by February 10, 2025, and the evaluation results were reported at the Board meeting held on February 27, 2025.

2. The meeting administration unit provided information on the Board of Directions for 2024 for the reference of all directors. The main items were: summary of meeting information, number of meetings and attendance of each director, director's continuing education, correlation between directors' and managerial officers' remuneration and operating performance [statistics of changes in remuneration for the most recent year], directors' recusal due to conflict of interest, communication with CPAs & evaluation of CPAs' independence and competency.

(III) Information on the operations of the Audit Committee:

For the most recent year (2024.1.1~2024.12.31), the Audit Committee met five times (A) and the attendance of independent directors was as follows:

Job Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Percentage of attendance in person (%) (B/A)	Remark
Independent Director	Shu-Chin Liang	5	0	100 %	Convener (re-elected)
Independent Director	Chung-Yu Wang	5	0	100 %	Re-elected
Independent Director	Cheng-Hsiung Hsieh	2	0	100 %	Newly elected

Summary of key tasks of the Audit Committee:
(I) Review of the fair presentation of the Company's financial statements
(II) Appointment and dismissal of the Company's independent auditors and assessment of their independence
(III) Evaluation of the effectiveness of the Company's internal control system
(IV) The Company's compliance with relevant laws and regulations
(V) Management and control of the Company's existing or potential risks

Other matters required to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by the Audit Committee, and the Company's handling of the Audit Committee's comments shall be specified under any one of the following circumstances.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

Audit Committee meeting date	Proposal	Resolution of the Board meeting	Resolution of the Audit Committee meeting
2024.02.27 (the 15th meeting of the 18th term)	Discussion: 1. The Company's 2023 business report and financial statements. 2 Appointment of and remuneration to CPAs in 2024 3. The Company's 2023 earnings distribution proposal. 4. Issuance of the Company's "Statement of Internal Control System" for 2023.	Motion 1 Director Kao-Huang Lin had a qualified opinion, and the remaining four directors all agreed with the motion. Therefore, the motion was approved after voting. Motion 2 Director Kao-Huang Lin had an opposing opinion, and the remaining four directors all agreed with the motion. Therefore, the motion was approved after voting. Motions 3 and 4 were approved by the	2024.02.26 At the 13th meeting of the 1st term, approved by all the committee members present.

		unanimous vote of all directors present.	
2024.04.10 (the 16th meeting of the 18th term)	Discussion: 1. Amendment to the Company's "Audit Committee Charter" 2. Amendment to the Company's "Rules of Procedure for Board of Directors Meetings"	Approved by all directors present.	2024.04.10 At the 14th meeting of the 1st term, approved by all the committee members present.
2024.05.08 (the 17h meeting of the 18th term)	Discussion: 1. The Company's financial statements for 1Q2024 2. Motion regarding the retirement requests of the Chief Governance Officer, Chief Financial Officer, and Chief Accounting Officer, as well as the selection of their successors	For Motion 1, Director Kao-Huang Lin had a qualified opinion, and the remaining five directors all agreed with the motion, so it was approved as presented. For Motion 2, Director Kao-Huang Lin had an opposing opinion, and the remaining five directors all agreed with the motion.	2024.05.08 At the 15h meeting of the 1st term, approved by all the committee members present.
2024.08.09 (19th term) 2nd meeting)	Discussion: 1. The Company's financial statements for 2Q2024 2 Amendments to the Company's "Regulations Governing Establishment of Internal Control System." 3. Establishment of the "Procedures for Preparation and Verification of Sustainability Report." 4. Ratification of the change in the custodian of the Company's seal for endorsement and guarantee.	Approved by all directors present.	2024.08.09 At the 1st meeting of the 2nd term, approved by all the committee members present.
2024.11.12 (19th term) 3rd meeting)	Discussion: 1. The Company's financial statements for 3Q2024. 2. 2025 annual audit plan. 3. Establishment of the "Sustainability Information Management Procedures."	Approved by all directors present.	2024.11.12 At the 2nd meeting of the 2nd term, approved by all the committee members present.

The Company's handling of the Audit Committee's opinions: All were implemented in accordance with the Board of Directors' resolutions.

(II) Except for the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of al directors.

→No such situation.

II. In the implementation of an independent director's recusal for being an interested party in a proposal, the independent director's name, the proposal content, reason for recusal and his or her participation in voting should be stated: → **See page 23～24**

III. Communication between independent directors, internal audit officer and CPAs (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included).

Summary of communication in 2024:

Date	Attendee	Communication method	Communication matters	Communication status and results
2024.11.12	Independent Directors, Chung-Yu Wang, Shu-Chin Liang, and Cheng-Hsiung Hsieh CPA Po-Shu Huang (No regular directors and management present)	Audit Committee (pre-meeting)	Major difficulties encountered during the review process	(I) Report by CPAs: According to the review schedule, KPMG successively obtained and reviewed PBC information during fieldwork. The review process such as inquiry and analysis procedures was carried out without any obstruction from the management. (II) Questions raised by Chung-Yu Wang (Independent Director): 1. During the general audit process, did the management withhold the information that should be provided? 2. Reply from the CPAs: During the audit process, the management did not withhold any information that should be provided.
			Material matters discussed with the management or by correspondence	(I) Report by CPAs: The management has continued to discuss with KPMG the impact of material matters on accounting treatment or compliance with laws and regulations. (II) The independent directors had no objection to this matter.
			Significant deficiencies in internal control	(I) Report by CPAs: No significant deficiencies of internal control were discovered during the review procedures. (II) The independent directors had no objection to this matter.
			Significant transactions with the related parties	(I) Report by CPAs: After obtaining the list of related parties and summary information of related party transactions, based on IAS 24 and the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company found no undisclosed substantive related parties or significant transactions. (II) Questions raised by Cheng-Hsiung Hsieh (Independent Director): 1. What is the focus of the audit regarding related parties? 2. Reply from the CPAs: During interim and year-end engagement, we reviewed the list of related parties provided by the

				Company and inquire whether its directors held substantive positions in other companies related to operations. We also checked whether these companies had transactions with the Company. The relevant transactions will be disclosed in the financial statements. In addition, we examined whether the pricing, gross profit, and payment terms of these purchase and sales differed from those of transactions with the general, non-related companies.
			Matters related to regulatory compliance	(I) Report by CPAs: During the relevant review procedures, no suspected or occurred non-compliance was found. (II) The independent directors had no objection to this matter.
			Other material matters related to the supervision of the financial reporting process	(I) Report by CPAs: According to the review schedule, KPMG successively obtained and reviewed PBC information during fieldwork, and found no material discrepancy that was inconsistent with the preparation process of the financial report and the disclosed amounts. (II) The independent directors had no objection to this matter.

Summary of communication between independent directors and Internal Audit Officer in 2024:

Date	Attendee	Communication method	Communication matters	Communication status and results
2024.11.12	Independent Directors, Chung-Yu Wang and Cheng-Hsiung Hsieh Audit Officer Ching-Chia He (No regular directors and management present)	Audit Committee (pre-meeting)	Annual audit report: (I) Audit report and results for October~December 2023. (II) Audit report and results for January~September 2024.	(I) Report by Audit Officer: A total of 34 items were audited during the period. The audit items were sampled for the review of the relevant operating procedures and qualified for relevant data verification. No material discrepancies were found. The audit reports were delivered to the independent directors by e-mail within the prescribed period for review. (II) The independent directors had no objection to the content of the audit report and results for the period.
			Description of the key points of the	(I) Report by Audit Officer: 1. The establishment of the

			audit on sustainability information management.	Company's internal control system for the "management of sustainable information." 2. Audit subject and scope of sustainability information. 3. Basis for determining the scope of sustainability information audit. 4. Key points of sustainability information audit. (II) Questions raised by Cheng-Hsiung Hsieh (Independent Director): 1. Has the Company engaged a consultant firm to provide guidance on the sustainability information disclosure? 2. Reply from Audit Officer With regard to the sustainability report as the audit subject, the Company has engaged a sustainability assurance consulting firm to provide guidance, and the relevant education and training are expected to start in December this year.

(IV) Supervisors' participation in the operations of the Board of Directors:

On August 25, 2021, the Company established the Audit Committee to replace the supervisory system.

(V) The operations of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.

Evaluation item	The state of operations (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice best principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Corporate Governance Best Practice Principles were established in August 2015, and the most recent amendments to some of the provisions were made on the meeting of Board of Directors on September 29, 2021, and is available on the Market Observation Post System and the Company's official website.	No differences yet.

Evaluation item	The state of operations (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
II. The Company's ownership structure and shareholders' equity (I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		The Company has established the regulations governing the operations of stock affairs, and shareholders' responses can be handled and replied through the professional stock affairs agency (CAPITAL SECURITIES CORP.), the spokesperson system and the Company's website.	No differences yet.
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		As of March 31, 2025, the total shareholding of the directors including Dasheng International and Renhe International was 31.78 , and all the major shareholders (or ultimate controllers) of the above corporate directors were directors of the Company.	No differences yet.
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliates?	V		The Company has established procedures for related party transactions, acquisition and disposal of assets, lending of funds to others, and endorsement and guarantee to control risks.	No differences yet.
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		The Company has established procedures for the preventing insider trading and handling of material inside information to prohibit insiders from trading marketable securities using non-public information in the market.	No differences yet.
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated and implemented a diversity policy on membership?	V		The members of the Board of Directors have professional backgrounds in various fields. Two of the three female directors of the Board of Directors in this term have expertise in finance and accounting, and two have expertise in law, while the rest have extensive experience in industrial operations.	No differences yet.
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?		V	The company currently has a Remuneration Committee and an Audit Committee and there is no plan to establish other functional committees	The differences would be listed as the improvement plan.
(III) If the Company has formulated Rules for Performance Evaluation of Board of Directors, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination for reappointment?	V		The Company's "Procedures for Performance Evaluation of the Board of Directors" were approved by the Board of Directors in May 2020. The evaluation is conducted in the Board meeting every December and reported in the Board meeting in the first quarter of the following year. The evaluation method for 2023 was approved by the Board of Directors on December 28, 2023 to adopt the self-evaluation method and the evaluation results were reported to the Board of Directors on February 27, 2024. In addition, the results of the performance evaluation will be used as a reference for individual director's	No differences yet.
(IV) Does the Company regularly evaluate the independence of attesting CPAs?	V			No differences yet.

Evaluation item	The state of operations (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			remuneration and nomination for reappointment. The Company evaluated the independence and competency of the attesting CPAs from KPMG (Po-Shu Huang and Chung-Shun Wu) in November 2025 and reported to the Board of Directors on February 27, 2025. The evaluation methods are as follows: (1) Each of the five factors that may affect the independence of CPAs, “self-interest, self-evaluation, defense, familiarity, and coercion”, were evaluated item-by-item and the independence requirements were met. (2) The evaluation result of each of the six possible matters affecting the independence of CPAs and the description of “financial interest matters, financing and guarantees, close business relationships with the audit client, being employed by or serving a position for the audit client, non-audit business matters, and other matters” indicated the independence requirements were met. (3) Review of the Statement of Independence issued by CPAs. (4) The basic information on the website of the CPA Association R.O.C. shows that the competency requirements were met. **(5) Review the independence statement issued by the CPAs; (tg14083) < (tg14125) 2024 Annual AQI (Total of 5 items in Auditing Quality Index**	
IV. Does the Company as a listed enterprise have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting Board meeting and shareholders’ meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of Board meetings and shareholders’ meetings, etc.)?	V		On August 5, 2022, the Board of Directors approved the establishment of the Corporate Governance Officer position and appointed Vice President Lin Hsin-An to handle related matters in accordance with the law. This initiative aims to protect shareholders’ rights and interests and enhance the functions of the Board of Directors. Scope of authorities: I. Administrate the Board of Directors’ meetings and shareholders’ meetings in accordance with the law. II. Prepare the minutes of the Board of Directors’ meetings and shareholders’ meetings. III. Assist directors and supervisors in their appointment and continuing education. IV. Provide information necessary for directors and supervisors to carry out their business V. Assist directors and supervisors in complying with laws and regulations. VI. Other matters in accordance with the	No differences yet.

Evaluation item	Yes	No	The state of operations (Note) Summary description	The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
			Articles of Incorporation or contracts. Continuing education: The Corporate Governance Officer attended the following courses organized by the Securities and Futures Institute in 2024**:** Date / Course name 8/16 / ESG Development Trends and Related Regulations on Sustainability Information Disclosure 9/23 / 2024 Second Half Corporate Governance Forum for Directors and Supervisors	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		1. The spokesperson system has been established to handle related matters. 2. The Company's website has a stakeholder area. The identity, issues of concern, communication channels and response methods for stakeholders identified in 2023 have been disclosed in the stakeholder area on the Company's website (URL: www.chihlien.com.tw).	No differences yet.
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	V		The professional stock affairs service agency: CAPITAL SECURITIES CORP.	No differences yet.
VII. Disclosure of information (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		The Company set up a website to disclose finance and business matters and corporate governance information. Website: www.chihlien.com.tw	No differences yet.
(II) Is there any other means for disclosures (like the installation of an English website, appointment of designated personnel to collect and disclose related information on the Company, proper performance of the spokesperson system, and upload the procedure of investors conference to the website)?	V		The Company has set up a website to disclose various information, and the financial information is updated by designated personnel in the Finance Department on a regular basis and disclosed on the Company's website and the Market Observation Post System. The contact information of the spokesperson and the acting spokespersons are clearly disclosed on the Company's website. The presentation documents and related information of earnings calls are also available on the Company's website.	No differences yet.
(III) Does the Company publicly announce and file annual financial statements within two months after	V		1. The 2024 annual financial statements were approved by the Board of Directors on 2025/2/27 and uploaded to the Market	No differences yet.

Evaluation item	The state of operations (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?			Observation Post System, and the announcement and filing were made on the same day. 2. The financial statements for the first three quarters of 2024 and the operating information for each month were announced and filed earlier than the deadline.	
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and managerial officers, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and managerial officers, etc.)?	V		1. The Company's website has set up a dedicated section for seven main types of stakeholders (government and competent authorities, employees, shareholders and investors, customers, raw material suppliers, materials suppliers, social groups and community residents). 2. Directors' continuing education: see pages 25 and 82~83 of this Annual Report. 3. Implementation of risk management policies and risk measurement standards: see pages 128 to 131 of this Annual Report . 4. Implementation of customer policies: the customer credit risk policies are described on pages 128 ~ 131 of this Annual Report. 5. Circumstances in which the Company purchases liability insurance policies for directors and managers: The liability insurance policies purchased for directors and managers in 2024 has NT$150 million coverage. Supplier: AIG Asia Pacific Insurance Pte. Ltd., Taiwan Branch	No differences yet.

IX Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: (Not required for companies not included in the evaluation)

Description:

The corporate governance evaluation scores in the last two years are shown in the table below

Indicator category	2024 Score %	2023 Score %	Remark
Protecting shareholders' rights and interests and equal treatment of shareholders	57%	83%	Ex. 1.3: Director attendance rate at the Annual Shareholders' Meeting. Improvement Status: Already improved.
Strengthening the structure and operation of the board of directors	64%	60%	Ex. 2.17: Evaluation of the independence and suitability of the accountant has been referenced with AQIs information. Improvement Status: Pending improvement.
Enhancing information transparency	54%	67%	Ex. 3.20: Increase the frequency of investor relations meetings to earn points. Improvement Status: Already improved. awarded credit.
Promote sustainable	69%	50%	4.19: Newly added investments in energy-saving or green energy-related environmental

Evaluation item	The state of operations (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
development (including fulfilling corporate social responsibility)			sustainability machinery and equipment during the year. Improvement Status: Pending improvement. 4.20: Establish a workplace diversity policy and promote gender equality, and disclose its implementation status. Improvement Status: Pending improvement. 4.21: Adopt corresponding measures for risks or opportunities in the community, and disclose specific actions and results on the company website and annual report. Improvement Status: Pending improvement.	
Evaluation Score of the Year	66.69 (Note)	66.60 (Note)		

Note: The 2024 evaluation score is a trial calculation after the re-examination. The actual score is subject to the announcement of the Securities and Futures Commission on April 30.

(VI) Composition, responsibilities and operations of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

Criteria / Name	Professional qualification and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member	Remark
Chung-Yu Wang (Independent Director)	Department of Chemical Engineering, Chung Yuan University / Chairperson of China Steel / Independent Director of CTBC Bank & GlobalWafers Co., Ltd / Legislator of the 5th Term	None of the individual, its spouse or relatives within 2nd degree of kinship are directors, supervisors or employees of the Company or its affiliates or companies with which the Company has specific relationships, nor hold any shares of the Company. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	0	(Convener) Please refer to pages 4~7 of this Annual Report for more information on directors.
Shu-Chin Liang (Independent Director)	Master of Business Administration, National Taiwan University of Science and Technology / Supervisor of SOUTH CHINA INSURANCE CO., LTD. / Manager of Consumer Credit Management Department, Hua Nan Commercial Bank / Independent Director of Enliven Therapeutics, Inc.	None of the individual, its spouse or relatives within 2nd degree of kinship are directors, supervisors or employees of the Company or its affiliates or companies with which the Company has specific relationships, nor hold any shares of the Company. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	1	Please refer to pages 4~7 of this Annual Report for more information on directors.
Cheng-Hsiung Hsieh (Independent Directors)	Department of Economics, Soochow University / President of TAIWAN. COOPERATIVE BILLS FINANCE CORPORATION:	None of the individual, its spouse or relatives within 2nd degree of kinship are directors, supervisors or employees of the Company or its affiliates or companies with which the Company has specific relationships, nor hold any shares of the Company. The individual has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	0	Please refer to pages 4~7 of this Annual Report for more information on directors.

2. Summary of key tasks of the Remuneration Committee:

(1) Establish the policies and systems for performance evaluation of directors and managerial officers, and regularly review their performance.

(2) Establish and regularly review the policies, systems, standards and packages related to the remuneration (including travel allowances for directors) of directors and managerial officers.

(3) Regularly review the Company’s remuneration regulations and propose recommendations for amendments.

3. Information on the operations of the Remuneration Committee

(1) The Remuneration Committee of the Company consists of 3 members.

(2) The term of office of the Remuneration Committee members for the current term (the sixth term) is from May 30, 2024 to May 29, 2027, and the Remuneration Committee met two times (A) in 2024. The attendance of the committee members was as follows:

Job Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Percentage of attendance in person (%) (B/A) (Note)	Remark
Committee member/independent director Convener	Chung-Yu Wang	2	0	100 %	(Re-elected on 2024.5.30)
Committee member/independent director	Shu-Chin Liang	2	0	100 %	(Re-elected on 2024.5.30)
Committee member/independent director	Cheng-Hsiung Hsieh	1	0	100 %	(Newly elected on 2024.5.30)
Committee member	Wen-Hsiung Tsai	1	0	100 %	(Former member re-elected on 2024.5.30)

Other matters required to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the Board, and its handling of the committee’s opinions (if the remuneration approved by the Board is better than the recommendation proposed by the committee, the difference and reasons should be stated):
→ No such situation. The suggestions made by the Remuneration Committee were adopted after the resolution of the Board of Directors.

II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members’ opinions should be stated:
→ None. All Remuneration Committee members unanimously approved the proposed motion without any record or statement of dissent or reservation.

(3) Performance of the Remuneration Committee in 2024:

Remuneration Committee meeting date (term/meeting session)	Proposal	Resolution of the Board meeting	The Company's handling of the Remuneration Committee's opinions
2024.02.27 (15th meeting of the 18 term)	1. Adjustment of independent directors' remuneration.	In this motion, Director Kao-Huang Lin had an opposing opinion, and the remaining four directors all agreed with the motion. Therefore, the motion was approved after voting.	Implemented in accordance with the resolution of the Board meeting.
2024.11.12 (3rd meeting of the 19 term)	1. 2024 year-end bonus for managerial officers. 2. Adjustment of the managerial position allowance for Vice President Hsin-An Lin.	Approved as proposed	Implemented in accordance with the resolution of the Board meeting.

(VII) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor:

1. Implementation of sustainable development

Promotion item	Implementation status (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	V		The board meeting held on 2023.12.28 has revised the <u>Corporate Social Responsibility Best Practice Principles</u> to the <u>Sustainable Development Best Practice Principles</u>, and designated the Office of the President as a part-time unit promoting sustainable development and regularly reporting the implementation status to the board in December each year.	No differences yet.
II. Does the Company, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations, and formulate relevant risk management policies or strategies." (Note 2)	V		The Company holds monthly management meetings to discuss environmental, social, and corporate governance issues related to its operations. It also conduct risk assessments based on the materiality principle and establishes relevant risk management policies or strategies in accordance with various regulations and ISO standards, such as ISO14001 (environmental management issues), ISO50001 (energy management issues), and ISO14064-1 (carbon emission inventory and verification issues).	No differences yet.
III. Environmental issues				
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		The Company maintains appropriate environmental quality by setting up pollution prevention equipment in accordance with environmental laws and regulations. The Company's plants are nice and beautiful, and the Administration Department (General Affairs) is solely responsible for the maintenance and landscaping of the Company's plant environment.	No differences yet.
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	V		The Company has obtained ISO50001 (energy management) and ISO14001 (environmental management) certifications on 11.1 and 11.4 in 2022, respectively. The Company entrusts the transportation, treatment and recycling of industrial waste to a legal vendor, and uses sand blasting and automatic pickling equipment to significantly reduce the impact on the environment.	No differences yet.
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take countermeasures to respond to climate related issues?	V		The Company completed its 2022 GHG inventory in October 2023 and passed the ISO14064-1 greenhouse gas inventory certification in November. The 2024 greenhouse gas inventory operation is expected to be completed by April 2025.	No differences yet.
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or	V		1. Please refer to the following table for the total weight of greenhouse gas emissions, water consumption and waste for the last two years 2. Greenhouse gas reduction, water use reduction or other waste management policies have not been developed.	No differences yet.

Promotion item	Implementation status (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	
other waste management?				
IV. Social issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		The company formulated management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights in 2024.	No differences yet.
(II) Whether or not the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	V		The Company has established and implemented reasonable employee benefit measures (please refer to pages 69~70 and 80~83 of this Annual Report for details), and appropriately reflected the operating performance results in remuneration for employees	No differences yet.
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	V		1. Monthly filing of occupational disaster statistics. 2. Passed the annual building public safety filing. 3. Organize a safety and health education and training program in December each year. 4. Arrange annual employee health checkups to ensure the health of employees. For abnormalities found at the health checkups, the plant nurses will conduct interviews, provide advice, follow up, and make a record for future reference. 5. Production and guest visit moving lines are clearly marked, and plant workers wear safety shoes and helmets. 6. In case of major incidents, we will notify the competent authorities and convene an interim safety and health committee meeting to review, improve, implement, confirm the effect and prevent recurrence 7. For supplementary notes on employees' safety and health, please refer to the 2nd description of VII below	No differences yet.
(IV) Has the Company established an effective career development training program for employees?	V		The Company appoints a business management consulting firm to conduct education and training programs to enhance the capability of the talent pipeline. Reading clubs are organized for training employees to enhance team spirit, reduce communication barriers, improve motivation for self-achievement, pass on and share experience and plan talent succession in order to achieve the goals of sustainable operation and development.	No differences yet.
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint	V		We are an upstream processing vendor in the steel industry, and each batch of products has a lot number with traceability. Although we do not produce the final product, we still have a company website and contact mechanism to provide the downstream customers with perfect service quality and complaint procedures.	No differences yet.

