

TONG YANG INDUSTRY CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024
WITH
REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Independent Auditors' Report Translated from Chinese

To TONG YANG INDUSTRY CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TONG YANG INDUSTRY CO., LTD. (the "Company") as of 31 December 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2025 and 2024, and its financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance Trade receivables

As of 31 December 2025, the balance of trade receivables and loss allowance amounted to NT\$5,007,641 thousand and NT\$29,899 thousand, respectively. Net trade receivables accounting for 14% of total assets, which were material to the financial statements. Since the loss allowance was measured at the lifetime expected credit loss, the trade receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net trade receivables, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, understanding and evaluating the appropriateness of management's provisioning policy of loss allowance. The Company was tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables.

We also assessed the adequacy of disclosures of trade receivables. Please refer to Notes V and VI to the parent company only financial statements.

Valuation for slow-moving inventories

As of 31 December 2025, the Company's net inventories amounted to NT\$2,736,322 thousand, accounting for 8% of total asset, which were material to the financial statements. Due to the economic environment in which the business operates and the impact of peer competition, it is necessary to consider changes in product technology and the market. Additionally, the provision of slow-moving inventories required significant management judgment, we therefore considered this a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's provisioning policy of allowance of obsolescence loss, including sample testing the accuracy of inventory aging time period; performing and evaluating the changes in value of the slow-moving inventories reserve ratio and inventory aging and recalculating allowance to reduce inventory to market, to ensure that the valuation for slow-moving inventories followed accounting policies.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes V and VI to the parent company only financial statements.

Other Matter – Making Reference to the Audits of a Other Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for using the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of the other auditors. These, associates and joint ventures using equity method amounted to NT\$1,170,133 thousand and NT\$1,106,988 thousand, representing 3% and 3% of total assets as of 31 December 2025 and 2024, respectively. The related shares of profits from the associates and joint ventures using the equity method amounted to NT\$116,592 thousand and NT\$110,631 thousand, representing 3% and 2% of the income before tax for the years ended 31 December 2025 and 2024, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures using the equity method amounted to NT\$(38,766) thousand and NT\$56,125 thousand, representing 18% and 38% of the comprehensive income (loss) for the years ended 31 December 2025 and 2024, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan
6 March 2026

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2025	31 Dec. 2024
Current assets			
Cash and cash equivalents	IV/VI.1	\$1,217,554	\$3,490,213
Financial assets measured at amortized cost-current	IV/VI.3	18,027	-
Notes receivables,net	IV/VI.4.16	12,014	9,787
Trade receivables,net	IV/VI.5.16	4,941,857	3,328,469
Trade receivables-related parties,net	IV/VI.5.16/VII	35,885	30,968
Other receivables	IV/VII	94,841	125,834
Inventories,net	IV/VI.6	2,736,322	2,667,598
Other current assets	IV	196,575	208,707
Total current assets		9,253,075	9,861,576
Non-current assets			
Financial assets at fair value through other comprehensive income-non-current	IV/VI.2	347,236	527,342
Financial assets measured at amortized cost-non-current	IV/VI. 3/VIII	157,342	153,529
Investments accounted for using the equity method	IV/VI.7	6,508,043	6,229,114
Property, plant and equipment	IV/VI.8	15,993,311	14,743,413
Right-of-use assets	IV/VI.17	1,454,998	1,250,572
Intangible assets	IV/VI.9.10	348,383	347,567
Deferred tax assets	IV/VI.21	177,333	206,479
Prepayment for equipments		1,255,382	1,954,612
Other non-current assets-others		9,138	14,939
Total non-current assets		26,251,166	25,427,567
Total assets		\$35,504,241	\$35,289,143