Promotion item	Implementation status (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	
procedures?				
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?		V	The Company has not yet established a supplier management policy, but all of its domestic and foreign raw materials suppliers are well-known international companies (e.g., China Steel, which accounts for more than half of the Company's purchases), and they are all exemplary in the issues listed on the left.	The differences would be listed as the improvement plan.
V. Does the Company make reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?	V		The Company has prepared a sustainability report. The 2024 sustainability report is expected to be issued in August 2025, following approval by the Board of Directors.	No differences yet.

VI. If the Company has established its own sustainability code based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation in the Company:
The board meeting held on 2023.12.28 has revised the Corporate Social Responsibility Best Practice Principles to the Sustainable Development Best Practice Principles, and the content is consistent with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

VII. Other important information that is helpful to understand the implementation of corporate social responsibility:

1. Total weight of greenhouse gas emissions, water consumption and waste for the last two years

Item	2024	2023	Remark
Greenhouse gas (tons).	For detailed information, please refer to **II. Implementation status of climate-related information**, 1-1-1 Information on greenhouse gas inventory on page 51~52 of this Annual Report.		
Water consumption (tons)			
Underground water	106,563	130,932	
Tap water	5,628	5,190	
Waste (tons)			
Hazardous	690	614	Waste acid
Non-hazardous	177	127	Domestic waste, waste plastics, waste wood, iron powder process sludge, waste water sludge, waste lubricating oil

2. Supplementary notes on employees' safety and health

Occupational Safety and Health Policy

The Company is in the metal processing industry, mainly producing steel bars, steel wires, annealed materials, and spheroidized wires, etc. We have formulated and implemented an occupational safety and health management system for each production process and activity according to the nature of work and the regulations related to occupational safety and health. In order to build an organizational safety culture, promote self-management, and strengthen audit and inspection, we take employee safety and health as the top priority, do our best for hazard prevention and management, and pursue sustainable corporate development. All employees are committed to the goal of pursuing "precious health, genuine safety, and zero disaster."

(1) Comply with occupational safety laws and regulations, implement safety disciplines, and value workers' lives
(2) Provide a safe environment, maintain employee health, and prevent potential hazards
(3) Strengthen education and training, promote self management, and enhance safety awareness
(4) Implement workplace disciplines, encourage employee participation, and continuously review and improve

Promotion item	Implementation status (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	

(5) Pay attention to on-site safety and health, fulfill social responsibility, and create a win-win situation for both employers and employees

Workplace environment monitoring

Provide a safe and healthy working environment for laborers, appoint a monitoring organization regularly to perform noise-related environmental monitoring according to regulations, and establish various material safety data sheets to protect laborers from operational hazards.

Safety and health audit

The Company has a Safety and Health Committee, which is responsible for formulating, promoting, supervising, and implementing safety and health issues, with the plant manager as the chairperson. The Safety and Health Committee will be convened quarterly to review the deficiencies, formulate various work plans and discuss specific improvement situations, which will be recorded in the meeting minutes.

Audit operations of the Safety and Health Office	
Safety and Health Committee	Quarterly, with additional interim meetings as appropriate
Safety and Health Committee Patrol Team	Once a month, with the patrol record forms archived
Safety and health operations leader work-around management	More than once a day
On-site leader walk-around management	More than once a week by level 1 leaders More than twice a week by level 2 leaders
In-plant construction safety patrol	More than once a day, with record forms archived

Equipment safety management

The Company regulates dangerous machinery and equipment in accordance with the law and conducts regular inspections in accordance with the "Safety Inspection Rules for Dangerous Machinery and Equipment" to ensure the safety of equipment use.

Dangerous machinery	
Stationary cranes	Monthly (daily) inspection form
Specific equipment with high pressure gas	
Low-temperature liquid nitrogen	Monthly (daily) inspection form
Liquefied petroleum gas	Monthly (daily) inspection form
Gas boiler	Monthly (daily) inspection form
Type-2 pressure vessel	
Air pressure storage tank	Annual inspection on the appearance of the components
Vehicle machinery	
Forklift	Monthly (daily) inspection form

The Company's occupational safety performance in the past three years - employee disability injury statistics

Year	Fatal incidents	Disabling incidents
2024	Male: 0 Female: 0	Male: 2 Female: 0
2023	Male: 0 Female: 0	Male: 1 Female: 0
2022	Male: 0 Female: 0	Male: 2 Female: 0

The Company's occupational safety education and training and promotion in the last three years

Year	Number of trainees	Number of training hours
2024	60 people	279 hours
2022	155 people	1293 hours
2021	54 people	1172 hours

The Company's health care services in the last three years

Year	Registered nurse on-site service hours	Medical doctor on-site service hours
2024	96 hours	8 hours + 1 hour of lecture
2023	96 hours	8 hours + 1 hour of lecture
2022	96 hours	8 hours + 2 hours of lecture

Promotion item	Implementation status (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	

3. In order to fulfill our corporate social responsibility, and in response to the government's efforts to develop the green energy industry, protect the earth, cherish resources, and reduce CO2 emissions, the Company leases out the roof of its factory and cooperates with the following companies to build solar power plants.
   (1) In April 2017, the Company cooperated with Chunghwa Telecom and Kingstone Energy Technology Corporation to build a 499.2KW power plant, which in its first year can reduce about 381 tons of CO2 emissions and is equivalent to planting 31,450 trees, contributing to green energy and environmental protection. CHIH LIEN's solar power project VCR: https://www.youtube.com/watch?v=rdiTtODdl6E
   (2) In May 2023, the Company cooperated with Feng Hsin Iron & Steel to build a 1,430KW power plant, which in its first year can reduce about 743 tons of CO2 emissions and is equivalent to planting 41,307 trees, contributing to green energy and environmental protection.

4. In order to completely stop possible environmental pollution, the Company invested over $100 million from 2018 to 2019 to build two new sets of reciprocating fully automatic pickling equipment to replace the traditional manual pickling equipment, in order to fulfill its corporate social responsibility.

5. Other ESG practices in 2024 are summarized as follows:

Environmental Protection (E)	
Date	Contents
February	Completed the replacement of old chiller in the steel rod factory (reduction in tonnage/use of new eco-friendly refrigerants/Grade 1 energy efficiency), in compliance with ISO50001 energy-saving goals → Construction outsourcing for $2,500,000 (tax included)
April	Completed the replacement of old chiller in the administrative building with a Grade 1 energy efficiency variable-frequency split air conditioner, in compliance with ISO50001 energy-saving goals → Construction outsourcing: Air-conditioning equipment for $2,900,000 (tax included) and mechanical and electrical wiring for $1,500,000 (tax included)
4/19	Passed ISO14064 annual continuous certification
10/17	Passed ISO50001 annual continuous certification
12/04	Passed ISO14001 annual continuous certification
2022-2024	Integrate air compressors for the entire plant in phases to reduce unnecessary waste and meet ISO50001 energy conservation goals

Topic 1. Replacement of chiller in the steel rod factory

Condition before improvement:

The Company's steel rod factory previously operated with a 180-ton chiller that was outdated and had a regular-frequency design. In 2023, its power consumption was 201,135 kWh.

Condition after improvement:

The chiller in the steel rod factory was replaced with a variable-frequency, 80-ton model.

Before improvement: The annual power consumption of the180-ton, regular-frequency chiller was 201,135kWh.

After improvement: The annual power consumption of the 80-ton, variable-frequency chiller was 101,482kWh.

Electricity consumption saved: 201,135-101,482=99,653kWh/year

Cost savings: 99,653kWh/year * NT$ 4.32/10,000 = NT$430,500/year

Promotion item	Implementation status (Note 1)			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description (Note 2)	

Carbon reduction benefit: 99,653kWh/year*0.49/1,000 = 48.830ton-CO_2/year
Energy conservation rate (%): (99,653/201,135)kWh*100% = 49.55%
Investment cost: NTD 2,380,952 (before tax) for a Tatung chiller (80RT)
Return period: 43.05/12=35,900/month; 2,380,000/35,900/12=6.57 years

Topic 2. Replacement of the chiller in the administrative building with a variable-frequency split air conditioner

Condition before improvement:
The air-conditioning system in the Company's administrative building previously operated with an outdated, regular-frequency chiller. From May to October 2023, the electricity consumption of the administrative building was 141,062 kWh.
Condition after improvement:
The entire air-conditioning system in the administrative building was replaced with a variable-frequency split air-conditioning system.
Before improvement: The power consumption of the old chiller from May to October was 141,062kWh.
After improvement: The power consumption of. the variable-frequency split air-conditioning system from May to October was 26,229kWh
Electricity consumption saved: 141,062-26,229=114,833kWh/year
Cost savings: 114,833kWh/year * NT$ 4.94/10,000 = NT$567,200/year
Carbon reduction benefit: 114,833kWh/year*0.49/1,000 = 56.268ton-CO_2/year
Energy conservation rate (%): (114,833/141,062)kWh*100% = 81.41%
Investment cost: 46 units of split air-conditioning for NTD 2,889,265 (before tax)
Return period: 56.72/12=47,300/month; 2,890,000/47,300/12=5.09 years

Social Responsibility (S)	
Date	Contents
09/07	Beach cleaning activities near Yongan Fishing Harbor in Xinwu. A total of 73 employees participated, including 41 local workers and 32 foreign workers, with a participation rate of 52%. The amount of garbage picked up required 3 garbage trucks for transportation and disposal.
09/30	Donations to community charities: Senior citizens welfare allowance on Double Ninth Holiday for Xinwu Senior Citizen Association: NT$10,000 Senior citizens welfare allowance on Double Ninth Holiday for Xinwu Hsin-Fu Senior Citizen Association: NT$10,000
12/08	Christmas Care Event at Hsiangyuan Nursing Institution A total of 33 employees participated, including 13 local workers and 20 foreign workers. A donation of NT$50,000 was made to the nursing institution on the same day.
2024	As of December 31, 77 out of the total 138 employee were employed in the Company's business location (Xinwu/Guanyin/Yangmei), accounting for 56% of total workforce.

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">The differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description (Note 2)</th></tr>
<tr><td colspan="5">

Corporate Governance (G)	
Date	Contents
2024	Hold education seminars, formulate an ethical management policy (reporting system) and publish it on the Company’s official website.
2024	Convened 2 Remuneration Committee meetings, 5 Audit Committee meetings, and 6 board meetings.
2024	As of December 31, a total of 129 people had participated in various internal and external education and training courses for 462 hours, with expenditures of $204,091.

</td></tr>
</table>

2. Implementation status of climate-related information

Item	Implementation status
1. Describe the supervision and governance of the Board or Directors and management over the climate-related risks and opportunities.	CHIH LIEN's Board of Directors is the highest governing body on climate-related issues. It is responsible for promoting and making decisions on the Company's climate-related strategic direction, as well as overseeing the implementation of overall climate actions. The Board of Directors plays a key role in the Company's climate commitments and goals. It discusses the current climate risks and opportunity trends from time to time, and oversees overall strategies to address key climate risks, ensuring the Company's sustainable operation. In 2024, CHIH LIEN's Board of Directors appointed the President's Office to manage and promote climate-related issues. In order to strengthen the management and identification of climate-related risks and opportunities of the Company, a Sustainability Promotion Taskforce is scheduled to be established in 2025, with four promotion teams (corporate governance, green low-carbon, innovation and sustainable services, and employee welfare) operating under it. The primary responsibilities of these teams will include the development and implementation of ESG projects. The President, authorized by the Board of Directors, will serve as the convener of the taskforce, while the highest management of the corresponding department within the Company will serve as the convener of the four promotion teams. For climate-related issues, the green low-carbon team will be responsible for identifying countermeasures, formulating implementation strategies, and reporting to the Sustainability Promotion Taskforce for discussion. The Sustainability Promotion Taskforce holds at least one meeting a year. The taskforce convener reviews the key climate risks, sustainability strategies, and project outcomes. The convener also submits the sustainability strategy plan and annual implementation results to the Board of Directors for decision-making and guidance.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Risk Content 1: Increased Severity of Extreme Weather Events (Typhoons) Impact on Company Strategy, Operations, and Finances: Typhoon-induced factory shutdowns could affect employee well-being and cause supply chain disruptions. Related recovery costs and extended product delivery times would increase sales and management costs. If factory operations are interrupted for one day, revenue would decrease by approximately 3.5 million. Risk Content 2: Increased Pricing for Greenhouse Gas Emissions Impact on Company Strategy, Operations, and Finances: If government agencies increase the pricing of greenhouse gas emissions, the company's operational costs would rise, directly reducing profitability. If the price per ton of carbon emissions increases by $0.10, it would result in a reduction of approximately $5,070 in pre-tax profit compared to the previous year. Risk Content 3: Increased Customer or Consumer Awareness of Sustainability or Carbon Reduction Issues Impact on Company Strategy, Operations, and Finances: Customers in downstream sectors are increasingly demanding carbon-neutral products and requiring the production of green products. Currently, all of the company's raw material suppliers are high-carbon-emission manufacturers, making it difficult to execute green products and carbon-neutral goods. This may lead the company to search for green material sources, and failure to produce green products could result in decreased revenue.

Item	Implementation status
	Opportunity Content 1: Update the Company ERP System to Enhance Energy Consumption Monitoring Efficiency Impact on Company Strategy, Operations, and Finances: By updating the company's ERP system and integrating internal energy usage data with real-time monitoring equipment, the company can enhance control and reduce energy consumption, improving overall operational efficiency. Opportunity Content 2: Use More Efficient Production and Distribution Processes Impact on Company Strategy, Operations, and Finances: Optimizing employee training programs will enhance machine equipment utilization rates, thereby increasing the energy efficiency per unit of output. Opportunity Content 3: Install Renewable Energy (Solar, Wind) Generation Equipment Impact on Company Strategy, Operations, and Finances: By utilizing unused land to install renewable energy equipment, the company can increase its use of renewable energy, reduce reliance on external energy sources, and lower the carbon emissions of its products.
3. Describe the impact of extreme climate events and transformation actions on finance.	Risk Content 1: Increased Severity of Extreme Weather Events (Typhoons) Financial Impact of Mitigation Measures: Short-term: The cost of forming a typhoon response team is approximately NT$100,000. Medium-term: To mitigate the operational impact of typhoons, Zhi-Lian Industrial has purchased disaster insurance, increasing operational costs. The insurance premium for 2024 is approximately NT$884,907. Risk Content 2: Increased Pricing for Greenhouse Gas Emissions Financial Impact of Mitigation Measures: Short-term: The cost of forming a greenhouse gas emissions control team is approximately NT$100,000. Long-term: To effectively control the company's greenhouse gas emissions, investments will be made in more energy-efficient machinery, office equipment, and the establishment of a renewable energy system. This will increase operational costs by approximately NT$1.3 million annually. Risk Content 3: Increased Customer or Consumer Awareness of Sustainability or Carbon Reduction Issues Financial Impact of Mitigation Measures: The company will continue to engage in discussions with industry stakeholders on these issues. The estimated annual cost for these activities is NT$200,000. Opportunity Content 1: Update the Company ERP System to Enhance Energy Consumption Monitoring Efficiency Financial Impact of Mitigation Measures: The expected investment for upgrading and updating the ERP system is NT$23 million. Opportunity Content 2: Use More Efficient Production and Distribution Processes Financial Impact of Mitigation Measures: The estimated expenditure for relevant training programs is NT$1.5 million. Opportunity Content 3: Install Renewable Energy (Solar, Wind) Generation Equipment Financial Impact of Mitigation Measures: The estimated investment for the construction of relevant equipment and training programs is NT$50 million.

Item	Implementation status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	CHIH LIEN has not yet integrated the identification, assessment, and management of climate-related risks into its overall risk management system as of 2024. The Company plans to establish a climate change risk management process and integrate it into its overall corporate risk management mechanism in 2025. This initiative aims to ensure the synchronized management of risks related to climate change and other key risks, such as operation and finance, thereby enhancing the overall risk response capability. For the climate risk management, the Company plans to implement a three-step process: 1. Identification and assessment: Regularly gather information on international trends, regulatory changes, and physical climate changes, as well as take into account overall industry characteristics to identify potential risk factors. 2. Monitoring and response: Periodically evaluate the impact and implement control measures or emergency response actions. 3. Reporting: The convener of the Sustainability Promotion Taskforce shall report to the Board of Directors at least once a year on the Company's sustainability progress. The report shall cover climate change-related risks, planning, implementation, and outcomes, and shall disclose relevant information in accordance with Table 2 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	CHIH LIEN did not apply scenario analysis for assessment in 2024, but plans to implement it within the next two years.
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, including the indicators and goals for identifying and managing physical and transformation risks.	Climate transformation plan: 1. Upgrade the Company's ERP system to monitor and enhance energy efficiency: (1) Upgrade the ERP system: Short-term: Establish a database for each unit and ensure the smooth transition from the legacy system to the new one. Mid-term: Develop educational resources to enhance overall employee efficiency. (2) Gather energy consumption data: Mid-term: Set up an Industrial Internet of Things (IIoT) system to collect real-time energy consumption data. Long-term: Establish long-term tracking reports and enhance energy efficiency. (3) Install real-time monitoring equipment: Mid-term: Monitor real-time energy consumption and provide abnormality management and timely response. 2. Use a more efficient production and distribution process: (1) Workplace Diversified Capability Training Program: Short-term: Develop a factory machine rotation plan to allow onsite personnel to flexibly adjust production scheduling. Mid-term: Encourage employees to acquire multiple certifications and strengthen secondary skillsets, and enhance their teamwork. Long-term: Implement rotation among unit managers to strengthen horizontal

Item	Implementation status
	integration and cross-functional coordination capabilities. (2) Increase overall utilization rate: Short-term: Optimize scheduling efficiency to improve the average machine utilization rate by 15%. Mid-term: Implement a production dashboard control and conduct monthly reviews of each machine’s performance using statistical reports for optimization. (3) Enhance unit energy consumption efficiency: Short-term: Establish the energy consumption baseline, identify major energy-consuming equipment, collect their information, and develop energy consumption improvement plans. Long-term: Provide education and training, upgrade equipment, and conduct annual reviews of the implementation progress and outcomes of the improvement plan. 3. Optimize the use of the Company’s available land area and install renewable energy (solar energy, wind power) generation equipment: (1) Utilization of available factory land: 1 to 2 years: Collaborate with experts and vendors to develop plans for idle factory land and estimate construction cost, taking into account the Company’s development and construction planning. 2 to 5 years: Implement the available factory land development plan and gradually plan for the installation of renewable energy equipment within the factory premises. Over 5 years: Install renewable energy equipment, with more than 50% of the available land area developed. (2) Use of renewable energy and reduction of purchased energy ratio: Short-term: Upgrade and optimize production equipment, and assess the establishment of renewable energy equipment. Mid-term: Replace outdated and low-performance equipment, formulate the scope of renewable energy installations, and calculate the substitution rate for purchased energy. Long-term: Continuously monitor the energy consumption of medium-sized equipment and install renewable energy equipment to achieve the goal of reducing the proportion of purchased energy. 4. Reduce product carbon emissions: Mid-term: Continuously control the carbon emissions within the plant and conduct annual reviews of emission reduction performance to support the goal of achieving net zero by 2050. Long-term: Continuously collaborate with upstream suppliers to develop advanced production technologies to reduce the carbon emissions of the entire steel industry.

7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	CHIH LIEN has not yet established internal carbon pricing tools as of 2024. The Company will continue to monitor and evaluate the carbon market and related instruments, and will proceed in coordination with the plans set forth by government agencies.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	According to the ISO 50001 plan, CHIH LIEN is expected to reduce electricity consumption by 1.5% in 2025 compared to 2024, and plans to build solar photovoltaic power plant in the future to achieve the goal of carbon neutrality by 2035.
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and concrete action plans indicated in 1-1 and 1-2 separately.	Please refer to the following table for details.

1-1 The company's greenhouse gas inventory and assurance in the last two years

1-1-1 Information on greenhouse gas inventory

Describe the greenhouse gas emission volume (tons CO2e), intensity (tons CO2e/ton), and data coverage for the most recent two years.				
The Company	Total emissions (tons CO2e) (Note 3)		Intensity (tons CO2e/NT$1 million) (Note 4)	
Category (Note 1)	2024	2023	2024	2023
Scope 1 (direct emissions)	1,809	1,848	1.6494	2.0165
Scope 2 (indirect energy emissions)	3,042	3,222	2.7737	3.5158
Scope 3 (other indirect emissions)	69,978	31,395	63.8050	34.2580
Total	74,829	36,465	68.2281	39.7903

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (Scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (Scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 3: The intensity of greenhouse gas emissions can be calculated by unit product/service or revenue, but at least the data calculated by revenue (NT$ million) should be stated. The operating revenue for 2023 and 2022 were NT$916.429 million and NTD 1,168.598 million, respectively.

1-1-2 Information on greenhouse gas assurance

Describe the assurance information in the last two years as of the publication date of the annual report, including the assurance scope, the assurance institution, the assurance standard, and the assurance opinion.		
Item	2024	2023
Assurance scope	CHIH LIEN (Company and factory) Address: No. 480, Zhongxing Road, Xinwu District, Taoyuan City GHGs	CHIH LIEN (Company and factory) Address: No. 480, Zhongxing Road, Xinwu District, Taoyuan City GHGs
Assurance institution	TUV NORD Taiwan Co., Ltd	TUV NORD Taiwan Co., Ltd
Assurance standard	ISO 14064-3：2019	ISO 14064-3：2019
Assurance opinion	Reasonable assurance: Scope 1 and 2; Limited assurance: Scope 3	Reasonable assurance: Scope 1 and 2; Limited assurance: Scope 3

1-2 GHG reduction targets, strategies and specific action plans

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategies and specific action plans, and the status of achievement of the reduction targets.					
Reduction base year	Inventory data	Reduction targets	Reduction strategy	Specific action plans	Status of achievement
2024	1. Starting from 2024, the goal is to reduce greenhouse gas emissions year by year. 2. In 2027, the short-term progress will be reviewed, and the targets will be adjusted accordingly. 3. In 2032, the mid-term progress will be reviewed, and the targets will be adjusted accordingly. 4. The final goal is to achieve net-zero carbon emissions by 2050.				

(VIII) Implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Item	The state of operations (Note 1)			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Formulation of ethical corporate management policy and plan				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	V		The Company has established the Ethical Corporate Management Best Practice Principles and explicitly stated its policy of ethical corporate management.	No differences yet.
(II) If the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?"	V		On February 23, 2023, the Company established the "Procedures for Ethical Management and Guidelines for Conduct" and stipulated preventive measures in related provisions.	No differences yet.
(III) If the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	V		The Company already established the mechanism and implement preventive measures. Please refer to the corporate governance section on the Company's website.	No differences yet.
II. Enforcement of ethical corporate management				
(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		The Company's contracts with counterparties contain an expressed provision on ethical management.	No differences yet.
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	V		The Company has designated the President's Office as the solely responsible unit to report the implementation status to the Board of Directors on a regular basis.	No differences yet.
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	V		The Company has established the Ethical Corporate Management Best Practice Principles with the procedures and expression channels listed on the left:	No differences yet.
(IV) If the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		The Company has established an effective accounting system and internal control system, and the internal audit unit shall prepare audit plans based on the assessment of the risks of unethical conduct.	No differences yet.
(V) Does the Company regularly organize internal and	V		The Company holds education and	The differences

Item	The state of operations (Note 1)			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
external education and training on ethical corporate management?			training sessions at regular quarterly meetings for all employees, and occasionally assigns relevant personnel to attend external courses.	would be listed as the improvement plan.
III. Operations of the Company's whistleblower reporting system				
(I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		The Company has set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters.	No differences yet.
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		The Company has established the Ethical Corporate Management Best Practice Principles with the procedures listed on the left:	No differences yet.
(III) Whether or not the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V		The Company has established the Ethical Corporate Management Best Practice Principles with the procedures listed on the left:	No differences yet.
IV. Enhancement of information disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	V		The Company has disclosed the content and implementation status of its Ethical Corporate Management Principles on its website and the Market Observation Post System.	No differences yet.
V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please state the differences between the two and the state of implementation: no significant difference.				
VII. Other important information that is helpful to understand the implementation of ethical corporate management: please refer to the Company's website (www.idealbike.com.tw) for the contents of the Company's Ethical Corporate Management Principles. The Company established the "Ethical Corporate Management Best Practice Principles" on November 6, 2014, and the Board of Directors subsequently approved the amendments to some of the provisions on March 15, 2016, September 29, 2021 and February 23, 2023, respectively. On February 23, 2023, the Company established the "Procedures for Ethical Management and Guidelines for Conduct."				

(IX) If the Company has formulated the Corporate Governance Practice Principles and related rules, it shall disclose its inquiry methods:

1. The Company's website (http://www.chihlien.com.tw)/Corporate Governance/Other Important Information.
2. Market Observation Post System (http://mops.twse.com.tw) /Corporate Governance/Regulations on Corporate Governance.

(X) Other important information for understanding of the operations of corporate governance may be disclosed: None.

(XI) Implementation status of internal control system:

1. Statement of Internal Control

CHIH LIEN INDUSTRIAL CO., LTD.

Statement of Internal Control System

(This Statement is made in compliance with all applicable laws and regulations)

Date: February 27, 2025

The Company states the following for its 2024 internal control system based on the results of self-evaluation:

I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.

II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control systems into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.

IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.

V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2024 (including the supervision and management of subsidiaries), with a understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether or not the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.

VI. This Statement will become the main content of the Company's Annual Report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.

VII. This Statement was approved by the Company's Board of Directors on February 27, 2025. All seven directors present concurred with its content and hereby endorse this Statement.

CHIH LIEN INDUSTRIAL CO., LTD.

Chairperson: Chung-Liang Pan with signature

Managerial Officer: Hsin-An Lin with signature

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: No such situation.

(XII) During the most recent year or during the current year up to the date of publication of the Annual Report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, the major deficiencies and improvements should be listed: None.

(XIII) Important resolutions of the shareholders' meetings and Board meetings during the most recent year or during the current year up to the date of publication of the Annual Report:

1. Important resolutions of the shareholders' meetings

Meeting date	Important resolution	Remark / Implementation status
2024.05.30	★Adoption of the Company's 2023 business report and financial statements ★ Adoption of the Company's 2023 earnings distribution proposal ★ Approved the amendment to the Articles of Incorporation. ★ Full re-election of directors. ★ Approved the release of the non-compete restrictions on directors.	★The resolution has been entered into the Market Observation Post System. ★The resolution has been entered into the Market Observation Post System. In accordance with the Company's annual accounting final reports for 2023, the Company had an after-tax loss for the period of $54,786 thousand, and no dividends were distributed for the year. ★Implemented in accordance with operational procedures. ★Public announcement and disclosure on the Company's website. ★Public announcement and disclosure on the Company's website.

2. Important resolutions of the Board meetings

Meeting date	Important resolution	Remark / Implementation status
2024.04.10	★Approved the amendment to the Company's "Audit Committee Charter" ★ Approved the amendment to the Company's "Rules of Procedure for Board of Directors Meetings" ★ Approved the review of the list of candidates for the 19th term of directors and independent directors to be nominated at the 2024 general shareholders' meeting. ★ Approved the release of the non-compete restrictions on new directors.	★Implemented in accordance with operational procedures. ★Implemented in accordance with operational procedures. ★Public announcement and disclosure on the Company's website. ★Submitted to the 2023 regular shareholders' meeting for adoption. ★Public announcement and disclosure on the Company's website. ★Submitted to the 2023 regular shareholders' meeting for adoption.
2024.05.08	★ Adoption of the financial statements for 1Q2024 ★ Approved the motion regarding the retirement requests of the Chief Governance Officer, Chief Financial Officer, and Chief Accounting Officer, as well as the selection of their successors. ★ Approved the retirement request of the spokesperson and the selection of a successor.	★Public announcement and disclosure on the Company's website. ★Implemented in accordance with operational procedures. ★Implemented in accordance with operational procedures.
2024.05.30	★ Approved the motion for electing Director Chung-Liang Pan as the 19th Chairperson. ★ Approved the appointment of the Audit Committee members	★Public announcement and disclosure on the Company's website. ★ Appointed three independent directors to serve as committee members. Independent Director Shu-Chin Liang serves as the convener, responsible for handling announcements and

	★ Approved the appointment of the Remuneration Committee members	reporting, as well as disclosure on the Company's website. ★ Appointed three independent directors to serve as committee members. Independent Director Chung-Yu Wang serves as the convener, responsible for handling announcements and reporting, as well as disclosure on the Company's website.
2024.08.09	★ Adoption of the financial statements for 2Q2024. ★ Approved the amendment to the "Regulations Governing Establishment of Internal Control System." ★ Establishment of the "Procedures for Preparation and Verification of Sustainability Report." Post-meeting actions: 3-hour training course for directors and managerial officers	★Public announcement and disclosure on the Company's website. ★Implemented in accordance with operational procedures. ★Implemented in accordance with operational procedures.
2024.11.12	★ Adoption of the financial statements for 3Q2024. ★ Approved the "2025 budget." ★ Approved the "2025 Annual Audit Plan." ★ Approved the year-end bonus for managerial officers for 2024. ★ Approved the adjustment of the managerial position allowance for Vice President Hsin-An Lin. ★ Approval of authorization to register the shareholders' meeting date in 2025. ★ Approved the establishment of the Company's "Sustainability Information Management Procedures." Post-meeting actions: 3-hour training course for directors and managerial officers	★Public announcement and disclosure on the Company's website. ★After voting, the proposal was approved as presented. ★ Implemented in accordance with the plan. ★ Implemented in accordance with operational procedures and distributed in January 2025. ★Implemented in accordance with operational procedures. ★Implemented in accordance with operational procedures to set the registration date at 5/28. ★Implemented in accordance with operational procedures.
2025.02.27	★ Approval of the amendment to the "Articles of Incorporation." ★ Approval of the Company's 2024 business report and financial statements. ★ ★ Approval of the Company's 2024 earnings distribution proposal. ★ Approval of the subjects for the 2025 regular shareholders' meeting. ★ Approval of the issuance of the Company's "Statement of Internal Control System" for 2024. ★ Approval of the appointment and compensation for the Company's attesting CPAs for 2025. ★ Approval of the 2024 profit-sharing remuneration for employees and profit-sharing remuneration for directors.	★Implemented in accordance with operational procedures. ★ Submitted to the 2025 regular shareholders' meeting for adoption. ★According to the Articles of Incorporation, the Company may choose not distribute dividends if earnings per share is less than NT$0.2. Therefore, the Company decided not to distribute dividends in the current year. This decision will be submitted to the 2025 general meeting for ratification. ★Public announcement and disclosure on the Company's website. ★Public announcement and disclosure on the Company's website. ★Implemented in accordance with operational procedures. ★ Employee remuneration of NT$532 thousand and director remuneration of NT$532 thousand. Submitted to the 2025 regular shareholders' meeting.

Note: The Board of Directors often ratifies proposals for the bank financing lines, which is a routine every year, so the above table does not repeat these proposals.

(XIV) **If the directors or independent directors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the date of publication the Annual Report, please state the main content:**

Meeting date	Important resolution of the Board of Directors	Different opinions of directors or independent directors
2024.05.08	Financial statements for 1Q2024. Motion regarding the retirement requests of the Chief Governance Officer, Chief Financial Officer, and Chief Accounting Officer, as well as the selection of their successors Retirement request of the spokesperson and the selection of a successor.	Director Kao-Huang Lin had a qualified opinion. Director Kao-Huang Lin had an objection. Director Kao-Huang Lin had an objection.

(XV) **For the most recent year or the current year up to the date of publication of the Annual Report, summary of the resignation and dismissal of the Company's chairperson, president, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer:**

Summary of resignations and terminations of relevant personnel of the Company

March 31, 2025

Job Title	Name	Date assuming office	Date leaving office	Reason for resignation or termination
Chairperson	Chung-Liang Pan	2019.10.22	-	-
Acting President	Hsin-An Lin	2024.03.01	-	
Accounting Officer	Ming-Yuan Chiu	2021.04.01	2024.06.30	Retirement
Financial Officer	Ming-Yuan Chiu	2021.04.01	2024.06.30	Retirement
Accounting Officer	Po-Han Huang	2024.07.01		
Financial Officer	Po-Han Huang	2024.07.01		
Internal Audit Officer	Ching-Chia He	2021.11.03	-	-
Corporate Governance Officer	Ming-Yuan Chiu	2022.08.05	2024.06.30	Retirement
Corporate Governance Officer	Hsin-An Lin	2024.07.01		
R&D Officer	(Not yet established)	-	-	-

Note: 1. President Chen-Wang Hsieh retired on 2024.2.29, and Vice President Hsin-An Lin served as the acting President starting 2024.3.1.

IV. Information on CPA professional fees:

(Unit: Thousands of NTD)

CPA firm	CPA name	CPA audit period	Audit fees	Non-audit fees	Total	Remark
KPMG	Po-Shu Huang	2024.1.1~2024.12.31	1,960	363	2,323	Contents of non-audit fees: Assurance services (tax returns, non-executive full-time employee salary audits)
	Chung-Shun Wu					

V. Information on replacement of CPAs:

No such situation.

VI. The chairperson, president, or officer in charge of financial or accounting matters of the Company, who has worked in the firm of the CPAs or its affiliates within the last year:

No such situation.

VII. Changes in transfer and pledge of shares by directors, managerial officers and shareholders with more than 10% of stake interest in the most recent year and the current year up to the date of publication of this Annual Report:

(I) Changes in shareholdings:

Job Title	Name	2024		The current year up to March 31	
		Increase (Decrease) in number of shares held	Increase (Decrease) in number of shares pledged	Increase (Decrease) in number of shares held	Increase (Decrease) in number of shares pledged
Corporate Director	Dasheng International Investment Co., Ltd.	0	0	0	0
Corporate Director	Renhe International Investment Co., Ltd.	0	0	0	0
Corporate Director	PROSPERITY DID ENTERPRISE CO., LTD.	0	0	0	0
Independent Director	Chung-Yu Wang	0	0	0	0
Independent Director	Shu-Chin Liang	0	0	0	0
Chairperson	Chung-Liang Pan	1,134,000	0	0	0
Director	Hsiao-Chueh Hsieh	200,000	0	77,000	0
Director	Yi-Sheng Tseng	0	0	452,000	0
Director	Kao-Huang Lin	0	0	0	0
Major shareholder with 10% ownership	Ching-Hang Lin	0	0	0	0
President	Chen-Wang Hsieh	0	0	0	0
Vice President	Hsin-An Lin	3,000	0	0	0
Assistant VP	Ming-Yuan Chiu	0	0	0	0
Assistant VP	Huan Chang	0	0	0	0
Manager	Po-Han Huang	0	0	0	0

(II) Information on transfer of shares: no such transfer.

(III) Information on pledge of shares: no such pledge.

VIII. Relationships among the Company's top ten shareholders

March 31, 2025

Name (Note 1)	Shareholdings by the individual		Shareholding of spouse and dependents		Shareholdings in the name of others		THE NAME OF AND RELATIONSHIP AMONG THE TOP 10 SHAREHOLDERS IF ANYONE IS A RELATED PARTY, A SPOUSE OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP OF ANOTHER. (NOTE 3)		Remarks Note
	Number of shares	Shareholdings percentage	Number of shares	Shareholdings percentage	Number of shares	Shareholdings percentage	Title (or name)	Relationship	
Dasheng International Investment Co., Ltd. Representative: Chung-Liang Pan	11,183,000 5,610,843	11.46% 5.76%	- 4,229,000	- 4.34%	- 2,049,000	- 2.10%	- Renhe International Investment Co., Ltd.	- Director	
Renhe International Representative: Hsiao-Chueh Hsieh	10,568,000 4,229,000	10.83% 4.34%	- 5,610,843	- 5.76%	- -	- -	Dasheng International Investment Co., Ltd.	Director	
Ching-Hang Lin	9,850,000	10.10%	-	-	-	-	Kao-Huang Lin Lian Cheng Investment Development Co., Ltd. PROSPERITY DID ENTERPRISE CO., LTD.	Father and son Supervisor Director	
Representative of PROSPERITY DID ENTERPRISE CO., LTD.: Kao-Huang Lin	9,260,000 0	9.49% 0	- -	- -	- -	- -	Ching-Hang Lin Ching-Hang Lin	Director Father and son	
Representative of Lian Cheng Investment Development Co., Ltd.: Kao-Huang Lin	8,940,000 0	9.17% 0%	- -	- -	- -	- -	Ching-Hang Lin Ching-Hang Lin	Supervisor Father and son	
Chung-Liang Pan	5,610,843	5.76%	4,167,000	4.27%	2,049,000	2.10%	Hsiao-Chueh Hsieh	Spouses	
PORATHA INTERNATIONAL CO., LTD. Representative: Wen-Lin Tuan	5,000,000 82,000	5.13% 0.08%	- -	- -	- -	- -	- Wen-Chin Tuan	- Relative within 2nd degree of kinship	
Tai Yi INTERNATIONAL CO., LTD. Representative: Wen-Chin Tuan	4,899,000 105,000	5.02% 0.11%	- -	- -	- -	- -	- Wen-Lin Tuan	- Relative within 2nd degree of kinship	
Hsiao-Chueh Hsieh	4,229,000	4.34%	-	-	-	-	Chung-Liang Pan	Spouses	

Synn Industrial Co., Ltd.	2,997,000	3.07%	-	-	-	-	-	-	
Representative: Yung-Ching Li	0	0%	-	-	-	-	-	-	

IX. The total number of shares and the consolidated shareholding percentage held in any single investee by the Company, its directors, managerial officers, or any companies controlled either directly or indirectly by the Company:

No such situation.

Three. Fund Raising

I. Capital and shares

(I) Source of capital

1. Formation of capital

As of March 31, 2025 Unit: Thousands of shares; Thousands of NTD

Month	Issue price	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as payment of shares	Others
1973.09	10	300	3,000	300	3,000	Establishment capital	None	-
1975.11	10	2,500	25,000	2,500	25,000	Capital increase by cash 22,000	None	-
1978.08	10	5,000	50,000	5,000	50,000	Capital increase by cash 25,000	None	-
1987.02	10	10,000	100,000	10,000	100,000	Capital increase from earnings 24,000 Capital increase from capital surplus 26,000	None	-
1990.09	10	16,000	160,000	16,000	160,000	Capital increase in connection with the merger of Shin Yu 60,000	None	-
1992.08	10	19,900	199,000	19,900	199,000	Capital increase from capital surplus 39,000	None	-
1993.03	10	39,064	390,637	39,064	390,637	Capital increase by cash 95,520 Capital increase from earnings 39,800 Capital increase from capital surplus 56,317	None	Note 1
1994.11	10	42,970	429.701	42,970	429,701	Capital increase from earnings 39,064	None	Note 2
1995.06	10	70,000	700,000	50,275	502,750	Capital increase from earnings 51,564 Capital increase from capital surplus 21,485	None	Note 3
1996.09	16	120,000	1,200,000	82,961	829,609	Capital increase by cash 250,000 Capital increase from earnings 51,722 Capital increase from capital surplus 25,137	None	Note 4
1997.08	10	120,000	1,200,000	91,257	912,570	Capital increase from capital surplus 82,961	None	Note 5
1998.09	26.5	290,000	2,900,000	150,383	1,503,827	Capital increase by cash 500,000 Capital increase from capital surplus 91,257	None	Note 6 Note 7
1999.09	10	290,000	2,900,000	154,894	1,548,942	Capital increase from capital surplus 45,115	None	Note 8
2001.02	10	290,000	2,900,000	149,627	1,496,272	Retirement of capital of treasury stock 52,670	None	
2005.09	10	290,000	2,900,000	93,100	931,000	Capital reduction of 565,272 to make up for losses	—	Note 9

2006.06	8	290,000	2,900,000	104,350	1,043,500	Cash capital increase by [private placement] 112,500	None	Note 10
2007.05	8	290,000	2,900,000	111,850	1,118,500	Cash capital increase by [private placement] 75,000	None	Note 11
2011.12	10	290,000	2,900,000	109,550	1,095,500	Retirement of capital of treasury stock 23,000	None	Note 12
2014.09	10	290,000	2,900,000	102,000	1,020,000	Retirement of capital of treasury stock 75,500	None	Note 13
2015.08	10	290,000	2,900,000	97,500	975,000	Retirement of capital of treasury stock 45,000	None	Note 14

Note 1: 1992.12.29 (1992) Tai-Cai-Zheng-Yi-Zi No. 03338.
Note 2: 1994.09.30 (1994) Tai-Cai-Zheng-Yi-Zi No. 41442.
Note 3: 1995.05.19 (1995) Tai-Cai-Zheng-Yi-Zi No. 29742.
Note 4: 1996.06.06 (1996) Tai-Cai-Zheng-Yi-Zi No. 32609.
Note 5: 1997.06.16 (1997) Tai-Cai-Zheng-Yi-Zi No. 46662.
Note 6: 1998.07.21 (1998) Tai-Cai-Zheng-Yi-Zi No. 43680.
Note 7: 1998.05.19 (1998) Tai-Cai-Zheng-Yi-Zi No. 43679.
Note 8: 1999.07.13 (1999) Tai-Cai-Zheng-Yi-Zi No. 63817.
Note 9: 2005.09.05 Jing-Guan-Zheng-Yi-Zi No. 0940129399.
Note 10: 2006.07.20 Jing-Shou-Shang-Zi No. 09501145380.
Note 11: 2007.05.17 Jing-Shou-Shang-Zi No. 09601107890.
Note 12: 2012.01.16 Jing-Shou-Shang-Zi No. 10101010360.
Note 13: 2014.10.06 Jing-Shou-Shang-Zi No. 10301210380.
Note 14: 2015.10.19 Jing-Shou-Shang-Zi No. 10401219390.

2. Type of shares

As of March 31, 2025

Type of shares	Authorized capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	97,500,000 shares	192,500,000 shares	290,000,000 shares	

Note: Shares of a listed company

(II) List of Major Shareholders

March 31, 2025

Name of major shareholders/Shares	Number of shares held	Shareholding percentage(%)
Dasheng International Investment Co., Ltd.	11,183,000	11.47
Renhe International Investment Co., Ltd.	10,568,000	10.84
Ching-Hang Lin	9,850,000	10.10
PROSPERITY DID ENTERPRISE CO., LTD.	9,260,000	9.50
Lian Cheng Investment Development Co., Ltd.	8,940,000	9.17
Chung-Liang Pan	5,610,843	4.89
PORATHA INTERNATIONAL CO., LTD.	5,000,000	5.13
Tai Yi International Investment Co., Ltd.	4,899,000	5.03
Hsiao-Chueh Hsieh	4,229,000	4.34
Synn Industrial Co., Ltd.	2,997,000	3.07

(III) Description of the Company's dividends policy, implementation status and expected significant changes

1. Dividends policy:

The Company's dividends policy is formulated in accordance with the Company's current and future development plans, with the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders taken into account. The Company's dividends policy is based on the principle that no less than 30% of the earnings available for distribution in **a given year** should be appropriated and distributed as dividends, which may be paid in cash or in stock, with cash dividends not less than 30% of the total dividends. However, if, after calculations, the dividends and bonuses (the sum of cash dividends and stock dividends) to shareholders are less than $0.20 per share, no distribution of dividends shall be made.

2. Implementation status and expected significant changes:

(1) Implementation status:

Not applicable (On February 27, 2025, the Board of Directors resolved not to distribute dividends.).

(2) Expected significant changes in dividend policy: None.

(IV) The effect of the stock dividends to be proposed to the shareholders' meeting on the Company's business results and earnings per share:

Not applicable (On February 27, 2025, the Board of Directors resolved not to distribute dividends.).

(V) Profit-sharing remuneration for employees and profit-sharing remuneration for directors:

1. In accordance with Article 26 of the Company's Articles of Incorporation, and the Regulations Governing the Payment of Salaries to Directors and Managerial Officers:

If the Company makes a profit in a year as concluded by the year-end accounting close, the Company shall set aside 3%~10% as profit-sharing remuneration for employees and not more than 3% as profit-sharing remuneration for directors, and the so-called profit refers to the net profit before tax, before the distribution of profit-sharing remuneration for employees and profit-sharing remuneration for directors and supervisors. However, if the Company still has accumulated losses, the profit-sharing remunerations can be distributed at the respectively specified percentages only after the Company makes up for the accumulated losses.

2. The basis for estimating the amount of profit-sharing remuneration for employees, profit-sharing remuneration for directors and supervisors for the current period, the basis for calculating the number of shares distributed as bonus, and the accounting treatment if the actual amount of distribution differs from the estimated amount.

(1) The basis for estimation: the same as the preceding paragraph, i.e., 3% as profit-sharing remuneration for employees and 3% as profit-sharing remuneration for directors.

(2) The basis for calculating the number of shares distributed as bonus: there was no employee stock bonus for the period.

(3) The accounting treatment for difference: there is no difference between the estimated amount and the actual amount, and if there is, the difference is recorded as profit or loss in the year of distribution.

3. The reason for the difference between the amount proposed by Board of Directors for distribution and the estimated amount and the treatment for the difference are as follows: (Unit: Thousands of NTD)

2024	Amount proposed by the Board of Directors	Estimated amount	Difference	Reason for the difference	Treatment for the difference
Profit-sharing remuneration for employees	532	532	0	None	Not applicable
Profit-sharing remuneration for directors	532	532	0	None	Not applicable

4. Where the actual distribution of profit-sharing remunerations for employees, directors and supervisors (including the number of shares distributed, amount and share price) for the previous year (2023) and the recognized amounts for profit-sharing remunerations for employees, directors and supervisors are different, the difference, reason, and treatment should be stated: (Unit: Thousands of NTD)

2023	Amount proposed by the Board of Directors	Estimated amount	Difference	Reason for the difference	Treatment for the difference
Profit-sharing remuneration for employees	0	0	0	None	Not applicable
Profit-sharing remuneration for directors	0	0	0	None	Not applicable

(VI) Repurchase of the Company’s shares: none

II. Issuance of corporate bonds:

None.

III. Issuance of preferred stocks:

None.

IV. Issuance of global depository receipts:

None.

V. Issuance of employee stock options and employee restricted stocks:

None.

VI. Issuance of new shares in connection with mergers or acquisitions of shares of other companies:

None.

VII. Implementation of capital utilization plan:

(I) Analysis of previous issues or private placements of marketable securities that have not yet been completed or have been completed within the most recent three years and the benefits of the plans have not yet been realized: none.