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	31 Dec. 2025	31 Dec. 2024
Current liabilities			
Short-term borrowings	IV/VI.11	\$300,000	\$-
Notes payables		112	561
Trade payables		1,345,768	1,507,965
Trade payables-related parties	VII	26,886	30,928
Other payables		1,327,621	1,358,602
Balance payables-machinery and equipment		581,808	475,911
Current tax liabilities	IV/VI.21	303,927	582,557
Lease liabilities-current	IV/VI.17	18,659	6,109
Current portion of long-term liabilities	IV/VI.12	341,790	399,075
Other current liabilities-others	IV/VI.15	323,895	289,594
Total current liabilities		4,570,466	4,651,302
Non-current liabilities			
Long-term borrowings	IV/VI.12	801,169	1,142,960
Deferred tax liabilities	IV/VI.21	377,775	373,460
Lease liabilities-non-current	IV/VI.17	1,412,491	1,252,000
Accrued pension liabilities	IV/VI.13	271,272	241,431
Other non-current liabilities-others		5,300	17,491
Total non-current liabilities		2,868,007	3,027,342
Total liabilities		7,438,473	7,678,644
Equity			
Capital	IV/VI.14		
Common stock		5,914,771	5,914,771
Capital surplus	IV/VI.14	4,151,718	4,151,122
Retained earnings	IV/VI.14		
Legal reserve		3,602,027	3,163,500
Unappropriated earnings		14,309,817	14,072,632
Subtotal		17,911,844	17,236,132
Other equity	IV/VI.14	87,435	308,474
Total equity		28,065,768	27,610,499
Total liabilities and equity		\$35,504,241	\$35,289,143

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	NOTE	2025.1.1~ 2025.12.31	2024.1.1~ 2024.12.31
Operating revenues	IV/VI.15/VII	\$19,755,690	\$19,822,391
Operating costs	IV/VI.6.18/VII	(12,331,999)	(12,213,985)
Gross profit		7,423,691	7,608,406
Unrealized gross profit on sales		(12,263)	(14,391)
Realized gross profit on sales		14,391	9,189
Gross profit-net		7,425,819	7,603,204
Operating expenses	IV/VI.16.17.18/VII		
Sales and marketing expenses		(1,514,805)	(1,524,341)
General and administrative expenses		(725,768)	(725,137)
Research and development expenses		(850,574)	(675,538)
Expected credit losses		(3,520)	(7,562)
Subtotal		(3,094,667)	(2,932,578)
Operating income		4,331,152	4,670,626
Non-operating income and expenses			
Other revenue	IV/VI.19/VII	261,939	348,345
Other gains and losses	IV/VI.19	(274,036)	357,298
Financial costs	IV/VI.19	(9,831)	(6,964)
Share of profit or loss of associates and joint ventures	IV/VI.7	347,482	50,136
Subtotal		325,554	748,815
Income from continuing operations before income tax		4,656,706	5,419,441
Income tax expense	IV/VI.21	(852,896)	(1,042,526)
Net income		\$3,803,810	\$4,376,915
Other comprehensive income	IV/VI.20		
Not to be reclassified to profit or loss in subsequent periods			
Remeasurements of the defined benefit plan		6,468	8,483
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income		(180,106)	(40,735)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		(31,679)	(5,950)
Income tax related to items that may not be reclassified subsequently		(1,293)	(1,697)
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of foreign operation		(21,342)	135,702
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		11,719	98,517
Income tax relating to those items to be reclassified to profit or loss		1,924	(46,843)
Total other comprehensive income, net of tax		(214,309)	147,477
Total comprehensive income		\$3,589,501	\$4,524,392
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.22	\$6.43	\$7.40
Earnings per share-diluted	IV/VI.22	\$6.43	\$7.40