(II) Implementation status: Analyze one by one the implementation status of each plan in the preceding paragraph as of the quarter prior to the date of publication of the Annual Report, compared to the original estimated benefits: none.

Four. Operations Overview

I. Business contents

(I) Business scope

1. Main contents of the business
   - (1) Manufacturing, processing and trading of high carbon steel, medium carbon steel, low carbon steel and special steel alloy steel.
   - (2) Manufacturing, processing and trading of high tensile steel wire, PC steel wire, PC steel stranded wire, galvanized steel stranded wire, steel cable, steel wire, rope, fishing tackle and steel wire.
   - (3) Manufacturing, processing and trading of black iron wire, spot welded steel wire mesh, iron wire mesh, galvanized iron wire, galvanized iron stranded wire, stainless steel wire, steel nails, foreign nails, alkali foam, etc.
   - (4) Dismantling of old ships and trading of scrap iron.
   - (5) Manufacturing, processing and sale of chemical fibers and synthetic resins.
   - (6) Manufacturing, processing and trading of non-ferrous metal materials.
   - (7) Manufacturing, processing and trading of aviation materials and parts thereof.
   - (8) Manufacturing, processing and trading of furniture and spring bed imports.
   - (9) Import and export of products of domestic and foreign vendors.
2. Current product application and sales percentage

Period: 2024

<table>
<tr><th colspan="2">Product</th><th>Application</th><th>Percentage</th></tr>
<tr><td rowspan="5">Steel wires</td><td>High carbon steel wires</td><td>Steel wires for umbrella bones, car strips, springs, washes, nails and cables</td><td rowspan="5">27.46 %</td></tr>
<tr><td>Low carbon steel wires</td><td>Steel wire for nails, wire, screws, etc.</td></tr>
<tr><td>General springs</td><td>Springs for foreign bed, gardening claw and rake</td></tr>
<tr><td>High tension springs</td><td>Umbrella springs, sports equipment, motorcycle shock springs, etc.</td></tr>
<tr><td>AP annealed wires</td><td>Steel wires for cable, steam and motorcycle codes, steel wire brushes</td></tr>
<tr><td rowspan="5">Steel bars</td><td>Free cutting steels</td><td>Steel bars for lathe cutting of parts for the electronics, computer, motorcycle, bicycle, and automobile industries</td><td rowspan="5">67.87 %</td></tr>
<tr><td>Medium carbon steels</td><td>General grade industrial parts for grade shafts, tools, screws, nuts, and others</td></tr>
<tr><td>Alloy steels</td><td>High grade industrial parts for shafts, tools, screws, nuts, and others</td></tr>
<tr><td>Stainless steels</td><td>Steel wires and bars for car strips, screws, springs, cables, construction, electronics and other industries</td></tr>
<tr><td>Polishing sticks</td><td>Automotive parts</td></tr>
<tr><td colspan="2">Others</td><td>Trading and processing of wire rods</td><td>4.67 %</td></tr>
<tr><td colspan="3">Total</td><td>100.00%</td></tr>
</table>

3. Major counterparties of purchases and sales for the last two years

(1) Top ten major suppliers

Information on major suppliers for the last two years

Unit: Thousands of NTD

	2023				2023				2025 up to the first quarter			
Item	Name of supplier (code name)	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer	Name of supplier (code name)	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer	Name of supplier (code name)	Amount	As a percentage of net purchases for the current year up to the previous quarter (%)	Relationship with the issuer
1	Company A	168,154	50.53	None	Company A	410,713	52.93	None	Company A	97,577	54.11	None
2	Company D	35,732	10.74	None	Company C	141,627	18.25	None	Company C	37,659	20.88	None
3	Company B	34,425	10.34	None	Company E	59,754	7.70	None	Company E	11,797	6.54	None
4	Company G	25,969	7.80	None	Company D	44,434	5.73	None	Company D	10,497	5.82	None
5	Company E	22,089	6.64	None	Company B	38,963	5.02	None	Company G	8,699	4.82	None
6	Company K	21,136	6.35	None	Company F	29,479	3.80	None	Company M	5,833	3.23	None
7	Company C	13,480	4.05	None	Company K	20,037	2.58	None	Company F	4,060	2.25	None
8	Company H	6,972	2.09	None	Company G	8,354	1.08	None	Company L	896	0.50	None
9	Company F	1,373	0.41	Related party	Company H	5,032	0.65	None	Company B	702	0.39	None
10	Company H	884	0.27	None	Company L	3,016	0.39	None	Company I	576	0.32	Related party
	Others	2,594	0.78		Others	14,540	1.87		Others	2,048	1.14	
	Net purchases	332,808	100.00		Net purchases	775,949	100.00		Net purchases	180,344	100.00	

Note 1: Name of supplier representing more than 10% of total purchases in the previous two years, and the amount and percentage of purchase; code name can be used instead if any contract prohibits the Company from disclosing the supplier’s name, or if the counterparty is a non-related party.

Note 2: TWSE or TPEx listed companies should disclose the financial information of the most recent period that has been audited, attested or reviewed by CPAs as of the publication date of the Annual Report.

Note 3: The above does not include inventory and merchandise in transit at the end of the period.

(2) Top ten major customers

Information on major customers for the last two years

Unit: Thousands of NTD

	2023				2024				2025 up to the first quarter			
Item	Name of customer (code name)	Amount	As a percentage of net sales for the whole year (%)	Relationship with the issuer	Name of customer (code name)	Amount	As a percentage of net sales for the whole year (%)	Relationship with the issuer	Name of customer (code name)	Amount	As a percentage of net sales for the current year up to the previous quarter (%)	Relationship with the issuer
1	Customer A	64,017	6.99	None	Customer A	118,192	10.78	None	Customer A	21,818	8.60	None
2	Customer C	52,422	5.72	None	Customer B	63,809	5.82	None	Customer B	16,985	6.69	None
3	Customer D	50,484	5.51	None	Customer K	45,801	4.18	None	Customer K	13,489	5.32	None
4	Customer B	41,656	4.55	None	Customer E	45,583	4.16	None	Customer F	12,248	4.83	None
5	Customer I	38,395	4.19	None	Customer C	44,508	4.06	None	Customer C	11,981	4.72	None
6	Customer E	36,145	3.94	None	Customer F	42,294	3.86	None	Customer D	11,482	4.53	None
7	Customer K	34,917	3.81	None	Customer L	41,325	3.77	None	Customer N	10,305	4.06	None
8	Customer L	34,621	3.78	None	Customer D	37,199	3.39	None	CustomerM	8,541	3.37	None
9	Customer H	33,706	3.68	None	Customer I	34,646	3.16	None	Customer I	8,300	3.27	None
10	Customer	29,702	3.24	None	Customer	32,323	2.95	None	Customer O	7,418	2.92	None
	Others	500,364	54.59		Others	591,068	53.87		Others	131,163	51.69	
	Net sales	916,429	100.00		Net sales	1,096,748	100.00		Net sales	253,730	100.00	

Note 1: Name of customer representing more than 10% of total sales in the previous two years, and the amount and percentage of sales; code name can be used instead if any contract prohibits the Company from disclosing the customer’s name, or if the counterparty is a non-related party.

2: TWSE or TPEx listed companies should disclose the financial information of the most recent period that has been audited, attested or reviewed by CPAs as of the publication date of the Annual Report.

4. Long- and short-term business development plans

(1) Short-term development plan

A. Continue to upgrade old production equipment to improve product yield and quality in terms of hardware, software and management.

B. Attach importance to internal and external training of personnel and implement human resource quality improvement plans to enhance overall competitiveness.

C. Secure orders from customers with higher value-added automobile parts and components.

(2) Long-term development plan

A. Invest in Southeast Asian countries to establish plants or business bases.

B. Cooperate with academic research and development institutions to invest in the research and development of new products, following the upgrade and transformation of the industry.

C. Make appropriate and safe investments and financial operations without endangering the development of the core business.

(II) Industry Overview

1. Current state and development of the industry:
According to China Steel Corporation, the global steel trade and economic development have entered a new phase shaped by the Trump administration's tariff war. Based on preliminary evaluation, recently the impact of the U.S. tariff policy on the direct steel export to the U.S. is relatively limited. This is mainly because the 25% tariff on steel and aluminum products remains in effect under existing laws and regulations. However, if the tariff policies lead to fluctuations in the U.S. economy or consumer market, it could impact demand for steel throughout the steel industry chain. Taiwan exported a total of approximately 924,000 tons of steel products to the U.S. last year, including around 700,000 tons of steel and 224,000 tons of downstream products. Overall, the scale of Taiwan's exports to the U.S. remains considerable. If the tariff policies lead to fluctuations in the U.S. economy or consumer market, it could further impact demand for steel throughout the steel industry chain.

2. Correlation among upstream, midstream and downstream industries: the Company is in the steel wire processing industry, which receives material (wire rods) from upstream industry (e.g., China Steel), and is mainly engaged in the production and sales of steel wires and steel bars. The industry is characterized by highly interrelated and closed upstream and downstream industrial relationship, and is capital- and technology-intensive industries, with low product substitution and long life cycle, and a satellite system among the upstream and downstream industries has taken shape for the internal players to share mutual benefits in operations.

3. Product development trend: Strengthen product straightness, surface smoothness, effective demagnetization, and reduce the burden of environmental

protection.

4. Competition: Our main domestic competitors include CAMELLIA, SONG HO, KIKAWA and CHIA TA, etc. We have excellent product quality and technology, and maintain a good competitive and collaborative relationship with the industrial peers.

(III) R&D overview

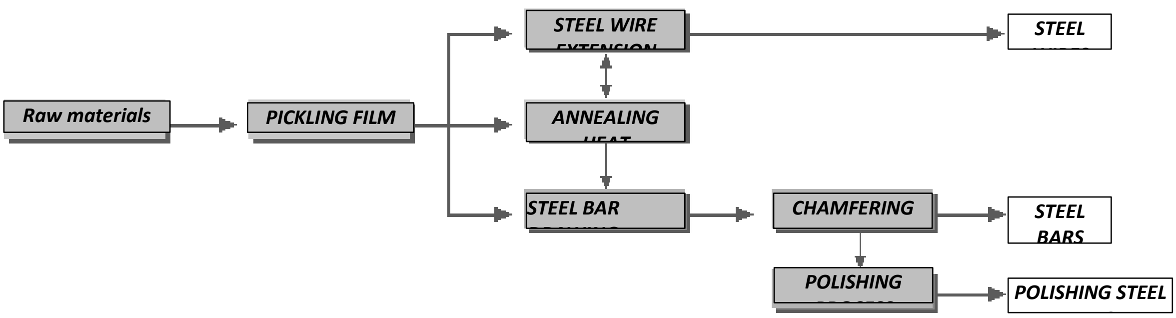
1. Technology overview:
   (1) Continue to introduce auto parts and fastening equipment and enter the auto material market.
   (2) Upgraded and refined process capabilities such as steel bar straightening, online (external) surface probing, and ultrasonic internal probing.
   (3) Completed the upgrade to more advanced and environmentally friendly fully automated acid pickling equipment.
   (4) Gradual growing trend for products for high-safety motorcycle material applications.
2. R&D overview: No R&D plans for the coming year.

(IV) Important applications and processes of main products:

1. Product applications

Product		Application
Steel wires	High carbon steel wires	Steel wires for umbrella bones, car strips, springs, washes, nails and cables
	Low carbon steel wires	Steel wire for nails, wire, screws, etc.
	General springs	Springs for foreign bed, gardening claw and rake
	High tension springs	Umbrella springs, sports equipment, motorcycle shock springs, etc.
	AP annealed wires	Steel wires for cable, steam and motorcycle codes, steel wire brushes
Steel bars	Free cutting steels	Steel bars for lathe cutting of parts for the electronics, computer, motorcycle, bicycle, and automobile industries
	Medium carbon steels	General grade industrial parts for grade shafts, tools, screws, nuts, and others
	Alloy steels	High grade industrial parts for grade shafts, tools, screws, nuts, and others
	Stainless steels	Steel wires and bars for car strips, screws, springs, cables, construction, electronics and other industries
	Polishing sticks	Automotive parts

2. Production process



II. Market, production and sales overview

(I) Supply of main raw materials

Name of raw materials	Name of suppliers	State of supply
Free cutting steel wire rods	China Steel / FENG HSIN /British Steel (UK) /Saarstahl (Germany) /FN (Netherlands)	Good and stable
High carbon steel wire rods	China Steel / DONGHWA (Korea) /British Steel (UK)	Good and stable
Stainless steel wire rods	Daido(Japan) / DONGHWA (Korea)	Good and stable
Alloy steel wire rods	China Steel / Nippon Steel (Japan) / JUNE LAI	Good and stable
Medium carbon steel wire rods	China Steel	Good and stable

(II) The names of suppliers (customers) who accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease:

List of major sales customers: the Company had no customers who accounted for 10% of total sales in the last two years.

List of major suppliers:

Unit: Thousands of NTD

2023				2024				2025 up to the first quarter			
Company name	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer	Company name	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer	Company name	Amount	As a percentage of net purchases for the whole year (%)	Relationship with the issuer
Company A	168,154	50.53	None	Company A	410,713	52.93	None	Company A	97,577	54.11	None
Company D	35,732	10.74	None	Company C	141,627	18.25	None	Company C	37,659	20.88	None
Company B	34,425	10.34	None	Company E	59,754	7.70	None	Company E	11,797	6.54	None

Note: the increase or decrease was due to the difference in the product mix of purchases.

(III) Major sales regions for products

Unit: Thousands of NTD

Region		2023		2024	
		Amount	Ratio (%)	Amount	Ratio (%)
Export sales	Southeast Asia	182,257	20%	187,372	17%
	Northeast Asia	27,069	3 %	34,652	3 %
	Hong Kong and Mainland China	131,475	15%	155,650	14%
	Other regions	3,076	0 %	2,085	0 %
Domestic sales		572,552	62%	716,989	66%
Total		916,429	100%	1,096,748	100%

(IV) Possible future state of supply and demand in the market (steel wires and bars)

1. Supply: High inventory, so supply is not in danger.
2. Demand: Slightly soft for short-term, with medium-term growth.

(V) Business Target

Sales volume and value targets for the year are expected to be slightly higher compared to 2023.

(VI) Favorable and unfavorable factors of development

1. Favorable factors

(1) The Company has a long history of manufacturing steel wire and bar products with excellent quality, and has maintained long-term good collaborative relationship with downstream channel customers, resulting in solid business.

(2) The Company's products are highly correlated to various downstream industries, and the products are widely used. The source of business is rather stable and the risk of volatility of industry economic cycle is relatively low.

(3) Low employee turnover, sound financial structure, and high product competitiveness.

2. Unfavorable factors

(1) Large capital compared to the industrial peers, high pressure on earnings per share, while share price and profitability performance are easily suppressed.

＝＞Response: gradually implement capital reduction by cash or treasury stock depending on profitability.

(2) The proportion of raw materials cost to revenue is high, and it is not easy to control inventory due to industry characteristics and when steel price or exchange rate fluctuates

＝＞Response: collect industry development information, strengthen production and sales coordination, and enhance inventory control.

(3) Aging human resources, low salary for employees, difficulty in recruiting talents, and difficulty in upgrading the industry.

＝＞Response: actively recruit and train young talents, establish a performance evaluation system, and increase employee salaries and other welfare measures.

(4) Inventory backlog is serious, affecting capital utilization

＝＞Response: actively reduce price to promote sales, and leverage bank credit lines.

III. Information on employees for the most recent two years

Year		2023	2024	As of March 31, 2025
Number of employees	Office clerks	57	51	48
	Operators	98	88	86
	Total	155	139	134
Average age		44.6	45.4	
Average years of service		14.1	14.9	
Education distribution (%)	Doctorate	0	0	0
	Master's	1.3	2	2.2
	University or college	29.7	28	30
	Senior high school	61.9	63	62.6
	Below senior high school	7.1	7	5.2

IV. Information on environmental protection expenditures

(I) At the site of the Company's plant in Xinwu District, Taoyuan City, we invested in waste water, waste gas, and waste sludge treatment constructions upon establishment. Passed ISO14001 environmental management system certification in November 2022.

(II) The Company's pollution disputes in the last two years: none.

(III) Significant losses due to environmental pollution in the last two years: none.

(IV) Estimated significant capital expenditures for environmental protection in the next three years: none.

(V) RoHS related information: not applicable. Based on the characteristics of our industry (we are in the steel industry, not in the electrical and electronics industry), we are not affected by the EU Restriction of Hazardous Substances Directive (RoHS).

V. Labor relation

(I) Employee welfares, retirement system and education and training

1. Employee welfares:

In order to establish the management system and improve the organization function, the Company has established measures for the management of new employees, the attendance and appraisal for employees, and the salary payment, etc. The Company has compiled the "Work Rules" in accordance with the "Labor Standards Act" and related regulations and has submitted them to the competent authorities for approval.

The Company has set up an "Employee Welfare Committee" to organize various cultural and recreational activities and to handle various welfare affairs, and the main welfare measures for employees and their implementation are as follows:

(1) All employees participate in labor insurance and health insurance in accordance with the law; free employee group insurance and health checkups are provided every year.

(2) Provide employees with work clothes and safety shoes.

(3) After the year-end accounting close, we will distribute profit-sharing remuneration for employees in accordance with the Company's Articles of

Incorporation, so as to increase the motivation of employees and achieve the goal of benefit sharing and win-win situation for both employees and management

(4) Implement the employee retirement plan, carry out the retirement system, and properly take care of the lives of retired employees.

(5) Provide free dormitories for employees and preferential group meals.

(6) Various subsidies**:**

A. Subsidies for children’s education (twice a year): 800 for elementary school, 1,500 for junior high school, 2,500 for high school, and 4,000 for university and college.

B. Wedding and funeral subsidies: Immediate family members → one-half of the employee’s salary.

C. Childbirth subsidy: One-half of the employee’s salary for the first child and one-quarter of the employee’s salary for the second child onward.

D. Old-age allowance: 1,200 per person per year for immediate family members who have reached the age of 75.

E. Emergency assistance: Employees can apply for assistance for accident, illness or hospitalization for themselves, spouses or children.

(7) Festival bonus and gifts, quarterly performance bonus, year-end bonus, birthday gift (800 per person), and year-end party cash equivalent.

(8) Annual domestic or overseas travel activities organized by the Employee Welfare Committee, which are open to employees and their families.

(9) Operating performance (results) and changes in employee welfares:

Year	2020	2021	2022	2023	2024
Earnings per share (NTD)	NT$0.28	NT$1.47	NT$0.48	NT$ (0.56)	NT$0.16
Profit-sharing remuneration for employees (NTD) (Note)	650,730	3,764,923	1,242,650	--	532,414
Hospitality of employee travel	Suspended due to the pandemic	Suspended due to the pandemic	Domestic	--	Domestic
Distribution of quarterly bonus	Q4	Q1~Q4	Q1	--	Q2

Note: profit-sharing remuneration for employees is calculated in accordance with Article 26 of the Company’s Articles of Incorporation at the rate of **3%~10%** of profit before tax.

2. Retirement system:

Old scheme: the Supervisory Committee of Labor Retirement Reserve was established in accordance with the Labor Standards Act, and the monthly retirement reserve fund is set aside at 6% of total salaries and wages and deposited to “Dedicated Account of the Supervisory Committee of Labor Retirement Reserve of CHIH LIEN INDUSTRIAL CO.” at the Bank of

Taiwan. The pension benefits are calculated in accordance with the Labor Standards Act.

New scheme: since July 1, 2005, in accordance with the implementation of the Labor Pension Act, employees who were originally subject to the old scheme and choose to be subject to the new scheme or who joined the Company after the implementation of the new scheme are subject to a defined contribution pension plan, and their pension benefits are contributed by the Company at 6% of each employee's monthly wages and deposited in the individual pension account at the Bureau of Labor Insurance.

3. Education and training:

The following table summarizes the internal and external professional, managerial, and occupational safety and health training programs held in 2024:

Type of employees	Number of attendees	Main contents	Hours	Lecturer's fees
Director	11	Sharing of issues and practices on enterprise risk and compliance risk management; corporate governance and securities regulations.	33	24,722
Company employees (Finance Department)	12	Accounting Officer's continuing education; International Financial Reporting Standards; securities and exchange related laws and regulations; tax related laws; the key points and impact of IFRS S1 and S2 on internal control and internal audit; foreign personnel income tax withholding and individual income tax; impact of climate change on financial statements; Transparent performance measurement! IFRS18-Future Profit and Loss Statement and Fraud Risk Case Analysis; core content and response strategies of IFRS sustainability disclosure standards S1 and S2.	72	45,664
Company employees (Audit Office/President's Office/Administration Department)	26	ESG development trends and regulations regarding sustainability information disclosure; internal audit courses - sustainability information disclosure policy analysis; audit skill practice; re-training for class-1 manager of occupational safety and health affairs; re-training for fire prevention management personnel; social engineering drill.	66	35,365
Company employees (Foreign Department/Sales Department)	14	Social engineering drill; sharing of issues and practices on enterprise risk and compliance risk management; corporate governance and securities regulations; steel business management seminar.	31	17,896
Plant employees (Plant	66	Social engineering drill; initial training for	260	80,444

Affairs Department/Technology Department)		forklift truck operation personnel; manager of occupational safety business affairs courses; steel business management seminar; overhead crane re-training; harmful operation manager re-training course; high-pressure gas equipment initial training course; high-pressure gas equipment re-training course.		
Total	129		462	204,091

(II) **Losses due to labor disputes since the most recent year up to the date of publication of this Annual Report (April 28, 2025): none.**

VI. Cyber security management

The Company's information security risk assessment is implemented in accordance with the Company's "Information Security Management Regulations" and the actual operations are as follows:

1. Computer operating environment: a dedicated computer room is set up, and all personnel are prohibited from entering or leaving the room for hardware and software operations except for those who are necessary and permitted.
2. Data backup and management: regular or irregular system and data backup is made according to practical needs, with off-site backup mechanism.
3. External data management: all e-mails to and from customers or information exchange must pass through our firewall filtering management to prevent improper intrusion from endangering information security.
4. We attend and hold seminars and courses on information security maintenance, and through the exchange of experiences and opinions of information security experts, we obtain solutions in the ever-changing information security environment, which serve as a guideline for the establishment of the Company's information security.
5. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," on October 23, 2023, Wen-Jun Wang (Manager) and De-Chang Chien (Junior Engineer) of the information unit were appointed as the dedicated supervisors and responsible personnel for information security, and the appointment was reported to the board on November 8, 2023.