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company							Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other equity		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of foreign operation	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	
Balance as of 1 January 2024	\$5,914,771	\$4,150,503	\$2,871,990	\$96,706	\$12,248,076	\$(425,323)	\$594,673	\$25,451,396
Appropriation and distribution of 2023 retained earnings								
Legal reserve	-	-	291,510	-	(291,510)	-	-	-
Cash dividends	-	-	-	-	(2,365,908)	-	-	(2,365,908)
Special reserve	-	-	-	(96,706)	96,706	-	-	-
Other changes in additional paid-in capital	-	619	-	-	-	-	-	619
Net income for the year ended 31 December 2024	-	-	-	-	4,376,915	-	-	4,376,915
Other comprehensive income (loss), net of tax for the year ended 31 December 2024	-	-	-	-	8,353	187,375	(48,251)	147,477
Total comprehensive income (loss)	-	-	-	-	4,385,268	187,375	(48,251)	4,524,392
Balance as of 31 December 2024	<u>\$5,914,771</u>	<u>\$4,151,122</u>	<u>\$3,163,500</u>	<u>\$-</u>	<u>\$14,072,632</u>	<u>\$(237,948)</u>	<u>\$546,422</u>	<u>\$27,610,499</u>
Balance as of 1 January 2025	\$5,914,771	\$4,151,122	\$3,163,500	\$-	\$14,072,632	\$(237,948)	\$546,422	\$27,610,499
Appropriation and distribution of 2024 retained earnings								
Legal reserve	-	-	438,527	-	(438,527)	-	-	-
Cash dividends	-	-	-	-	(3,134,828)	-	-	(3,134,828)
Other changes in additional paid-in capital	-	596	-	-	-	-	-	596
Net income for the year ended 31 December 2025	-	-	-	-	3,803,810	-	-	3,803,810
Other comprehensive income (loss), net of tax for the year ended 31 December 2025	-	-	-	-	6,730	(7,698)	(213,341)	(214,309)
Total comprehensive income (loss)	-	-	-	-	3,810,540	(7,698)	(213,341)	3,589,501
Balance as of 31 December 2025	<u>\$5,914,771</u>	<u>\$4,151,718</u>	<u>\$3,602,027</u>	<u>\$-</u>	<u>\$14,309,817</u>	<u>\$(245,646)</u>	<u>\$333,081</u>	<u>\$28,065,768</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2025.12.31	2024.12.31	ITEMS	2025.12.31	2024.12.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$4,656,706	\$5,419,441	Acquisition of financial assets measured at amortized cost	(21,840)	(142,031)
Adjustments for:			Disposal of financial assets measured at amortized cost	-	50,000
Income and expense adjustments:			Proceeds from capital reduction of equity investments under equity method	4,989	7,111
Depreciation (including right-of-use assets)	2,312,359	2,326,016	Disposal of investments accounted for using the equity method	17,362	-
Amortization	13,104	15,218	Acquisition of property, plant and equipment	(2,698,691)	(3,157,365)
Expected credit losses	3,520	7,562	Disposal of property, plant and equipment	44,733	30,005
Interest expense	9,831	6,964	Acquisition of right-of-use asset	(107,691)	-
Interest revenue	(75,768)	(97,725)	Acquisition of intangible assets	(13,920)	(7,239)
Dividend income	(10,998)	(9,742)	Net cash (used in) investing activities	(2,775,058)	(3,219,519)
Share of (profit) loss of associates for using the equity method	(347,482)	(50,136)			
(Gain) loss on disposal of property, plant and equipment	(16,916)	(4,970)	Cash flows from financing activities:		
Loss on disposal of equity investments under equity method	(2,172)	-	Increase in short-term borrowings	300,000	-
Unrealized gross profit	12,263	14,391	Borrow in long-term borrowings	-	90,000
Realized gross profit	(14,391)	(9,189)	Reimburse long-term borrowings	(399,076)	(387,352)
Changes in operating assets and liabilities:			Reimburse lease principal	(18,986)	(18,782)
Notes receivables,net	(2,227)	7,941	Cash dividends	(3,134,828)	(2,365,908)
Trade receivables,net	(1,616,908)	(367,058)	Interest paid	(863)	(4,760)
Trade receivables-related parties,net	(4,917)	19,442	Net cash (used in) financing activities	(3,253,753)	(2,686,802)
Other receivables	27,962	13,033			
Inventories	(68,724)	(280,946)	Net (decrease) increase in cash and cash equivalents	(2,272,659)	393,225
Other current assets	12,132	1	Cash and cash equivalents at the beginning of period	3,490,213	3,096,988
Other non-current assets	5,801	(2,525)	Cash and cash equivalents at the end of period	\$1,217,554	\$3,490,213
Notes payables	(449)	(3,529)			
Trade payables	(162,197)	111,494			
Trade payables-related parties	(4,042)	1,850			
Other payables	(30,317)	152,965			
Other current liabilities	34,301	9,537			
Accrued pension liabilities	36,309	(4,469)			
Other non-current liabilities	(12,191)	2,823			
Cash generated from operations	4,754,589	7,278,389			
Interest received	78,799	98,738			
Dividend received	20,198	137,079			
Income tax paid	(1,097,434)	(1,214,660)			
Net cash provided by operating activities	3,756,152	6,299,546			