VII. Important contracts

Nature of contracts	Parties involved	Start and end dates of the contracts	Main contents	Restricted clauses
Material supply contracts	China Steel Corporation	Renewed every quarter	Price, quantity, and specifications for the purchases of wire rods	None
Material supply contracts	Daido Kogyo(Japan)	Renewed every batch	Price, quantity, and specifications for the purchases of wire rods	None
Material supply contracts	NIPPON STEEL(Japan)	Renewed every batch	Price, quantity, and specifications for the purchases of wire rods	None
Material supply contracts	British Steel(UK)	Renewed every batch	Price, quantity, and specifications for the purchases of wire rods	None
Material supply contracts	FENG HSIN STEEL CO., LTD.	Renewed every month	Price, quantity, and specifications for the purchases of wire rods	None
Material supply contracts	Saarstahl(Germany)	Renewed every batch	Price, quantity, and specifications for the purchases of wire rods	None
Material supply contracts	DONGHWA (Korea)	Renewed every batch	Price, quantity, and specifications for the purchases of wire rods	None

Five. Review and Analysis of Financial Position, Financial Performance and Risks

I. Financial position

Unit: Thousands of NTD

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	831,144	827,352	(3,792)	(0.46)
Property, plant and equipment	996,467	950,643	(45,824)	(4.60)
Right-of-use assets	1,554	1,192	(362)	(23.29)
Other non-current assets	7,412	12,843	5,431	73.27
Total assets	1,836,577	1,792,030	(44,547)	(2.43)
Current liabilities	356,261	413,606	57,345	16.10
Non-current liabilities	379,572	257,593	(121,979)	(32.14)
Total liabilities	735,833	671,199	(64,634)	(8.78)
Stock capital	975,000	975,000	0	0
Capital surplus	10,582	10,649	67	0.63
Retained earnings	115,162	135,182	20,020	17.38
Total equity	1,100,744	1,120,831	20,087	1.82
Total liabilities and liabilities	1,836,577	1,792,030	(44,547)	(2.43)

Explanation for significant changes: (Analysis can be exempted if the change is less than 20%)

(1) The decrease in current assets was mainly due to the decrease in inventories.
(2) The decrease in right-of-use assets was mainly due to the increase in depreciation (decrease in net value) of leased assets (management’s company cars)
(3) The increase in other non-current assets was mainly due to the increase in prepayments for equipment.
(4) The increase in current liabilities was mainly due to the increase in short-term loans.
(5) The decrease in non-current liabilities was mainly due to the decrease in long-term loans.
(6) The increase in retained earnings is mainly due to the profit after tax in the current period.

II. **Financial performance**

(I) Comparative analysis of operating results:

Unit: Thousands of NTD

Item \ Year	2023	2024	Increase or decrease	Change percentage (%)
Operating revenue	916,429	1,096,748	180,319	19.7
Operating costs	898,144	1,011,914	113,770	12.7
Operating gross profit	18,285	84,834	66,549	364.0
Operating expenses	63,519	68,330	4,811	7.6
Operating profit	(45,234)	16,504	61,738	(136.5)
Non-operating income and expense	(9,163)	178	9,341	(101.9)
Net profit before tax from continuing operations	(54,397)	16,682	71,079	(130.7)
Less: Income tax expense	390	758	368	94.4
Net profit for the period	(54,787)	15,924	70,711	(129.1)
Other comprehensive income:				
Items not reclassified to profit or loss:				
Remeasurement of defined benefit plan	42	4,096	4,054	9,652.4
Income taxes related to items not reclassified	-	-	-	-
Other comprehensive income for the period (net of tax)	42	4,096	4,054	9,652.4
Total comprehensive income for the period	(54,745)	20,020	74,765	136.6

Analysis of changes in percentage: (Analysis can be exempted if the change is less than 20%)

(1) Operating revenue: increased, mainly due to the recovering demand in the downstream market, resulting in an increase in demand.
(2) Operating gross profit: increased, mainly due to the higher operating revenue and the reduction in cost of goods sold driven by increased production.
(3) Operating profit: increased, mainly due to the higher gross profit as a result of the overall increased sales in the period.
(4) Net profit before tax from continuing operations: increased, mainly due to the higher gross profit as a result of the overall increased sales in the period.
(5) Income tax expense: increased, mainly due to the increase in net profit before tax

for the period.

(6) Net profit for the period: increased, mainly due to the higher gross profit as a result of the overall increased sales in the period.

(7) Remeasurement of defined-benefit plan: increased, mainly due to the increased adjustment of actuarial benefits for the period.

(8) Other comprehensive income (net of tax) for the period: Increased, as mentioned in (7).

(9) Total other comprehensive income for the period: decreased, mainly due to the improved overall operating performance.

(II) Analysis of changes in operating profit (2023 and 2024)

Unit: Thousands of NTD

Product	Increase (decrease) between the two periods	Reason for the difference		
		Selling price difference	Cost difference	Quantity difference
Steel wires	19,275	44,052	24,777	955
Steel bars	18,259	138,771	120,512	3,333
Subtotal	37,534	182,823	145,289	4,288
Others	352			
Total	37,886			
Description	The increase in gross profit was mainly due to reduced unit manufacturing costs driven by increased production in the current period.			

III. Cash flows

(I) Liquidity analysis for the last two years

Item \ Year	2023	2024	Increase (Decrease) %
Cash flow ratio (%)	81	27	(66)
Cash flow adequacy ratio (%)	67	69	3
Cash investment ratio (%)	13	6	(54)

Analysis of changes in percentage: (Analysis can be exempted if the change is less than 20%)

Cash flow ratio: The decrease was mainly due to that the inflow of working capital in the current period was less than the outflow of capital.

Cash flow adequacy ratio: The increase is mainly due to the return of funds from increased sales.

Cash reinvestment ratio: The decrease was mainly due to that the inflow of working capital in the current period was less than the outflow of capital.

(II) Cash flow analysis for the coming year

Unit: Thousands of NTD

Cash balance at the beginning of the period	Net cash flows from operating activities for the year	Cash inflows (outflows) for the year	Cash surplus	Remedies for cash shortage	
				Investing plan	Financing plan
106,069	170,000	(150,000)	126,069	-	-

1. Cash flow analysis for the 2024:
   (1) Operating activities: the estimated net cash inflows are approximately $170,000 thousand.
   (2) Investing activities: reserve account deposits will decrease by $20,000 thousand and capital expenditures shall be $50,000 thousand.
   (3) Financing activities: bank loans will decrease by $80,000 thousand.
2. Remedies for estimated cash shortage and liquidity analysis: no cash shortage is expected.

IV. Material capital expenditures in the most recent year and the impact on finance and business matters:

The amount of fully automatic pickling equipment invested in 2018~2019 has no significant impact on finance and business matters.

There were no significant capital expenditures from 2021 to 2024.

V. Investment policy in enterprises for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year

(I) Investment policy in enterprises: since July 2014, the Company has not had any investments in any companies.

(II) The main reason for the profit or loss: Not applicable.

(III) Improvement plan: Not applicable.

(IV) Investment plan for the coming year

VI. Risk analysis and assessment

(I) The impact of changes in interest rate and exchange rate, and inflation on the Company's profit or loss for the most recent year and future countermeasures

1. Change in interest rate:

(1) Impact on the Company's profit or loss: The Company's ongoing bank loan repayments in 2024 contributed to a continued decline in interest expenses, which amounted to approximately 1.20% of revenue.

(2) Future countermeasures: Operating revenue is expected to remain stable in 2025, while interest expenses are projected to be lower than those in 2024.

2. Change in exchange rate:

(1) Impact on the Company's profit or loss:

In 2024, the appreciation or depreciation of NTD against USD was relatively significant, and the net exchange gain for the whole year was NTD 8,904 thousand, which had a greater impact on the Company's profit and loss for the year.

(2) Future countermeasures:

A. When the sales units quote to customers, they need to consider the possible impact of exchange rate changes and adopt a more stable and conservative exchange rate as the basis for quotation so as to minimize the impact of exchange rate fluctuations on the profitability of sales orders.

B. Closer monitoring of exchange rate trends and careful selection of timing for foreign currency borrowing and repayment; in addition, appropriate exchange rate hedging to stabilize purchase costs or foreign currency assets through forward exchange operations.

C. Collect relevant information on exchange rate changes on a regular basis, fully keep abreast of the domestic and foreign financial situation, and timely evaluate whether to convert or continue to hold foreign currency assets or foreign currency liabilities to reduce the risk of exchange rate changes.

3. Inflation:

(1) Impact on the Company's profit and loss: In 2024, the market demand was higher than the previous year, supported by slowing inflation and sustained consumer purchasing intentions. End-market demand showed signs of bottoming out and rebounding, which had a positive impact on the Company's profit and loss.

(2) Future countermeasures: In 2025, the inflation rate is expected to fluctuate based on the international tariff policies, and adjustment will be made according to the trend of changes.

(II) The Company's policy on high-risk, high-leverage investments, lending of funds to others, endorsement and guarantee, and derivative transactions, the main reasons for profit or loss, and future countermeasures

1. Engaged in high-risk activities: no such activities
2. Engaged in high-leverage investments: no such activities
3. Engaged in lending of funds to others: no such activities
4. Engaged in endorsement and guarantee: no such activities
5. Engaged in derivative transactions: no such activities
6. Profit or loss from the above: not applicable.

(III) Future research and development plans and estimated research and development expenses: no such situation.

(IV) Impact of changes in domestic and foreign important policies and laws on the Company's finance and business matters and countermeasures: no such situation.

(V) Impact of technological and industrial changes on finance and business matters of the Company, and countermeasures: no such situation.

(VI) Impact of corporate image change on corporate crisis management and countermeasures: no such situation.

(VII) Expected benefits, possible risks to mergers and acquisitions and countermeasures: no such situation.

(VIII) Expected benefits, possible risks and countermeasures for plant expansion: no such situation.

(IX) Risks associated with the concentration of purchases or sales and countermeasures:

1. Purchases: Our domestic purchases are mainly from China Steel, supplemented by FENG HSIN. Although the proportion of purchases from China Steel is as high as 51%, this has been a common phenomenon in the industry in Taiwan for many years, and China Steel is a world-renowned blast furnace steel mill, and its quality and material supply stability is high, and is widely affirmed by its downstream customers; overseas imports are mainly from Japanese steel mills, supplemented by European and Korean steel mills, and the Company maintains long-term friendly and stable material supply relationships with upstream steel mills.
2. Sales: The largest single customer accounted for 10% of the total revenue in 2024, which was still within the manageable risk range.

(X) Impact on the Company and risks of the massive transfer or change of ownership of directors, supervisors or major shareholders with 10% ownership or more in the most recent year and countermeasures: no such situation.

(XI) Impact and risks associated with changes in management: not applicable and countermeasures: No such situation.

(XII) For litigation or non-litigation events, if the Company, its directors, supervisors, presidents, de facto persons in charge, major shareholders with more than 10% ownership, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the Annual Report shall be disclosed:

i. For the last two years and the current year up to the date of publication of the Annual

Report, significant litigation, non-litigation or administrative disputes involving the Company that have been finalized and binding or are still pending: no such situation

ii. For the last two years and the current year up to the date of publication of the Annual Report, significant litigation, non-litigation or administrative disputes involving the Company's directors, supervisors, president, de facto person in charge or major shareholders with 10% ownership or more that have been finalized and binding or are still pending: no such situation

iii. If the directors, supervisors, managerial officers, and major shareholders with more than 10% ownership of the Company had any of the matters stipulated in Article 157 of the Securities and Exchange Act (disgorgement) for the last two years and the current year up to the date of publication of the Annual Report and the Company's current handling of the matters: no such situation.

VII. Other important matters: none

Six. Special Matters

I. **Information on** affiliates

(I) Affiliate profile. On June 30, 2014, the Company indirectly transferred the management right of its China plant (i.e. CHIH LIEN STEEL WIRE & STEEL ROPE (DONGGUAN) CO., LTD.) by disposing of the shares of the Company's only subsidiary, Tai Union Inc. (ownership transfer completed). The Company no longer has had any investment in any subsidiary since July 2014.

(II) Consolidated financial statements of affiliates and affiliation report: Not applicable.

II. Private placement of securities during the most recent year or during the current year up to the date of publication of the Annual Report.

No such situation.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the Annual Report.

NA.

IV. Other matters that require additional explanation:

None.

Seven. Any of the situations listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, which has occurred during the most recent year or during the current year up to the date of publication of the Annual Report.

No such situation.

Eight. Attachments

Financial statements for the most recent year and independent auditor’s report

Independent Auditor’s Report

To the Board of Directors and Shareholders of CHIH LIEN INDUSTRIAL CO., LTD.

Audit opinion

We have audited the accompanying consolidated balance sheets of CHIH LIEN INDUSTRIAL CO., LTD. as of December 31, 2024 and 2023, and the related comprehensive income statements, statement of changes in shareholders′ equity, cash flow statements, and notes to the parent company only financial statements (including significant accounting policies) for the years then ended.

In our opinion, with the parent company only financial statements referred to above present fairly, in all material respects, the consolidated financial position of CHIH LIEN INDUSTRIAL CO., LTD. as of December 31, 2024 and 2023, and its consolidated financial performance and cash flows for the years ended December 31 2024 and 2023, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

The basis for opinion

We concluded our audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. We are independent of CHIH LIEN INDUSTRIAL CO., LTD. in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent auditors, we believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2024 parent company only financial statements of CHIH LIEN INDUSTRIAL CO., LTD. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters. The key audit matters that, in our opinion, should be communicated in the audit report are as follows:

I. Revenue recognition

Please refer to Notes 4(11) and 6(13) to the parent company only financial statements for disclosures related to revenue recognition.

Description of key audit matters:

CHIH LIEN INDUSTRIAL CO., LTD. is mainly engaged in the manufacturing, processing and trading of steel wire and steel bars. Sales revenue is a key indicator for users of financial reports to evaluate the financial or business performance of CHIH LIEN INDUSTRIAL CO., LTD., and is one of the indicators for measuring the performance of management. The assumptions or judgments used to measure and recognize revenue rely on management’s subjective judgment, so revenue recognition is a key audit matter.

The corresponding audit procedures:

Our audit procedures included examining the effectiveness of the design and implementation of internal control over sales revenue recognition, evaluating CHIH LIEN INDUSTRIAL CO., LTD.'s revenue recognition process, reviewing the terms of the related customer sales contracts, and assessing whether or not CHIH LIEN INDUSTRIAL CO., LTD.'s revenue recognition policies were in accordance with the relevant accounting standards. In addition, we conducted a trend analysis on the top ten customers or customers with sales amounting to more than 5% of the operating revenue and the revenue of each product category of CHIH LIEN INDUSTRIAL CO., LTD. to assess whether or not there were any significant abnormalities. For the new sales customers that were related parties and the new top ten sales customers during the period, the contract terms and transactions before and after the balance sheet date were reviewed to assess whether or not there were any significant anomalies; in addition, the sales revenue transactions were tested to assess whether or not the sales revenue covered the appropriate period.

II. Subsequent measurement of inventories

Please refer to Notes 4(7), 5 and 6(4) to the financial statements for disclosures related to subsequent measurement of inventories.

Description of key audit matters:

The inventories of CHIH LIEN INDUSTRIAL CO., LTD. consist of various types of steel wires and steel bars. Inventories are measured at the lower cost or net realizable value. Since the prices of CHIH LIEN INDUSTRIAL CO., LTD.'s major raw materials fluctuate widely, inventories may not reflect market changes in a timely manner, resulting in the cost of inventories exceeding their net realizable value. Therefore, the subsequent measurement of inventories is a key audit matter.

The corresponding audit procedures:

Our audit procedures included obtaining an inventory valuation calculation to understand the reasonableness of management's accounting policies for inventory measurement; reviewing the inventory aging statement and analyzing changes in inventory aging; obtaining a schedule of inventory measurement and evaluating the reasonableness of the net realizable value basis used by management; and selecting a sample to obtain relevant certificates to assess whether or not inventories are measured at the lower of cost or net realizable value.

III. Related party transactions

Please refer to Note 7 to the financial statements for the related disclosures of related party transactions.

Description of key audit matters:

The transactions between CHIH LIEN INDUSTRIAL CO., LTD. and related parties are mainly related to processing revenue. Whether or not the related party transactions were managed in accordance with relevant regulations, and whether or not the prices and terms of transactions were not significantly different from those of ordinary customers or vendors, and whether or not they were properly disclosed.

The corresponding audit procedures:

Our audit procedures included understanding and testing the effectiveness of the design and implementation of internal control systems for related party transactions; obtaining a schedule of related party transactions to confirm the completeness of the information; reviewing the gross profit analysis and transaction terms of related party transactions to confirm that the transaction prices and payment terms were not significantly different from those of ordinary customers or vendors; reviewing the aging analysis of accounts receivable from related parties to ensure that there were no overdue payments; and reviewing whether or not the related transactions were properly disclosed.

Responsibilities of Management and Those in Charge with Governance of the Parent Company Only Financial Statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of the parent company only financial statements to be free from material misstatement whether due to fraud or error.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of CHIH LIEN INDUSTRIAL CO., LTD. as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate CHIH LIEN INDUSTRIAL CO., LTD. or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of CHIH LIEN INDUSTRIAL CO., LTD.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue the auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error If fraud or errors are considered material, parent company only or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in CHIH LIEN INDUSTRIAL CO., LTD.
3. Evaluated the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by management.
4. Concluded the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CHIH LIEN INDUSTRIAL CO., LTD. to continue as a going concern. If we concluded that a material uncertainty exists, we were required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions were based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause CHIH LIEN INDUSTRIAL CO., LTD. to cease as a going concern.
5. Evaluated the overall presentation, structure, and content of the parent company only statements, including related notes, whether the parent company only statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those in charge of 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 provided 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 in charge of governance, we determined those matters that were of most significance in the audit of the 2024 parent company only financial statements of CHIH LIEN INDUSTRIAL CO., LTD. and are therefore the key audit matters. We described 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 communications.

KPMG

CPA:		Po-Shu Huang Chung-Shun Wu
Approval letter for attestation issued by the competent securities authority	:	Tai-Cai-Zheng-Liu-Zi No. 0920122026 Jin-Guan-Zheng-Shen-Zi No. 1090332798

February 27, 2025

CHIH LIEN INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2024 and 2023

Unit: Thousands of NTD

Code	Assets	2024.12.31 Amount	%	2023.12.31 Amount	%
11xx	**Current assets**				
1100	Cash and cash equivalents (Note 6(1))	$ 106,069	6	118,616	6
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	37,931	2	-	-
1137	Financial assets at amortized cost - current (Notes 6(2) and 8)	40,001	2	46,087	3
1150	Notes receivable (Notes 6(3), (13) and 8)	3,870	-	56,540	3
1160	Notes receivable - related parties (Notes 6(3), (13), 7 and 8)	174,936	10	2,210	-
1170	Accounts receivable, net (Notes 6(3) and (13))	1,908	-	143,260	8
1180	Accounts receivable - related parties (Notes 6(3), (13) and 7)	489	-	1,654	-
1200	Other receivables	332	-	638	-
1220	Current income tax assets	454,738	25	137	-
130x	Inventories (Note 6(4))	7,078	1	458,052	25
1479	Prepayments and other current assets	827,352	46	3,950	-
	Total current assets	$ 106,069	6	831,144	45
15xx	**Non-current assets:**				
1600	Property, plant and equipment (Notes 6(5) and 8)	950,643	53	996,467	55
1755	Right-of-use assets (Note 6(6))	1,192	-	1,554	-
1840	Deferred income tax assets (Note 6(10))	3,619	-	4,054	-
1915	Prepayments for equipment	1,533	-	1,120	-
1975	Net defined benefit assets (Note 6(9))	6,627	1	-	-
1990	Other non-current assets	1,064	-	2,238	-
	Total non-current assets	964,678	54	1,005,433	55
1xxx	**Total assets**	$ 1,792,030	100	1,836,577	100

Code	Liabilities and Equity	2024.12.31 Amount	%	2023.12.31 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (Notes 6(3), (7) and 8)	$ 164,399	9	160,893	9
2110	Short-term bills payable (Notes 6(7) and 8)	29,997	2	29,918	2
2320	Long-term loans due within one year (Notes 6(7) and 8)	56,500	3	56,500	3
2171	Accounts payable	109,589	6	62,983	3
2180	Accounts payable - related parties (Note 7)	133	-	309	-
2219	Other payables (Note 6(14))	47,038	3	38,212	2
2281	Lease liabilities - current (Note 6(8))	801	-	1,198	-
2399	Other current liabilities	5,149	-	6,248	-
	Total current liabilities	413,606	23	356,261	19
25xx	**Non-current liabilities:**				
2540	Long-term loans (Notes 6(7) and 8)	256,917	14	378,417	21
2581	Lease liabilities - non-current (Note 6(8))	353	-	345	-
2570	Deferred income tax liabilities ets (Note 6(10))	323	-	-	-
2640	Net defined benefit liabilities (Note 6(9))	-	-	810	-
	Total non-current liabilities	257,593	14	379,572	21
2xxx	**Total liabilities**	671,199	37	735,833	40
31xx	**Equity (Note 6(11)):**				
3100	Stock capital	975,000	54	975,000	53
3200	Capital surplus	10,649	1	10,582	-
3300	Retained earnings:				
3310	Legal reserve	68,597	4	68,597	4
3350	Undistributed earnings	66,585	4	46,565	3
		135,182	8	115,162	7
3xxx	**Total equity**	1,120,831	63	1,100,744	60
2-3xxx	**Total liabilities and liabilities**	$ 1,792,030	100	1,836,577	100

(Please refer to the notes to the financial statements attached at)

Chairperson: Chung-Liang Pan **Managerial Officer:** Hsin-An Lin **Accounting Officer:** Po-Han Huang

CHIH LIEN INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

January 1 to December 31, 2024 and 2023

Unit: Thousands of NTD

		2024		2023	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Notes 6(13) and 7)**	$ 1,096,748	100	916,429	100
5000	**Operating costs (Notes 6(4), (5), (9) and 7)**	1,011,914	92	898,144	98
5900	**Operating gross profit**	84,834	8	18,285	2
6000	**Operating expenses (Notes 6(3), (5), (6), (9), (14) and 7):**				
6100	Selling expenses	35,640	3	31,009	3
6200	Administrative expenses	31,765	3	32,265	4
6450	Expected credit impairment loss	925	-	245	-
	Total operating expenses	68,330	6	63,519	7
6900	**Net operating profit (loss)**	16,504	2	(45,234)	(5)
7000	**Non-operating income and expense (Notes 6(8) and (15))**				
7100	Interest income	1,912	-	1,881	-
7010	Other income	2,708	-	6,603	1
7020	Other gain or loss	8,754	1	68	-
7050	Financial costs	(13,196)	(1)	(17,715)	(2)
	Total non-operating income and expense	178	-	(9,163)	(1)
	Net profit (loss) before tax from continuing operations	16,682	2	(54,397)	(6)
7950	**Less: Income tax expense (gain) (Note 6(10))**	758	-	390	-
	Net profit (loss) for the period	15,924	2	(54,787)	(6)
8300	**Other comprehensive income (Note 6(9)):**				
8310	**Items not reclassified to profit or loss**				
8311	Remeasurement of defined benefit plan	4,096	-	42	-
8349	Less: Income taxes related to items not reclassified	-	-	-	-
	Total items not reclassified to profit or loss	4,096	-	42	-
8300	**Other comprehensive income for the period**	4,096	-	42	-
	Total comprehensive income for the period	$ 20,020	2	(54,745)	(6)
9750	**Basic earnings per share (Unit: NTD) (Note 6(12))**	$	0.16		(0.56)
9850	**Diluted earnings per share (Unit: NTD) (Note 6(12))**	$	0.16		(0.56)

(Please refer to the notes to the financial statements attached at)

Chairperson: Chung-Liang Pan Managerial Officers: Hsin-An Lin Accounting Officer: Po-Han Huang

CHIH LIEN INDUSTRIAL CO., LTD.