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

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

1. TONG YANG INDUSTRY CO., LTD. (the “Company”) was incorporated under the laws of the Republic of China (the “ROC”) on 30 October 1967. The Company’s principal activities consist of the manufacture and sale of parts, components and models for automobile. The Company became a listed company on Taiwan Stock Exchange on 12 December 1994.
2. The Company merged with TAIWAN KAI YIH INDUSTRIAL CO., LTD. (TKY) on 1 September 2010 and was the surviving company. The Company merged with KAI MING INDUSTRIAL CO., LTD. (KM) on 1 October 2011 and was the surviving company.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the year ended 31 December 2025 and 2024 were authorized for issue by the Board of Directors on 6 March 2026.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

- (1) Amendments to IFRS 1
- (2) Amendments to IFRS 7
- (3) Amendments to Guidance on implementing IFRS 7
- (4) Amendments to IFRS 9
- (5) Amendments to IFRS 10
- (6) Amendments to IAS 7

(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Company.

3. Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027 (Note)
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendments permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(d) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

- (1) Clarify that when the entity's functional currency is that of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
- (2) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
- (3) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

IV. SUMMARY OF MATERIAL ACCOUNTING POLICIES

1. Statement of compliance

The Company's parent company only financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars("NT\$") unless otherwise stated.

3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

4. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

5. Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Company holds the asset primarily for the purpose of trading.
- (c) The Company expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle.
- (b) The Company holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

6. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. the time value of money; and
- C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note XII for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

8. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted-average cost.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

10. Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

11. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3~56 years
Machinery and equipment	3~ 9 years
Molding equipment	3~ 7 years
Office equipment	6 years
Transportation equipment	6~10 years
Electrical installations	5~ 9 years
Miscellaneous equipment	2~ 5 years
Right-of-use assets	2~20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

12. Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (3) amounts expected to be payable by the lessee under residual value guarantees;
- (4) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (1) the amount of the initial measurement of the lease liability;
- (2) any lease payments made at or before the commencement date, less any lease incentives received;
- (3) any initial direct costs incurred by the lessee; and
- (4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

13. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

The Company's intangible assets accounting policies information are as follows:

	Software	Goodwill	Other intangible assets
Useful lives	Finite	Uncertain	Finite
Amortization method used	Amortized on a straight line basis over the estimated useful life.	Unamortized	Amortized on a straight line basis over the estimated useful life.
Internally generated or acquired	Acquired	Acquired	Acquired

14. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

15. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (i.e. when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the goods). The main product of the Company is automobile parts and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 7 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

17. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Group recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

18. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimation and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note XII for more details.

(2) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note VI.