Statements of Changes in Equity

January 1 to December 31, 2024 and 2023

Unit: Thousands of NTD

	Common stock capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Undistributed earnings	Retained earnings: Total	Total equity
Balance as of January 1, 2023	$ 975,000	10,530	63,042	140,990	204,032	1,189,562
Earnings appropriation and distribution:						
Provision for legal reserve	-	-	5,555	(5,555)	-	-
Cash dividends on common stock	-	-	-	(34,125)	(34,125)	(34,125)
Changes in other capital surplus	-	52	-	-	-	52
Net loss for the period	-	-	-	(54,787)	(54,787)	(54,787)
Other comprehensive income for the period	-	-	-	42	42	42
Total comprehensive income for the period	-	-	-	(54,745)	(54,745)	(54,745)
Balance as of December 31, 2023	975,000	10,582	68,597	46,565	115,162	1,100,744
Changes in other capital surplus	-	67	-	-	-	67
Net profit for the period	-	-	-	15,924	15,924	15,924
Other comprehensive income for the period	-	-	-	4,096	4,096	4,096
Total comprehensive income for the period	-	-	-	20,020	20,020	20,020
Balance as of December 31, 2024	**$ 975,000**	**10,649**	**68,597**	**66,585**	**135,182**	**1,120,831**

(Please refer to the notes to the financial statements attached at)

Chairperson: Chung-Liang Pan **Managerial Officers: Hsin-An Lin** **Accounting Officer: Po-Han Huang**

CHIH LIEN INDUSTRIAL CO., LTD.

Statements of Cash Flows

January 1 to December 31, 2024 and 2023

Unit: Thousands of NTD

		2024	2023
AAAA	**Cash flows from operating activities:**		
A10000	**Net profit (Net loss) before tax for the period**	$ 16,682	(54,397)
A20000	**Adjustments:**		
A20010	Income and expense items		
A20100	Depreciation expense	62,703	71,537
A20200	Amortization expense	274	274
A20300	Expected credit impairment loss	925	245
A20900	Interest expense	13,196	17,715
A21200	Interest income	(1,912)	(1,881)
A20010	Total income and expense items	75,186	87,890
A30000	Changes in assets/liabilities related to operating activities.		
A31000	Net changes in assets related to operating activities.		
A31115	Financial assets mandatorily measured at fair value through profit or loss	-	975
A31130	Notes receivable	16,539	(13,460)
A31140	Notes receivable - related parties	(1,660)	728
A31150	Accounts receivable	(32,601)	1,119
A31160	Accounts receivable - related parties	(254)	(201)
A31180	Other receivables	149	(424)
A31200	Inventories	3,314	331,285
A31240	Prepayments and other current assets	(3,128)	14,836
A31000	Total net changes in assets related to operating activities.	(17,641)	334,858
A32000	Net changes in liabilities related to operating activities.		
A32130	Notes payable	-	(63)
A32150	Accounts payable	46,606	(43,836)
A32160	Accounts payable - related parties	(176)	213
A32180	Other payables	8,959	(7,612)
A32230	Other current liabilities	(1,099)	(161)
A32240	Net defined benefit liabilities	(3,341)	(858)
A32000	Total net changes in liabilities related to operating activities.	50,949	(52,317)
A30000	Total net changes in assets and liabilities related to operating activities.	33,308	282,541
A20000	Total adjustments	108,494	370,431
A33000	Cash inflows from operations	125,176	316,034
A33100	Interests received	1,912	1,881
A33300	Interests paid	(13,250)	(17,809)
A33500	Income tax paid	(195)	(11,713)
AAAA	**Net cash inflows from operating activities**	113,643	288,393
BBBB	**Cash flows from investing activities:**		
B00050	Decrease in financial assets at amortized cost	8,156	14,812
B02700	Acquisition of property, plant and equipment	(14,551)	(14,628)
B06800	Decrease in other non-current assets	900	868
B07100	Increase in prepayments for equipment	(1,277)	(829)
BBBB	**Net cash (outflows) inflows from investing activities**	(6,772)	223
CCCC	**Cash flows from financing activities:**		
C00100	Increase in short-term loans	665,308	773,340
C00200	Decrease in short-term loans	(661,802)	(1,334,689)
C01600	Borrowing of long-term loans	-	420,000
C01700	Repayment of long-term loans	(121,500)	(80,940)
C04020	Repayment of lease principals	(1,491)	(2,315)
C04500	Distribution of cash dividends	-	(34,125)
C09900	Overdue unpaid dividends	67	52
CCCC	**Net cash outflows from financing activities**	(119,418)	(258,677)
DDDD	**Effect of changes in exchange rate on cash and cash equivalents**	-	(86)
EEEE	**(Decrease) increase in cash and cash equivalents for the period**	(12,547)	29,853
E00100	**Cash and cash equivalents at the beginning of the period**	118,616	88,763
E00200	**Cash and cash equivalents at the end of the period**	**$ 106,069**	**118,616**

(Please refer to the notes to the financial statements attached at)

Chairperson: Chung-Liang Pan **Managerial Officers: Hsin-An Lin** **Accounting Officer: Po-Han Huang**

CHIH LIEN INDUSTRIAL CO., LTD.

Notes to the Financial Statements

2024 and 2023

(All amounts are in thousands of NTD unless otherwise stated)

I. Company History

CHIH LIEN INDUSTRIAL CO., LTD. (hereinafter referred to as the Company) was established on September 3, 1973 in accordance with the provisions of the Company Act. The Company is mainly engaged in the manufacturing, processing and trading of steel wire and steel bars.

II. Date and Procedure for Approval of Financial Statements

This financial statements were approved and issued by the Board of Directors on February 27, 2025.

III. Adoption of Newly Issued and Revised Standards and Interpretation

(I) Effect of adopting the newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The Company adopted the following newly revised International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Pronouncements (hereinafter referred to as the “IFRSs”) effective January 1, 2024, with no material impact on financial statements.

Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”

Amendment to IAS 1 “Non-current liabilities with contractual terms”

Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangement”

Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”

(II) Effect of not adopting the IFRSs endorsed by the FSC

The Company assesses that the adoption of the following newly revised IFRSs, effective January 1, 2025, will not have a material impact on financial statements.

·Amendment to IAS 21 “Lack of Exchangeability”

(3) Newly issued and revised standards and interpretations not yet endorsed by the FSC

The standards and interpretations newly issued and revised by the IASB but not yet endorsed by the FSC that may be relevant to the Company are as follows:

Newly issued or revised standards	Major amendments	Effective date of Issuance by the IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standards introduce three types of income and expense, two subtotals in income statements, and one single note about the management performance measurement. These three amendments and enhancements provide a guide for how to divide information in financial statements, and provide users with better and more consistent information to lay the foundation. This will affect all companies.	January 1, 2027

Newly issued or revised standards	Major amendments	Effective date of Issuance by the IASB
	• More structured income statements: According to the existing standards, the Company uses different formats to express operating results so that investors can easily compare the financial performance of different companies. The new standards use a more structured income statement and introduce the newly defined subtotal of "operating profits". All income and expenses are classified into three new types based on the Company's main business activities. • Management Performance Measurement (MPM): The new standards introduce a definition of management performance measurement. They require the Company to provide the information on each measurement indicator in a single note in the financial statements and explain the calculation and how to adjust the measurement indicator and the amount recognized according to the IFRSs. • More detailed information: The new standards include a guide about how companies can strengthen the information classification in financial statements. This includes the guidance about whether the information should be included in the main financial statements or further divided in the notes.	

The Company is continually evaluating the impact of these standards and interpretations on the Company's financial position and results of operations, and will disclose the impact when the evaluation is complete.

The Company does not anticipate that other newly issued and revised standards that have not yet been endorsed will have a material impact on the financial statements.

- Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendment to IFRS 17 "Insurance Contracts" and amendment to IFRS 17
- Amendment to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendment to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRSs
- Amendment to IFRS 9 and IFRS 7 "Nature-dependent Electricity Contracts"

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the financial statements are summarized as follows: The following accounting policies have been applied consistently to all periods presented in the financial statements:

(I) Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Preparation Regulations”) and International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Pronouncements as endorsed and released by the FSC.

(II) Basis of Preparation

1. Basis of Measurement

The financial statements have been prepared on the historical cost basis, except as otherwise indicated (see the accounting policies for each item).

2. Functional and presentation currencies

The Company’s functional currency is the currency of the primary economic environment in which it operates The functional currency of the Company, NTD, is used as the presentation currency for the financial statements. All financial information presented in NTD is expressed in thousands of NTD.

(III) Foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing on the transaction dates. At each subsequent reporting date, monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rates at the date of measurement of the fair value, while non-monetary items measured at historical cost are translated at the exchange rates at the date of the transaction.

Exchange differences arising from foreign currency translations are generally recognized in profit or loss, except for the following, which are recognized in other comprehensive income:

1. Equity instruments designated as at fair value through other comprehensive income
2. Financial liabilities designated as net investment hedges of foreign operations within the effective hedge range; or
3. Qualifying cash flow hedges within the effective hedge range.

(IV) Classification of assets and liabilities into current and non-current

Assets that meet one of the following criteria are classified as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed.
2. The asset is held primarily for trading purposes.
3. The asset is expected to be realized within twelve months of the reporting period; or
4. The asset is cash or cash equivalents (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Liabilities that meet one of the following criteria are classified as current liabilities, while all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal course of business.
2. The liability is held primarily for trading purposes.
3. The liability is to be settled within twelve months after the reporting period; or
4. There is no right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into fixed amounts of cash with minimal risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

(VI) Financial instruments

Accounts receivable are recognized when they are originally generated. All other financial assets and liabilities are recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (other than accounts receivable that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are measured at transaction prices.

1. Financial assets

Purchases or sales of financial assets are accounted for on a consistent basis using trade date or settlement date accounting for all purchases and sales of financial assets classified in the same manner as those of conventional transactions.

On initial recognition, financial assets are classified as financial assets at amortized cost and financial assets at fair value through profit or loss.

The Company reclassifies all affected financial assets from the first day of the next reporting period only when the Company changes its operating model for managing financial assets.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost when they meet the following criteria and are not designated as at fair value through profit or loss:

The financial assets are held under the operating model whose objective is to collect the contractual cash flows.

The contractual terms of the financial assets generate cash flows on specific dates solely for the payment of principal and interest on the outstanding principal amount.

These assets are subsequently measured at their originally recognized amounts plus or minus the cumulative amortization using the effective interest method, adjusted for any allowance for loss after amortization. Interest income, foreign currency exchange gain or loss and impairment loss are recognized in profit or loss. On derecognition, the gain or loss is recognized in profit or loss.

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

Financial assets that are not measured at amortized cost as described above are measured at fair value through profit or loss. The Company intends to sell the accounts receivable immediately or in the near future at fair value through profit or loss, but they are included in accounts receivable. On initial recognition, the Company may irrevocably designate financial assets that qualify as financial assets carried at amortized cost as financial assets at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches.

The net gain or loss (including any dividends and interest income) on these assets subsequently measured at fair value is recognized in profit or loss.

(3) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, long-term receivables and refundable deposits).

The following financial assets were measured as allowance for losses based on 12-month expected credit losses and the rest were measured as expected credit losses over the period:

・The credit risk of debt securities is determined to be low at the reporting date; and

・The credit risk of other debt securities and bank deposits (i.e., the risk of default over the expected life of the financial instruments) has not increased significantly since the initial recognition.

The allowance for losses on notes receivable and accounts receivable and contract assets is measured based on the expected credit loss amount over the period.

The expected credit loss over the expected life of the financial instrument is the expected credit loss arising from all possible defaults.

Twelve-month expected credit losses are the expected credit losses arising from possible defaults within twelve months after the reporting date (or for a shorter period, if the expected duration of the instrument is shorter than twelve months).

The maximum period for measuring expected credit losses is the maximum contractual period for which the Company is exposed to credit risk.

In determining whether or not the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information (available without excessive cost or input), including qualitative and quantitative information and analysis based on the Company's historical experience, credit evaluations and forward-looking information.

The Company assumes that the credit risk on financial assets has increased significantly if contractual amounts are more than 30 days overdue.

The Company considers a financial asset to be in default if the contracted amount is more than 90 days overdue or if it is unlikely that the borrower will meet its credit obligation to pay the Company in full.

The expected credit loss is a weighted estimate of the probability of credit loss over the expected life of the financial instrument Credit losses are measured at the present value of all cash shortages, which is the difference between the cash flows that the Company can receive under the contracts and the cash flows that the Company expects to receive. Credit losses are expected to be discounted at the effective interest rate of the financial assets.

At each reporting date, the Company assesses whether there is credit impairment on financial assets at amortized cost. A financial asset is credit impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information about

significant financial difficulties of the borrower or issuer.

defaults, such as delays or overdue for more than ninety days.

concessions made by the Company to the Borrower that it would not otherwise consider for economic or contractual reasons related to the Borrower's financial difficulties;

the borrower is likely to file for bankruptcy or other financial reorganization; or

the disappearance of an active market for the financial assets due to financial difficulties.

Allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the assets.

When the Company cannot reasonably expect to recover all or part of a financial asset, the total carrying amount of the financial asset is directly reduced. For corporate accounts, the timing and amount of write-offs are analyzed on a case-by-case basis based on whether or not recovery is reasonably expected by the Company The Company does not expect any material reversal of the amount written off. However, financial assets that have been written off are still enforceable in order to comply with the Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and compensation of ownership of the asset have been transferred to another enterprise or when substantially all the risks and returns of ownership have neither been transferred nor retained and control of the financial asset has not been retained.

If the Company enters into a transaction to transfer a financial asset and retains all or substantially all of the risks and returns of the transferred asset, the transaction is recognized on the balance sheet on an ongoing basis.

2. Financial liabilities and equity instruments

(1) Financial liabilities

Financial liabilities are classified as financial liabilities at amortized cost and subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gain or loss are recognized in profit or loss. On de-recognition, any gain or loss is also recognized in profit or loss.

(2) De-recognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is de-recognized and the new financial liability is recognized at fair value on the basis of the modified terms.

When a financial liability is de-recognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented in the balance sheet on a net basis only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(VII) Inventories

The original cost of inventories is the expenditure necessary to bring the inventories to a condition and location ready for sale or production, of which variable manufacturing overheads are allocated on the basis of actual production volume. Fixed manufacturing overheads are allocated to finished goods and work-in-process based on the normal production capacity of the production equipment. However, unallocated fixed manufacturing overheads resulting from lower production capacity or idle equipment should be recognized as cost of goods sold in the period in which they are incurred. If the actual production volume is higher than the normal production capacity, the actual production volume should be used to allocate the fixed manufacturing overheads. Cost is calculated using the monthly weighted-average method.

Inventories are subsequently measured at the lower of cost or net realizable value for each category of inventory. Net realizable value is calculated based on the estimated selling price under normal operations as of the balance sheet date, less costs and selling expenses to completion. If the cost of inventories exceeds the net realizable value, the cost of inventories is written down to the net realizable value and the amount of the write-down is recognized as cost of goods sold. If the net realizable value increases in subsequent periods, the increase in the net realizable value of inventories is reversed to the extent of the original reduction and is recognized as a reduction of cost of goods sold in the current period.

(VIII) Property, plant and equipment

1. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items of property, plant and equipment (major components).

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component.

Land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

Buildings and structures	3 to 36 years
Machinery and equipment	2 to 20 years
Other equipment	2 to 36 years

The Company reviews the depreciation method, useful life and residual value at each reporting date and makes appropriate adjustments as necessary.

(IX) Leases

The Company assesses whether a contract is a lease or contains a lease at the establishment date of the contract. A contract is or contains a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

1. Lessee

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which includes the original measurement of the lease liability, adjusted for any lease payments made on or before the lease commencement date, plus the original direct cost incurred and the estimated cost to disassemble, remove and restore the subject asset or to move to its location, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether or not a right-of-use asset is impaired and addresses any impairment loss incurred, and adjusts the right-of-use asset when the lease liability is remeasured.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the commencement date of the lease. If the implied interest rate of a lease is readily determinable, the discount rate is that rate. If it is not readily determinable, the Company’s incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities consist of:

(1) fixed payments, including actual fixed payments;

(2) variable lease payments that depend on an index or rate, using the index or rate at the inception date of the lease as the original measure;

(3) the amount of the residual value guarantee expected to be paid; and

(4) the exercise price or penalty to be paid if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Lease liabilities are subsequently accrued for interest by using the effective interest method and are remeasured when any of the following circumstances occurs:

(1) a change in the index or rate used to determine lease payments resulting in a change in future lease payments;

(2) a change in the amount of the residual deposit expected to be paid;

(3) a change in the evaluation of the purchase option on the subject asset;

(4) a change in the estimate of whether to exercise the option to extend or terminate, resulting in a change in the assessment of the lease term;

(5) a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine the lease payments, changes in the residual value guarantee amount and changes in the evaluation of the option to purchase, extend or terminate, the carrying amount of the right-of-use asset is adjusted accordingly and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

The right-of-use assets and lease liabilities that do not meet the definition of investment property are presented as separate line items in the balance sheet.

For short-term leases of transportation equipment and leases of low-value underlying assets, the Company elects not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease period.

2. Lessor

Transactions in which the Company is the lessor are classified as finance leases on the inception date of the lease based on whether or not the lease contracts transfer substantially all the risks and returns incidental to the ownership of the subject assets and if so, are classified as operating leases. In the evaluation, the Company considers specific indicators including whether the lease period covers a major portion of the economic life of the subject asset.

(X) Impairment of non-financial assets

The Company assesses at each reporting date whether or not there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For the purpose of impairment testing, a group of assets with cash inflows that are largely independent of those of other individual assets or groups of assets is considered to be the smallest identifiable group of assets. Goodwill acquired on a business merger is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergy.

The recoverable amount is the higher of the fair value of individual assets or cash-generating units less costs of disposal and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount.

An impairment loss is recognized immediately in profit or loss and reduces the carrying amount of the cash-generating unit’s amortized goodwill first, and then reduces the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

A non-financial asset is reversed only to the extent that the carrying amount of the asset, net of depreciation or amortization, would have been determined had no impairment loss been recognized in prior years.

(XI) Revenue recognition

Revenue is measured as the consideration to which the Company is expected to be entitled for the transfer of goods or services. Revenue is recognized when the Company satisfies its performance obligation by transferring control of the goods or services to the customer. The Company’s major revenue items are described as follows:

1. Revenue from sales and processing of goods

The Company is mainly engaged in the manufacturing, processing and trading of steel wire and steel bars. The Company recognizes revenue when control over the products is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer has full control over the sales channel and price of the product, and there is no outstanding obligation that would affect the customer’s acceptance of the product. Delivery occurs when the product is delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, the terms of acceptance have lapsed, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes processing revenue in the financial reporting period in which the related services are rendered

The Company recognizes accounts receivable upon delivery of goods because the Company has the unconditional right to receive the consideration at that point in time.

2. Financial components

The Company does not adjust the time value of money of the transaction price because the interval between the transfer of goods to the customer and the payment for the goods is expected to be less than one year for all customer contracts.

(XII) Employee benefits

1. Defined contribution plan

The contribution obligation of the defined contribution pension plan is recognized as employee benefit expense in profit or loss over the period in which the employees render service.

2. Defined benefit plan

The Company's net obligation for defined benefit plan is calculated by discounting future benefit amounts earned by employees for current or prior periods of service to present value, less the fair value of any plan assets.

The defined benefit obligation is actuarially calculated annually by a qualified actuary using the projected unit benefit method. When the calculation is likely to be favorable to the Company, the asset is recognized to the extent of the present value of any economic benefits available in the form of refunds of contributions from the plan or reductions in future contributions to the plan. The present value of economic benefits is calculated by taking into account any minimum funding requirements.

The remeasurement of the net defined benefit obligation, including actuarial gains and losses, return on plan assets (excluding interest), and any change in the asset ceiling effect (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit obligation (asset) using the net defined benefit obligation (asset) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses for defined benefit plan are recognized in profit or loss.

Changes in benefits related to prior service costs or curtailment of benefits or losses arising from plan amendments or curtailments are recognized immediately in profit or loss. Gain or loss on the settlement of defined benefit plan is recognized when the settlement occurs.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when the services are rendered. If the Company has a present legal or constructive obligation to pay for services rendered by employees and the obligation can be reliably estimated, the amount is recognized as a liability.

(XIII) Government subsidies

Government subsidies to reimburse the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis over the same period as the related expenses.

(XIV) Income tax

Income tax consists of current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss, except when they relate to business mergers, items recognized directly in equity or other comprehensive income.

Current income tax includes estimated income tax payable or refundable based on current year's taxable income (loss) and any adjustments to prior years' income tax payable or refundable. Its best estimate is the amount expected to be paid or received based on the statutory or substantively enacted tax rate at the reporting date.

Deferred income tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax is not recognized for temporary differences arising from.

1. Assets or liabilities that are not part of the initial recognition of a business merger transaction, and (i) do not affect the accounting profit and taxable income (loss) and (ii) do not generate equivalent taxable and deductible temporary differences at the time of the transaction;
2. Temporary differences arising from investments in subsidiaries, affiliates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is measured at the tax rate that is expected to apply when the temporary differences reverse, using either the statutory tax rate or the effective legislative tax rate at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset only if the following conditions are met at the same time:

1. The Company has the legal right to offset current income tax assets and liabilities; and
2. The deferred income tax assets and deferred income tax liabilities relate to one of the following taxable entities that are subject to income tax by the same taxing authority:
   (1) The same taxable entity; or
   (2) Different taxable entities, provided that each entity intends to settle current income tax liabilities and assets on a net basis, or to realize assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Deferred income tax assets are recognized for unused tax losses and unused tax credits carried forward to the extent that it is probable that future taxable income will be available against which the deferred income tax assets can be utilized, together with deductible temporary differences. Deferred tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized, or the amount of the reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

(XV) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of common stock. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's common stock by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company's common shares by the weighted-average number of common shares outstanding, adjusted for the effect of all dilutive potential common shares. The Company's potentially dilutive common shares are profit-sharing remuneration for employees issued in stock.

(XVI) Segment Information

The operating segments are components of the Company that engage in activities that may generate revenues and expenses, including revenues and expenses related to intercompany transactions with other components of the Company. The operating results of all operating segments are reviewed periodically by the Company's chief operating decision maker to make decisions about the allocation of resources to those segments and to evaluate their performance. Separate financial information is available for each operating segment.

V. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

The preparation of these financial statements requires the management to make judgments and assessment of the future (including climate related risks and opportunities) for their effect on the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

Management reviews estimates and underlying assumptions on an ongoing basis to make sure they are consistent with the Company's risk management and climate-related commitments; changes in estimates are recognized in the period of change and in the future periods affected.

The financial statements do not include information on accounting policies that involve significant judgments that have a material effect on the amounts to be recognized.

Information about uncertainties in assumptions and estimates that have a significant risk of causing a material adjustment in the subsequent year is included in the subsequent measurement of inventories. Since inventories are measured at the lower of cost or net realizable value, the Company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory measurement is based on estimates of demand for products in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note 6(4) for the subsequent measurement of inventories.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	2024.12.31	2023.12.31
Cash on hand	$ 402	62
Demand deposits and checking deposits	57,490	50,077
Foreign currency deposits	31,787	53,122
Time deposits	16,390	15,355
Cash and cash equivalents in the statements of cash flows	**$ 106,069**	**118,616**

Please refer to Note 6(16) for the disclosure of the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

(II) Financial assets - financial assets at amortized cost

	2024.12.31	2023.12.31
Reserve demand deposit account	$ 34,931	30,945
Reserve time deposit account	-	6,000
Time deposits	-	6,142
Bonds with repurchase agreement	3,000	3,000
Total	**$ 37,931**	**46,087**

The Company assesses that these assets are held to maturity to collect the contractual cash flows and that the cash flows from these financial assets are solely attributable to the payment of principal and interest on the outstanding principal amount and are therefore reported as financial assets at amortized cost.

As of December 31, 2024 and 2023, part of the above financial assets were pledged as collaterals for bank loans. Please refer to Note 8.

(III) Notes and accounts receivable (including related parties)

The breakdown of the Company's accounts receivable is as follows:

	2024.12.31	2023.12.31
Notes receivable	$ 40,001	56,540
Notes receivable - related parties	3,870	2,210
Accounts receivable	176,172	143,571
Accounts receivable - related parties	1,908	1,654
Less: Allowance for losses	1,236	311
	$ 220,715	203,664

As of December 31, 2024 and 2023, none of the receivables of the Company were discounted, of which $28,497 and $29,458, respectively, were provided as collateral for short-term bank loans. Please refer to Note 8.

The Company uses a simplified approach to estimate expected credit losses on all notes and accounts receivable, by measuring expected credit losses over their duration. For this purpose, these notes and accounts receivable are grouped according to common credit risk characteristics that represent customers' abilities to pay all amounts due under the contractual terms with forward-looking information taken into account, including general economic and related industry information.

Analysis of the expected credit losses on notes receivable and accounts receivable is as follows:

	2024.12.31		
	Carrying amounts of notes receivable and accounts receivable	**Weighted-average expected credit loss rate**	**Allowance for expected credit losses over the duration**
Not overdue	$ 177,410	0.000%	-
Less than 30 days overdue	39,114	0.000%	-
31~60 days overdue	2,955	0.000%	-
181~360 days overdue	2,472	50.000%	1,236
	$ 221,951		1,236

	2023.12.31		
	Carrying amounts of notes receivable and accounts receivable	**Weighted-average expected credit loss rate**	**Allowance for expected credit losses over the duration**
Not overdue	$ 169,095	0.000%	-
Less than 30 days overdue	27,027	0.000%	-
31~60 days overdue	5,397	0.002%	-
61~90 days overdue	2,369	12.643%	300
121~180 days overdue	86	12.645%	11
181~360 days overdue	1	23.735%	-
	$ 203,975		311

Changes in allowance for losses on notes and accounts receivable (including related parties) were as follows:

	2024	2023
Balance at the beginning of the period	$ 311	66
Impairment loss recognized	925	245
Balance at the end of the period	$ 1,236	311

(IV) Inventories

Breakdown of the Company's inventories is as follows:

	2024.12.31	2023.12.31
Raw materials	$ 284,930	292,588
Work in process	15,194	8,533
Finished goods	103,914	143,706
Merchandise inventories	68	50
Inventories in transit	50,632	13,175
	$ 454,738	458,052

As of December 31, 2024 and 2023, none of the inventories had been pledged as collaterals.

In addition to the transfer of inventories for normal sales to operating costs, the total amount of other expenses (gains) directly included in operating costs were as follows:

	2024	2023
Decline in value of inventories (gain on reversal)	$ 3,300	(541)
Unallocated manufacturing overheads	14,623	46,623
Net inventory cycle-count (gain) loss	(121)	96
Revenue from scraps	(3,269)	(2,982)
Total	$ 14,533	43,196

(V) Property, plant and equipment

Changes in the cost, depreciation and impairment loss of property, plant and equipment were as follows:

	Land	Buildings and structures	Machinery and equipment	Other equipment	Total
Cost or deemed cost:					
Balance as of January 1, 2024	$ 672,106	234,463	525,805	85,175	1,517,549
Addition	-	2,216	4,840	7,495	14,551
Reclassification	-	-	150	714	864
Balance as of December 31, 2024	$ 672,106	236,679	530,795	93,384	1,532,964
Balance as of January 1, 2023	$ 672,106	233,749	507,901	78,275	1,492,031
Addition	-	714	6,295	6,329	13,338
Reclassification	-	-	11,609	571	12,180
Balance as of December 31,2 2023	$ 672,106	234,463	525,805	85,175	1,517,549

		Land	Buildings and structures	Machinery and equipment	Other equipment	Total
Depreciation and impairment:						
Balance as of January 1, 2024	$	-	137,236	335,782	48,064	521,082
Depreciation		-	8,983	44,241	8,015	61,239
Balance as of December 31, 2024	**$**	**-**	**146,219**	**380,023**	**56,079**	**582,321**
Balance as of January 1, 2023	$	-	128,182	283,900	39,757	451,839
Depreciation		-	9,054	51,882	8,307	69,243
Balance as of December 31, 2023	**$**	**-**	**137,236**	**335,782**	**48,064**	**521,082**
Book value:						
December 31, 2024	**$**	**672,106**	**90,460**	**150,772**	**37,305**	**950,643**
December 31, 2023	**$**	**672,106**	**97,227**	**190,023**	**37,111**	**996,467**
January 1, 2023	**$**	**672,106**	**105,567**	**224,001**	**38,518**	**1,040,192**

1. Impairment loss

Changes in accumulated impairment of the Company's property, plant and equipment were as follows:

		2024	2023
Balance at the beginning of the period (i.e. balance at the end of the period)	**$**	**2,504**	**2,504**

2. Collateral

Breakdown of the Company's property, plant and equipment used as collaterals for bank loans and financing lines as of December 31, 2024 and 2023. Please refer to Note 8.

(VI) Right-of-use assets

Changes in the cost and depreciation of the right-of-use assets recognized for transportation equipment leased by the Company were as follows:

		Transportation equipment
Cost of right-of-use assets		
Balance as of January 1, 2024	$	5,988
Addition		1,102
Decrease		(3,843)
Balance as of December 31, 2024	**$**	**3,247**
Balance as of January 1, 2023	$	9,546
Addition		1,414
Decrease		(4,972)
Balance as of December 31, 2023	**$**	**5,988**

	Transportation equipment
Depreciation of right-of-use assets	
Balance as of January 1, 2024	$ 4,434
Depreciation	1,464
Decrease	(3,843)
Balance as of December 31, 2024	$ 2,055
Balance as of January 1, 2023	$ 7,112
Depreciation	2,294
Decrease	(4,972)
Balance as of December 31, 2023	$ 4,434
Book value:	
December 31, 2024	$ 1,192
December 31, 2023	$ 1,554
January 1, 2023	$ 2,434

(VII) Long-term and short-term loans

Details, terms and conditions of the Company’s long-term and short-term loans were as follows:

1. Short-term loans

	2024.12.31			
	Currency	Interest rate range (%)	Maturity year	Amount
Loans under letters of credit	NTD	1.82~2.708	114	$ 134,399
Secured bank loans	NTD	2.191~2.365	114	30,000
Total				$ 164,399

	2023.12.31			
	Currency	Interest rate range (%)	Maturity year	Amount
Loans under letters of credit	NTD	1.82~2.734	113	$ 20,893
Secured bank loans	NTD	2.05~2.488	113	140,000
Total				$ 160,893

As of December 31, 2024 and 2023, the Company had undrawn short-term borrowing lines amounting to $614,291 thousand and $697,737 thousand, respectively.

2. Short-term bills payable

Breakdown of short-term bills payable is as follows:

	2024.12.31		
	Guarantee or acceptance institution	**Interest rate range (%)**	**Amount**
Commercial paper payables	Mega Bills Finance Co., Ltd.	1.86	$ 30,000
Less: Discount on short-term bills payable			3
Total			$ 29,997

	2023.12.31		
	Guarantee or acceptance institution	**Interest rate range (%)**	**Amount**
Commercial paper payables	Mega Bills Finance Co., Ltd.	1.79	$ 30,000
Less: Discount on short-term bills payable			82
Total			$ 29,918

3. Long-term loans

	2024.12.31			
	Currency	**Interest rate range (%)**	**Maturity year**	**Amount**
Secured bank loans	NTD	2.4%~2.675%	2025~2028	$ 313,417
Current				$ 56,500
Non-current				256,917
Total				$ 313,417

	2023.12.31			
	Currency	**Interest rate range (%)**	**Maturity year**	**Amount**
Secured bank loans	NTD	2.275~2.55	2024~2028	$ 434,917
Current				$ 56,500
Non-current				378,417
Total				$ 434,917

As of December 31, 2024 and 2023, the Company had no undrawn long-term borrowing lines.

For information on the Company's interest rate, foreign currency and liquidity risk exposures, please refer to Note 6(16).

4. Collaterals for bank loans

The Company's assets pledged as collaterals for bank loans are as described in Note 8.

(VIII) Lease liabilities

Carrying amounts of the Company's lease liabilities were as follows:

	2024.12.31	2023.12.31
Current	$ 801	1,198
Non-current	$ 353	345

For maturity analysis, please refer to Note 6(16) Financial instruments.

Amount of leases recognized in profit or loss was as follows:

	2024	2023
Interest expense on lease liabilities	$ 36	44

Amount of leases recognized in the statements of cash flows was as follows:

	2024	2023
Total cash outflows from leases	$ 1,527	2,359

The Company leases transportation equipment for periods ranging from one to four years.

(IX) Employee benefits

1. Defined benefit plan

Reconciliation of the present value of the Company's defined benefit obligations to the fair value of plan assets is as follows:

	2024.12.31	2023.12.31
Present value of defined benefit obligations	$ 48,142	61,748
Fair value of plan assets	(54,769)	(60,938)
Net defined benefit liabilities (assets)	$ (6,627)	810

The Company makes appropriations for the defined benefit plans to a dedicated account of Labor Retirement Reserve at the Bank of Taiwan. The retirement benefit for each employee under the Labor Standards Act is based on the bases of the number of years of service and the average salary for the six months before retirement.

(1) Composition of plan assets

The Company's pension fund under the Labor Standards Act is administered by the Bureau of Labor Funds, the Ministry of Labor (formerly the Bureau of Labor Funds, Ministry of Labor, Executive Yuan). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum annual earnings of the Fund shall not be less than the earnings calculated based on the interest rate of a two-year time deposit at a local bank.

As of December 31, 2024, the balance of dedicated account of Labor Retirement Reserve at the Bank of Taiwan was $54,769 thousand. For information on the labor pension fund assets, including the fund earnings yield and fund asset allocation, please refer to the information published on the website of the Bureau of Labor Funds, the Ministry of Labor (formerly the Bureau of Labor Funds, Ministry of Labor, Executive Yuan)

(2) Changes in the present value of defined benefit obligations

Changes in the present value of the Company's defined benefit obligations were as follows:

	2024	2023
Defined benefit obligations as of January 1	$ 61,748	70,648
Current service costs and interest	1,398	1,444
Remeasurement of net defined benefit liabilities		
-Actuarial gain or loss resulting from changes in financial assumptions	1,726	476
Benefits paid	(16,730)	(10,820)
Defined benefit obligations as of December 31	**$ 48,142**	**61,748**

(3). Changes in the fair value of plan assets

Changes in the fair value of the Company's defined benefit plan assets were as follows:

	2024	2023
Fair value of plan assets as of January 1	$ 60,938	68,938
Interest income	828	930
Remeasurement of net defined benefit liabilities		
- Return on plan assets (excluding current interest)	5,822	518
Amount appropriated to the plan	1,080	1,372
Benefits paid	(13,899)	(10,820)
Fair value of plan assets as of December 31	**$ 54,769**	**60,938**

(4) Expenses recognized in profit or loss

Breakdown of expenses reported by the Company is as follows:

	2024	2023
Current service costs	$ 627	497
Net interest on net defined benefit liabilities	(57)	17
	$ 570	**514**

	2024	2023
Operating costs	$ 287	405
Selling expenses	18	15
Administrative expenses	265	94
Total	**$ 570**	**514**

(5) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligations as of the reporting date were as follows:

	2024.12.31	**2023.12.31**
Discount rate	1.750%	1.375%
Future salary increase	1.000%	1.000%

The Company expects to make the appropriation of $1,080 thousand for the defined benefit plan in the year following the reporting date for 2024.

The weighted-average duration of the defined benefit plan is 9.99 years.

(6) Sensitivity analysis

The effect of changes in key actuarial assumptions on the present value of the defined benefit obligations as of December 31, 2024 and 2023 was as follows:

	Influence on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2024		
Discount rate (change by 0.25%)	$ (676)	696
Future salary increase (change by 0.25%)	681	(664)
December 31, 2023		
Discount rate (change by 0.25%)	$ (825)	849
Future salary increase (change by 0.25%)	827	(807)

The sensitivity analysis above explores the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many of these assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit obligations for the balance sheet.

The methodology and assumptions used in preparing the sensitivity analysis are the same as those used in the previous period.

2. Defined contribution plan

The Company’s defined contribution plan is based on the Labor Pension Act, and the contribution rate is 6% of the employees’ monthly wages to employees’ personal pension accounts at the Bureau of Labor Insurance Under this plan, the Company has no legal or constructive obligations to pay additional amounts after making a fixed contribution to the Bureau of Labor Insurance.

The Company’s pension expenses under the defined contribution pension plan was $2,567 thousand and $2,752 thousand for 2024 and 2023, respectively.

(X) Income tax

1. Income tax expense

Breakdown of the Company's income tax expense is as follows:

	2024	2023
Current income tax expense		
Incurred during the period	$ -	-
Adjustments to current income tax for prior periods	-	1
	-	1
Deferred income tax expense		
Occurrence and reversal of temporary differences	758	389
Income tax expense	**758**	**390**

There was no income tax expense recognized in equity and other comprehensive income for 2024 and 2023.

Reconciliation of income tax expense to net profit (loss) before tax is as follows:

	2024	2023
Net profit (loss) before tax	$ 16,682	(54,397)
Income tax based on the domestic tax rate of the Company's jurisdiction	$ 3,336	(10,879)
Adjustments for tax return	30	44
Underestimation of income tax for prior periods	-	1
Tax losses from unrecognized deferred income tax assets	(2,608)	11,224
Income tax expense	**$ 758**	**390**

2. Deferred income tax assets

(1) Unrecognized deferred income tax assets

The items not recognized by the Company as deferred income tax assets:

	2024.12.31	2023.12.31
Tax loss	$ 42,655	56,121

Taxable losses are those incurred in the previous ten years as determined by the tax collection authority in accordance with the Income Tax Act. They may be deducted from the net profit of the current year, and then the income tax can be levied. These items are not recognized as deferred income tax assets because the Company is not likely to have sufficient taxable income available in the future for the temporary differences.

For the tax losses that the Company did not recognize as differed income tax assets as of December 31, 2024, the deduction period is as follows:

Year of loss	Loss yet to be deducted	Last year before which deduction is allowed
2033	$ 42,655	2033

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities

Deferred income tax assets:

	Allowance for loss on decline in value of inventories	Defined benefit plan	Other	Total
January 1, 2024	$ 2,892	612	550	4,054
Credit to the Statements of Comprehensive Income	660	(612)	(483)	(435)
December 31, 2024	**$ 3,552**	**-**	**67**	**3,619**
January 1, 2023	$ 3,000	784	659	4,443
Credit to the Statements of Comprehensive Income	(108)	(172)	(109)	(389)
December 31, 2023	**$ 2,892**	**612**	**550**	**4,054**

Deferred income tax liabilities:

	Other
January 1, 2024	$ -
Debit to the Statements of Comprehensive Income	323
December 31, 2024	**$ 323**

3. Status of income tax assessment

The Company’s income tax returns have been assessed by the tax authorities through 2022.

(XI) Capital and other equity

1. Common stock capital

As of December 31, 2024 and 2023, the Company’s total authorized capital was $2,900,000 thousand with a par value of $10 per share and 290,000 thousand shares. The number of common shares issued was 97,500 thousand shares at both balance sheet dates.

2. Capital surplus

The balance of the Company’s capital surplus was as follows:

	2024.12.31	2023.12.31
Transactions of treasury stock	$ 10,438	10,438
Other	211	144
	$ 10,649	**10,582**

In accordance with the Company Act, capital surplus must first be used to make up for losses before new shares or can be issued or cash can be paid in proportion to the shareholders’ original shares based on the realized capital surplus. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital surplus may be capitalized as equity in an amount not exceeding 10% of the paid-in capital each year.

3. Retained earnings:

In accordance with the applicable provisions of the Company's Articles of Incorporation, if the Company makes a profit in a year as concluded by the year-end account close, the Company shall first pay taxes, make up for accumulated losses, then provide 10% for legal reserve, except that if the legal reserve has reached the Company's paid-in capital, no further provision shall be made. The remaining amount, after the special reserve is set aside or reversed, shall be the earnings available for distribution for the year, for which together with the accumulated undistributed earnings, the Board of Directors shall prepare an earnings distribution proposal and submit it to the shareholders for resolution on the distribution of dividends to shareholders. The Company's dividends policy is formulated in accordance with the Company's current and future development plans, with the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders taken into account. The Company's dividend policy is based on the principle that no less than 30% of the earnings available for distribution in a given year should be distributed as dividends, which may be paid in cash or in stock, with cash dividends not less than 30% of the total dividends. However, if, after calculations, the dividends and bonuses (the sum of cash dividends and stock dividends) to shareholders are less than $0.20 per share, no distribution of dividends shall be made.

(1) Legal reserve

The Company may issue new shares or pay cash from the legal reserve up resolution of the shareholders' meeting when the Company has no losses, but limited to the part of the legal reserve exceeding 25% of the paid-in capital.

(2) Earnings distribution

On February 27, 2025, the Board of Directors resolved not to distribute dividends for 2024.

As the Company had a loss in 2023, the Board of Directors resolved not to distribute dividends on May 30, 2024.

On May 24, 2023, the Company's shareholders resolved the distribution of earnings for 2022, and the amounts of dividends distributed to shareholders were as follows, and related information can be found on the MOPS:

	2022	
	Distribution rate (NTD)	**Amount**
Dividends distributed to shareholders of common stock:		
Cash	$ 0.35	34,125

(XII) Earnings per share

The calculations of basic earnings per share and diluted earnings per share are as follows:

1. Basic earnings per share

Unit: Thousands of shares

	2024	**2023**
Net profit (loss) attributable to shareholders of the Company's common stock	$ 15,924	(54,787)
Weighted average number of common shares outstanding	97,500	97,500
Basic earnings per share (NTD)	$ 0.16	(0.56)

Notes to the financial statements of CHIH LIEN INDUSTRIAL CO., LTD. (continued)

2. Diluted earnings per share

Unit: Thousands of shares

		2024
Net profit (loss) attributable to shareholders of the Company's common stock	$	15,924
Weighted average number of common shares outstanding		97,500
Effect of dilutive potential common shares		
Effect of profit-sharing remuneration for employees in stock		28
Weighted average number of common shares outstanding (diluted)		97,528
Diluted earnings per share (NTD)	$	0.16

Although the effect of the Company's employee remuneration is potential ordinary shares, it has the anti-dilution effect and is not included in the diluted earnings per share for 2023.

(XIII) Revenue from customer contracts

1. Breakdown of revenue

		2024	2023
Major market by region:			
Taiwan	$	716,989	572,552
China		155,650	131,475
Indonesia		119,078	124,325
Malaysia		50,266	38,867
Other countries		54,765	49,210
Total	$	1,096,748	916,429
Main product/service lines			
Steel bars	$	744,344	605,573
Steel wires		301,142	257,090
Other products		13,951	17,444
Processing revenue		37,311	36,322
Total	$	1,096,748	916,429

2. Contract balance

		2024.12.31	2023.12.31	2023.1.1
Notes receivable	$	40,001	56,540	43,080
Notes receivable - related parties		3,870	2,210	2,938
Accounts receivable		176,172	143,571	144,690
Accounts receivable - related parties		1,908	1,654	1,453
Less: Allowance for losses		1,236	311	66
Total	$	220,715	203,664	192,095

Please refer to Note 6(3) for the disclosure of notes receivable, accounts receivable and impairment losses thereof.

(XIV) Profit-sharing remuneration for employees and directors

In accordance with the Company's Articles of Incorporation revised in May 2024, if the Company makes a profit in a year, 3% to 10% should be appropriated as profit-sharing remuneration for employees and no more than 3% as profit-sharing remuneration for directors. However, if the Company still has accumulated losses, it should reserve the amount to make up for the losses in advance

In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a year, 2% of which should be appropriated as profit-sharing remuneration for employees and no more than 3% as profit-sharing remuneration for directors. However, if the Company still has accumulated losses, it should reserve the amount to make up for the losses in advance

For 2024, the amount of profit-sharing remuneration for employees was $532 thousand, and the amount of profit-sharing remuneration for directors was $532 thousand, respectively, which were calculated by multiplying the Company's net profit before tax before deducting profit-sharing remuneration for employees and profit-sharing remuneration for directors by the percentages of profit-sharing remuneration for employees and profit-sharing remuneration for directors stipulated in the Company's Articles of Incorporation and reported as operating costs or operating expenses for 2024. The related information is available on the Market Observation Post System.

The Company had a loss in 2023, and thus did not estimate the remuneration to employees and directors.

There was no difference between the profit-sharing remuneration for employees and profit-sharing remuneration for directors resolved by the Board of Directors and the amounts provided in the Company's financial statements for 2024 and 2023.

(XV) Non-operating income and expense

1. Interest income

Breakdown of the Company's interest income is as follows:

	2024	2023
Interest on bank deposits	$ 1,912	1,881

2. Other income

	2024	2023
Other	$ 2,708	6,603

3. Other gain or loss

	2024	2023
Net foreign currency exchange gain	$ 8,904	269
Gain from financial assets at fair value through profit or loss	-	39
Miscellaneous expenses	(150)	(240)
Other gain or loss, net	$ 8,754	68

4. Financial costs

	2024	2023
Interest expense	$ 13,196	17,715

(XVI) Financial instruments

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum credit risk exposure.

(2) Concentration of credit risk

Since the Company has a large customer base and does not have a significant concentration of transactions with a single customer and its sales regions are scattered, there is no significant concentration of credit risk in accounts receivable. To reduce credit risk, the Company regularly and continuously evaluates the financial position of its customers, but does not normally require collateral from customers.

2. Liquidity risk - Maturity analysis of financial liabilities

The following table shows the contractual maturities of financial liabilities, including estimated interest but excluding the effect of net agreements.