(3) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(4) Revenue recognition-sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note VI for more details.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(6) Trade receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

(7) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	As at	
	31 Dec. 2025	31 Dec. 2024
Cash on hand	\$2,481	\$3,100
Savings account	565,073	2,187,113
Time deposits	650,000	1,300,000
Total	<u>\$1,217,554</u>	<u>\$3,490,213</u>

2. Financial assets at fair value through other comprehensive income

	As at	
	31 Dec. 2025	31 Dec. 2024
Equity instrument investments measured at fair value through other comprehensive income - non-current		
Unlisted companies stocks	<u>\$347,236</u>	<u>\$527,342</u>

The Company classified certain of its financial assets at fair value through other comprehensive income were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends in the amount of NT\$10,998 thousand and NT\$9,742 thousand for the year ended 31 December 2025 and 2024, the full amount is related to investments held at the end of the reporting period.

3. Financial assets measured at amortized cost

	As at	
	31 Dec. 2025	31 Dec. 2024
Time deposits	\$175,369	\$153,529
Current	\$18,027	\$-
Non-current	157,342	153,529
Total	\$175,369	\$153,529

The Company classified certain financial assets as financial assets measured at amortized cost.

Please refer to Note VI.(16) for more details on loss allowance and Note VIII for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk.

4. Notes receivables

	As at	
	31 Dec. 2025	31 Dec. 2024
Notes receivables arising from operating activities	\$12,665	\$10,438
Less: loss allowance	(651)	(651)
Total	\$12,014	\$9,787

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment . Please refer to Note VI.(16) for more details on accumulated impairment and Note XII for more details on credit risk.

5. Trade receivables and Trade receivables-related parties

	As at	
	31 Dec. 2025	31 Dec. 2024
Trade receivables	\$4,971,756	\$3,354,848
Less: loss allowance	(29,899)	(26,379)
Subtotal	4,941,857	3,328,469
Trade receivables, from related parties	35,885	30,968
Less: loss allowance	-	-
Subtotal	35,885	30,968
Total	<u>\$4,977,742</u>	<u>\$3,359,437</u>

Trade receivables were not pledged.

Trade receivables are generally on 7-120 day terms. The total carrying amount as of 31 December 2025 and 2024 were NT\$5,007,641 thousand and NT\$3,385,816 thousand, respectively.

Please refer to Note VI.(16) for more details on loss allowance of trade receivables for the year ended 31 December 2025 and 2024 and please refer to Note XII for more details on credit risk management.

6. Inventories

Details are as follows:

	As at	
	31 Dec. 2025	31 Dec. 2024
Raw materials	\$531,010	\$559,784
Supplies and parts	186,276	189,997
Work in progress	410,421	349,778
Finished goods	1,461,433	1,395,131
Merchandise	147,182	172,908
Total	<u>\$2,736,322</u>	<u>\$2,667,598</u>

The cost of inventories recognized in expenses amounted to NT\$12,331,999 thousand and NT\$12,213,985 thousand for the year ended 31 December 2025 and 2024, respectively, including the reversal of write-down of inventories of NT \$2,923 thousand for the year ended 31 December 2024.

No inventories were pledged.

7. Investments accounted for using the equity method

Investee	As at			
	31 Dec. 2025		31 Dec. 2024	
	Percentage		Percentage	
	Carrying Amount	of ownership (%)	Carrying Amount	of ownership (%)
<u>Investments in subsidiaries</u>				
TONG YANG HOLDING CORPORATION	\$4,366,252	100.00	\$4,207,546	100.00
HOW BOND INVESTMENT CO., LTD.	1,668,358	100.00	1,470,520	100.00
RU YANG INDUSTRIAL CO., LTD.	242,487	58.95	240,647	58.95
DING CHUNG INDUSTRY CO., LTD.	85,777	100.00	119,420	100.00
Subtotal	6,362,874		6,038,133	
<u>Investments in associates</u>				
TUNG YANG CHEMICAL CO., LTD.	112,750	40.00	113,033	40.00
C&D CAPITAL II CORPORATION.	32,419	42.53	62,758	42.53
WU'S PLASTICS CO., LTD. (literal translation)	-	-	15,190	50.00
(Note)				
Subtotal	145,169		190,981	
Total	\$6,508,043		\$6,229,114	

Note: WU'S PLASTICS CO., LTD. was sold in April 2025.