	Carrying amount	Contractual cash Flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term loans	$ 164,399	165,409	165,409	-	-	-
Short-term bills payable	29,997	30,000	30,000	-	-	-
Long-term loans (including loans due within one year)	313,417	326,464	64,005	195,824	66,635	-
Accounts payable	109,589	109,589	109,589	-	-	-
Accounts payable - related parties	133	133	133	-	-	-
Other payables	47,038	47,038	47,038	-	-	-
Lease liabilities	1,154	1,174	815	287	72	-
	$ 665,727	**679,807**	**416,989**	**196,111**	**66,707**	**-**
December 31, 2023						
Short-term loans	$ 160,893	161,987	161,987	-	-	-
Short-term bills payable	29,918	30,000	30,000	-	-	-
Long-term loans (including loans due within one year)	434,917	452,865	66,755	260,566	125,544	-
Accounts payable	62,983	62,983	62,983	-	-	-
Accounts payable - related parties	309	309	309	-	-	-
Other payables	38,212	38,212	38,212	-	-	-
Lease liabilities	1,543	1,565	1,219	346	-	-
	$ 728,775	**747,921**	**361,465**	**260,912**	**125,544**	**-**

The Company does not expect the timing of cash flows to occur significantly earlier or for the actual amounts to differ significantly for the maturity analysis

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk were as follows:

	Foreign currencies		Exchange rate	NTD
December 31, 2024				
Financial assets				
Monetary items				
USD	$	4,053	32.780	132,871
Financial liabilities				
Monetary items				
USD	$	1,410	32.780	46,209

	Foreign currencies		Exchange rate	NTD
December 31, 2023				
Financial assets				
Monetary items				
USD	$	4,639	30.710	142,461
Financial liabilities				
Monetary items				
USD		222	30.710	6,804

(2) Sensitivity analysis

The Company's exchange rate risk arises mainly from foreign-currency denominated cash and cash equivalents, financial assets at amortized cost, accounts receivable, loans and accounts payable, which result in foreign currency exchange gains or losses upon translation. As of December 31, 2024 and 2023, if NTD had depreciated or appreciated by 5% against foreign currencies, with all other factors held constant, net profit (loss) before tax would had increased or decreased by $4,333 thousand and $6,783 thousand for 2024 and 2023, respectively. The same basis was used in the analysis for both periods.

(3) Exchange gain or loss on monetary items

The exchange gain/loss (including realized and unrealized) of the Company's monetary items incurs due to exchange of US dollars to the functional currency of the Company. The net foreign exchange gain (including realized and unrealized) was $8,904 thousand and $269 thousand in 2024 and 2023, respectively.

4. Interest rate analysis

The Company's interest rate risk on financial liabilities is described in Liquidity Risk Management of this Note.

The following sensitivity analysis is based on the interest rate risk of non-derivative instruments at the reporting date. For floating rate liabilities, the analysis assumes that the amount of the liabilities outstanding at the reporting date were outstanding for the entire year. The changes used for the Company's internal reporting of interest rates to key management is increased or decreased in interest rates by 1%, which represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased or decreased by 1%, with all other variables held constant, the Company's net (loss) profit before tax would have decreased or increased by $4,778 thousand and $5,958 thousand for 2024 and 2023, respectively, primarily due to the Company's variable rate borrowings.

5. Information on fair value－Types and fair values of financial instruments

The Company's financial assets and liabilities are financial assets and liabilities at amortized cost. If their carrying amounts are a reasonable approximation of fair values, disclosure of information on fair value is not required.

(XVII) Financial risk management

1. Outline

The Company is exposed to the following risks arising from the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This Note presents information on the Company's exposure to each of the above risks and the Company's objectives, policies and procedures for measuring and managing these risks. For further quantitative disclosures, please refer to the respective notes to the financial statements.

2. Risk management framework

The Board of Directors is solely responsible for establishing and overseeing the risk management framework of the Company. The Chairperson of the Board of Directors is responsible for the development and control of the Company's risk management policies and reports regularly to the Board of Directors on the operations.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor compliance with the risks and risk limits. The risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

The Company's Board of Directors monitors how management ensures compliance with the Company's risk management policies and procedures and reviews the appropriateness of the Company's risk management framework with respect to the risks it faces. Internal auditors assist the Company's Board of Directors in its oversight role. These auditors conduct regular and exceptional reviews of risk management controls and procedures and report the results of these reviews to the Board of Directors.

3. Credit risk

Credit risk refers to the risk of loss arising from the failure of any counterparty to perform its contractual obligations. The Company limits the counterparties of derivative instruments to those with good credit rating and expects that the counterparties will not default on their contracts. Therefore, the likelihood of credit risk is extremely low.

The Company's notes and accounts receivable (including related parties) and other financial assets exposed to credit risk are evaluated for contracts with positive fair values at the balance sheet date.

Significant concentration of credit risk occurs when the counterparties to financial instrument transactions are significantly concentrated in a small number of counterparties, or when the counterparties to financial instrument transactions are not significantly concentrated in a small number of counterparties, but most of the counterparties are engaged in similar business activities and have similar economic characteristics, such that their ability to perform the contracts is similarly affected by economic or other conditions. The counterparties of the Company's financial instruments are not significantly concentrated, but the counterparties of notes and accounts receivable are concentrated in three customers, accounting for 24% and 21% of the net notes and accounts receivable (including related parties) as of December 31, 2024 and 2023, respectively.

4. Liquidity risk

The Company's current assets are greater than its current liabilities. Therefore, the Company has sufficient working capital and is not exposed to liquidity risk due to its inability to raise funds to meet its contractual obligations. In addition, as of December 31, 2024 and 2023, the Company's undrawn short-term borrowing lines amounted to $614,291 thousand and $697,737 thousand, respectively.

5. Market risk

Market risk refers to the potential loss that the Company may suffer due to changes in market interest rates or exchange rates as a result of the Company's engagements in related transactions. To manage exchange rate risk, the Company maintains net foreign currency positions within certain limits.

The Company's creditor's rights in foreign-currency are subject to exchange rate fluctuations, but they do not represent a significant portion of the Company's total assets to exchange rate fluctuations. Therefore, the impact of exchange rate changes thereon remains within a certain range.

(XVIII) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the future development of operations. Capital consists of the Company's capital stock, capital surplus and retained earnings. The Board of Directors controls the debit to capital ratio and the level of dividends on common stock.

The debit to capital ratio as of the reporting date was as follows:

	2024.12.31	2023.12.31
Total liabilities	$ 671,199	735,833
Less: Cash and cash equivalents	106,069	118,616
Net liabilities	$ 565,130	617,217
Capital	$ 1,120,831	1,100,744
Debt to capital ratio	50%	56%

As of December 31, 2024, the Company's capital management practices had not changed.

(XIX) Investments and financing activities in non-cash transactions

The Company's investments and financing activities in non-cash transactions for 2024 and 2023 consisted of acquiring right-of-use assets by lease

Reconciliation of the Company's liabilities from financing activities is as follows:

			Reconciliation of non-cash transactions			
	2024.1.1	Cash flows	Effect of changes in exchange rate	Amortization of discounts of bills	Acquisition of right-of-use assets	2024.12.31
Short-term loans	$ 160,893	3,506	-	-	-	164,399
Short-term bills payable	29,918	-	-	79	-	29,997
Long-term loans (including long-term loans due within one year)	434,917	(121,500)	-	-	-	313,417
Lease liabilities	1,543	(1,491)	-	-	1,102	1,154
Total liabilities from financing activities	$ 627,271	(119,485)	-	79	1,102	508,967

			Reconciliation of non-cash transactions			
	2023.1.1	Cash flows	Effect of changes in exchange rate	Amortization of discounts of bills	Acquisition of right-of-use assets	2023.12.31
Short-term loans	$ 722,328	(561,349)	(86)	-	-	160,893
Short-term bills payable	29,978	-	-	(60)	-	29,918
Long-term loans (including long-term loans due within one year)	95,857	339,060	-	-	-	434,917

Lease liabilities	2,444	(2,315)	-	-	1,414	1,543
Total liabilities from financing activities	$ 850,607	(224,604)	(86)	(60)	1,414	627,271

VII. Related Party Transactions

(I) Name and relationship of related parties

The related parties with whom the Company had transactions during the period covered by these financial statements were as follows:

Name of related party	Relationship with the Company
Dasheng International Investment Co., Ltd.	Other related party of the Company and its chairperson is the Chairperson of the Company
Renhe International Investment Co., Ltd.	Other related party of the Company and its chairperson is a director of the Company
JUNE LAI METAL CO., LTD. (JUNE LAI)	Other related party of the Company and its chairperson is the Chairperson of the Company

(II) Significant transactions with related parties

1. Operating revenue

The amount of processing and sales revenue with related parties was as follows:

	2024	2023
Processing revenue:		
JUNE LAI	$ 19,195	17,816
Sales revenue:		
JUNE LAI	3,727	5,065
	$ 22,922	22,881

The collection terms for processing revenue and sales revenue from the above related parties are 30 days and 90 days from the monthly cut-off day, respectively, while the collection terms for general customers are 30 to 90 days from the monthly cut-off day.

2. Purchases

The amount of the Company’s purchases from related parties was as follows:

	2024	2023
JUNE LAI	$ 1,852	1,373

The Company’s purchase prices from the above companies were not significantly different from the Company’s purchase prices from general vendors. The payment terms are by issuance of notes due 30 days after receiving. For general vendors, their payment terms are not significantly different from those of the related parties, except for the transactions involving letters of credit.

3. Receivables from related parties

The breakdown of the Company's receivables from related parties is as follows:

Account in the financial statements	Type of related party	2024.12.31	2023.12.31
Notes receivable - related parties	JUNE LAI	$ 3,870	2,210
Accounts receivable - related parties	JUNE LAI	1,908	1,654
		$ 5,778	3,864

Receivables from related parties were not secured by collaterals and no allowance for losses was provided for after evaluation.

4. Payables from related parties

The breakdown of the Company's payables from related parties is as follows:

Account in the financial statements	Type of related party	2024.12.31	2023.12.31
Accounts payable - related parties	JUNE LAI	$ 133	309

5. Endorsement/guarantee

The Chairperson of the Company is the Company's joint guarantor for the loans. Please refer to Note 6(7) for the status of the credit facilities of the Company and their usage.

(III) Transactions related to key management

Remuneration for key management included:

	2024	2023
Short-term employee benefits	$ 5,388	6,897
Post-employment benefits	77	69
	$ 5,465	6,966

The Company leases vehicles for the management to use. The related amounts have been included in the above-mentioned short-term employee benefits.

VIII. Pledged Assets

Carrying amount of the assets pledged as collaterals was as follows:

Name of asset	Subject asset pledged as collateral	2024.12.31	2023.12.31
Bank deposits and corporate bonds with repurchase agreements (recorded as financial assets at amortized cost)	Short-term loans, short-term bills payable and long-term loans	$ 37,931	39,945
Notes receivable (including related parties)	Short-term loans	28,497	29,458
Property, plant and equipment	Short-term loans and long-term loans	715,240	719,655
		$ 781,668	789,058

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of December 31, 2024 and 2023, the Company had unused letters of credit for the purchase of raw materials and machinery and equipment amounting to $61,310 thousand and $11,371 thousand , respectively.

(II) As of December 31, 2024 and 2023, the Company’s guarantee notes issued for the purchase of raw materials and borrowing lines amounted to $75,000 thousand and $80,000 thousand, respectively.

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Other

Employee benefits, depreciation, depletion and amortization expense by functions are summarized as follows:

Function / Nature	2024			2023		
	As operating costs	**As operating expenses**	**Total**	**As operating costs**	**As operating expenses**	**Total**
Employee benefits expenses						
Salary expenses	61,181	20,557	81,738	65,723	19,730	85,453
Labor and health insurances expenses	7,076	2,325	9,401	8,435	2,147	10,582
Pension expenses	1,978	1,159	3,137	2,349	917	3,266
Remuneration for directors	-	3,434	3,434	-	3,374	3,374
Other employee benefits expenses	6,015	2,157	8,172	6,212	2,353	8,565
Depreciation expense	60,067	2,636	62,703	68,390	3,147	71,537
Amortization expense	186	88	274	186	88	274

Additional information on the number of employees and employee benefits expenses for 2024 and 2023 is as follows:

	2024	2023
Number of employees	151	169
Number of directors who were not concurrently employees	6	6
Average employee benefits expenses	$ 707	662
Average employee salary expenses	$ 564	524
Adjustment to average employee salary expenses	7.63%	
Remuneration for supervisors	$ -	-

Information on the Company’s salary and remuneration policy (including directors, managerial officers and employees) is as follows:

The Company’s remuneration for directors is based on the attendance rate of directors and their contribution and is evaluated and determined with reference to the annual operating performance, the total remuneration paid in the last five years and the salary level of the industry.

The remuneration for managerial officers is evaluated and determined based on the achievement of performance targets. The remuneration for employees is based on their performance appraisal and attendance, and is evaluated and determined based on the annual operating performance.

XIII. Additional Disclosure

(I) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company should disclose the following information regarding material transactions in 2024:

1. Lending of funds to others: none.
2. Endorsement and guarantee for others: none.

Notes to the financial statements of CHIH LIEN INDUSTRIAL CO., LTD. (continued)

3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures):

Companies whose marketable securities are held by the Company	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account in the financial statements	End of the period				Remarks
				Thousands	Carrying amount	Shareholdings percentage	Fair value	
The Company	Corporate bonds with repurchase agreement - Central government bonds 93-3	—	Financial assets at amortized cost - current	-	3,000	- %	3,000	—

4. Cumulative purchases or sales of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: none.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: none.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: none.
7. Purchase from or sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: none.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: none.
9. Engagements in derivative transactions: none.

(II) Information on Investees: none

(III) Information on Investments in Mainland China: none

(IV) Information on Major Shareholders

Unit: Shares

Shares / Name of major shareholders	Number of shares held	Shareholdings percentage
Dasheng International Investment Co., Ltd.	11,183,000	11.46%
Renhe International Investment Co., Ltd.	10,568,000	10.83%
Ching-Hang Lin	9,850,000	10.10%
PROSPERITY DID ENTERPRISE CO., LTD.	9,260,000	9.49%
Lian Cheng Investment Development Co., Ltd.	8,940,000	9.16%
Chung-Liang Pan	5,533,843	5.67%
PORATHA INTERNATIONAL CO., LTD.	5,000,000	5.12%
Tai Yi International Investment Co., Ltd.	4,899,000	5.02%

XIV. Segment Information

The Company operates in a single industry and is mainly engaged in the manufacturing and processing of steel wire and steel bars with similar end-use products. The Company's operating decision makers evaluate performance and allocates resources on a company-wide basis and have identified that the Company has only one reportable segment and its segment profit and loss, segment assets and segment liabilities are consistent with the financial statements. Please refer to the balance sheets and statements of comprehensive income for details.

The Company's geographical information is as follows, with revenues classified based on the geographical location of customers and non-current assets classified based on the geographical location of the assets.

Region	2024	2023
Revenue from external customers.		
Taiwan	$ 716,989	572,552
China	155,650	131,475
Indonesia	119,078	124,325
Malaysia	50,266	38,867
Other	54,765	49,210
Total	$ 1,096,748	916,429

Region	2024.12.31	2023.12.31
Non-current assets:		
Taiwan	$ 953,792	999,839

Non-current assets include property, plant and equipment, right-of-use assets, prepayments for equipment and other assets, but exclude non-current assets of financial instruments and deferred income tax assets.

The major customer information of the Company for the 2024 and 2023 is as follows:

	2024	2023
Customer A	$ 118,192	64,017

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of cash and cash equivalents

December 31, 2024 **Unit: Thousands of NTD**

Item	Summary	Amount
Cash	Petty cash and foreign currency cash	$ 402
Bank deposits	Demand deposits	57,490
	Foreign currency deposits	
	USD 970 thousand, @32.780	31,787
	Time deposits (USD 500 thousand, @ 32.78, maturity date: 01.03,2025, interest rate: 4.00%)	16,390
		$ 106,069

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of financial assets at amortized cost - current

December 31, 2024

Unit: Thousands of NTD

Name	Summary	Number of board lots	Face value	Total amount	Interest rate (%)	Carrying amount	Accumulated impairment	Remarks
Demand deposits	Reserve deposits	-	$ -	-	-	34,931	-	
Corporate bonds with repurchase agreement	Repurchase agreement pledged	1	2,600	2,600	1.2	3,000	-	
						$ 37,931	-	

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of notes receivable (including related parties)

December 31, 2024 **Unit: Thousands of NTD**

Customer	Summary	Amount	Remarks
Related party:			
JUNE LAI METAL CO., LTD.	Business	$ 3,870	
Non-related party:			
Company A	Business	13,060	
Company B	〃	3,678	
Company C	〃	3,226	
Company D	〃	2,344	
Others (individual amounts did not exceed 5% of the balance of each account)	〃	17,693	
Subtotal		40,001	
Total		**$ 43,871**	

Schedule of accounts receivable (including related parties)

Customer	Summary	Amount	Remarks
Related party:			
JUNE LAI METAL CO., LTD.	Business	$ 1,908	
Non-related party:			
Company E	Business	21,810	
Company F	〃	12,827	
Others (individual amounts did not exceed 5% of the balance of each account)	〃	141,535	
Subtotal		176,172	
Less: Allowance for losses		1,236	
Total		**$ 176,844**	

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of inventories

December 31, 2024 **Unit: Thousands of NTD**

Item	Amount		Remarks
	Cost	Net realizable value	
Raw materials	$ 284,930	284,930	Net realizable value for market price
Work in process	15,340	15,194	〃
Finished goods	121,527	113,945	〃
Merchandise inventories	68	101	〃
Inventories in transit	50,632	50,632	〃
Subtotal	472,497	**464,802**	
Less: Allowance for loss on decline in value of inventories	17,759		
	$ 454,738		

Schedule of pre-payments and other current assets

Item	Summary	Amount	Remarks
Pre-paid expenses		$ 4,890	
Supplies inventory		1,412	
Refundable business tax		492	
Others (individual amounts did not exceed 5% of the balance of each account)		284	
		$ 7,078	

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of other non-current assets:

December 31, 2024 **Unit: Thousands of NTD**

Item	Summary	Amount	Remarks
Refundable deposits		$ 640	
Other assets		424	
		$ 1,064	

Schedule of short-term loans

Type of loans	Description	Balance at the end of the period	Length of the contract	Interest rate range (%)	Financing line	Collateral or guarantee	Remarks
Secured bank loans	Taishin International Bank	$ 30,000	Less than 1 year	2.191~2.365	30,000	Note 2	
	Taipei Fubon Bank	4,973	Less than 1 year	2.488~2.708	50,000	Note 2	
	Subtotal	34,973					
Loans under letters of credit	First Commercial Bank	9,275	Less than 1 year	2.475~2.675	450,000	Note 1	
	Hua Nan Commercial Bank	39,567	Less than 1 year	2.201~2.382	60,000	Note 2	
	Taichung Commercial Bank	-	Less than 1 year		60,000	Note 2	
	Shanghai Commercial and Saving Bank	27,482	Less than 1 year	2.4~2.535	60,000	Note 2	
	Cathay United Bank	24,867	Less than 1 year	1.82~1.95	40,000	Note 2	
	Taiwan Cooperative Bank	27,842	Less than 1 year	2.413~2.538	40,000	-	
	CTBC Bank	393	Less than 1 year	2.31~2.57	50,000	Note 2	
	Subtotal	129,426					
	Total	**$ 164,399**					

Note 1: Secured by land, buildings and structures. In addition, the secondary collateral was notes receivable, but these notes were not restricted.
Note 2: Secured by restricted bank deposits.

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of short-term bills payable

December 31, 2024

Unit: Thousands of NTD

Item	Guarantee or acceptance institution	Length of the contract	Interest rate range (%)	Amount: Issue amount	Amount: Unamortized discount on commercial paper payables	Amount: Carrying amount	Remarks
Commercial paper payables	Mega Bills Finance Co., Ltd.	Less than 1 year	1.86	$ 30,000	3	29,997	Note 1

Note 1: Secured by corporate bonds with repurchase agreement

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of accounts payable (including related parties)

December 31, 2024 **Unit: Thousands of NTD**

Customer	Summary	Amount	Remarks
Related party:			
JUNE LAI METAL CO., LTD.	Business	$ 133	
Non-related party:			
Company G	Business	62,717	
Company H	〃	42,338	
Others (individual amounts did not exceed 5% of the balance of each account)	〃	4,534	
Subtotal		109,589	
		$ 109,722	

Schedule of other payables

Item	Summary	Amount
Salaries and bonuses payable		$ 10,804
Freights payable		6,024
Commissions payable		4,528
Others		25,682
		$ 47,038

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of other current liabilities

December 31, 2024 **Unit: Thousands of NTD**

Item	Summary	Amount	Remarks
Payment in lieu of untaken annual leave		$ 3,664	
Receipts under custody		725	
Other advance receipts		674	
Others		86	
		$ 5,149	

Schedule of long-term loans

Creditor	Borrowing amount	Length of the contract	Interest rate (%)	Collateral or guarantee	Remark
First Commercial Bank	$ 143,000	2023.01.16~2028.01.16	2.675	Land, buildings and structures	-
〃	135,000	2023.01.16~2025.01.16	2.525	〃	
Shanghai Commercial and Saving Bank	35,417	2022.10.26~2027.10.26	2.4	Restricted bank deposits and machinery and equipment	-
	313,417				
Less: Long-term loans due within one year	56,500				
	$ 256,917				

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of operating revenue

January 1 to December 31, 2024 **Unit: Thousands of NTD**

Item	Quantity (Thousands of kilogram)	Amount	Remarks
Steel bars	16,934	$ 744,344	
Low carbon steel wires	7,119	301,142	
Others	359	13,951	
Net sales revenue:	24,412	1,059,437	
Net processing revenue	6,904	37,311	
Net operating revenue	**31,316**	**$ 1,096,748**	

CHIH LIEN INDUSTRIAL CO., LTD.

Schedule of operating costs

January 1 to December 31, 2024 **Unit: Thousands of NTD**

Item	Amount Subtotal	Amount Total
Cost of goods sold:		
Direct materials		
Opening inventories (including inventory in transit of $13,175 thousand)	$ 305,767	
Add: Purchases during the period	771,319	
Ending inventories (including inventory in transit of $50,632 thousand)	335,562	
Inventory cycle-count losses	516	
Sub-total direct materials	741,008	
Direct labors	51,347	
Manufacturing overheads	169,961	
Manufacturing costs	962,316	
Add: Opening WIP inventories	8,533	
Less: Ending WIP inventories	15,340	
Cost of finished goods (F/G)	955,509	
Add: Opening F/G inventories	158,146	
Inventory cycle-count gain	645	
Less: Ending F/G inventories	121,527	
Transfer to expenses	11	
Total cost of goods sold of self-manufactured products		992,762
Cost of goods sold of purchased goods		
Beginning inventories	65	
Add: Purchases during the period	4,630	
Less: Ending inventories	68	
Inventory cycle-count loss	8	
Total cost of goods sold of purchased goods		4,619
Total cost of goods sold		997,381
Unallocated manufacturing overheads		14,623
Revenue from scraps		(3,269)
Decline in value of inventories		3,300
Net inventory cycle-count gain		(121)
Total operating costs		**$ 1,011,914**

CHIH LIEN INDUSTRIAL CO., LTD

Schedule of selling expenses

January 1 to December 31, 2024 **Unit: Thousands of NTD**

Item	Summary	Amount	Remarks
Freights and export expenses		$ 19,449	
Salary expenses		7,482	
Commission		4,140	
Other expenses		4,569	
		$ 35,640	

Schedule of administrative expenses

Item	Summary	Amount	Remarks
Salary expenses		$ 14,647	
Labor expense		2,668	
Depreciation		2,234	
Other expenses		12,216	
		$ 31,765	

Please refer to Note 6(5) to the financial statements for the schedule of the changes in property, plant and equipment.
Please refer to Note 6(5) to the financial statements for the schedule of changes in accumulated depreciation of property, plant and equipment.
Please refer to Note 6(5) to the financial statements for the schedule of changes in accumulated impairment of property, plant and equipment.
Please refer to Note 6(6) to the financial statements for the schedule of the changes in right-of-use assets.
Please refer to Note 6(15) to the financial statements for the schedule of other income.

CHIH LIEN INDUSTRIAL CO., LTD.

Chairperson: Chung-Liang Pan

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