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$116,592 thousand and NT\$110,631 thousand, for the years ended 31 December 2025 and 2024, respectively. And the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(38,766) thousand and NT\$56,125 thousand, for the years ended 31 December 2025 and 2024, respectively. The balance of investment in these subsidiaries, associates and joint ventures under equity method amounted to NT\$1,170,133 thousand and NT\$1,106,988 thousand as at 31 December 2025 and 2024, respectively.

(1) Investments in subsidiaries

Investment in subsidiaries was expressed as "investment accounted using the equity method " in the individual financial report, and necessary adjustments were made for evaluation.

(2) Investments in associates

C&D CAPITAL II CORPORATION, an associate of the Company, reduced its capital and returned share payment of NT\$4,989 thousand upon resolution at the board meeting held in September 2025.

(3) The associates had no contingent liabilities or capital commitments and investment in the associates were not pledged as of 31 December 2025 and 2024.

(4) The Company's investments in the associates are not individually material. The aggregate carrying amount of the Group's associates amounted to NT\$145,169 thousand and NT\$190,981 thousand for the years ended 31 December 2025 and 2024. The aggregate financial information of the Group's investments in associates is as follows:

	For the year ended 31 December	
	2025	2024
Profit or loss from continuing operations	\$(13,646)	\$(2,699)
Other comprehensive income (post-tax)	(4,272)	8,363
Total comprehensive income	<u>\$(17,918)</u>	<u>\$5,664</u>

8. Property, plant and equipment

	As at	
	31 Dec. 2025	31 Dec. 2024
Owner occupied property, plant and equipment	<u>\$15,993,311</u>	<u>\$14,743,413</u>

										Construction in progress and equipment awaiting examination	Total
	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold improvements		
Cost:											
As at 1 Jan. 2025	\$4,447,150	\$5,954,744	\$3,271,943	\$11,429,802	\$80,611	\$364,400	\$408,702	\$248,969	\$-	\$81,476	\$26,287,797
Additions	\$1,000,832	25,882	291,935	1,589,737	8,169	76,328	58,212	69,333	-	383,390	3,503,818
Disposals	-	(73,792)	(477,736)	(1,726,647)	(7,343)	(40,988)	(29,795)	(60,932)	-	-	(2,417,233)
Transfers	-	167,076	-	-	-	-	-	-	-	(167,076)	-
As at 31 Dec. 2025	<u>\$5,447,982</u>	<u>\$6,073,910</u>	<u>\$3,086,142</u>	<u>\$11,292,892</u>	<u>\$81,437</u>	<u>\$399,740</u>	<u>\$437,119</u>	<u>\$257,370</u>	<u>\$-</u>	<u>\$297,790</u>	<u>\$27,374,382</u>
As at 1 Jan. 2024	\$4,447,150	\$5,845,443	\$3,404,497	\$11,684,273	\$85,040	\$354,835	\$441,516	\$274,081	\$-	\$150,988	\$26,687,823
Additions	-	33,787	245,113	1,499,069	4,451	61,092	23,910	56,887	-	113,360	2,037,669
Disposals	-	(107,358)	(377,667)	(1,753,540)	(8,880)	(51,527)	(56,724)	(81,999)	-	-	(2,437,695)
Transfers	-	182,872	-	-	-	-	-	-	-	(182,872)	-
As at 31 Dec. 2024	<u>\$4,447,150</u>	<u>\$5,954,744</u>	<u>\$3,271,943</u>	<u>\$11,429,802</u>	<u>\$80,611</u>	<u>\$364,400</u>	<u>\$408,702</u>	<u>\$248,969</u>	<u>\$-</u>	<u>\$81,476</u>	<u>\$26,287,797</u>
Depreciation and impairment:											
As at 1 Jan. 2025	\$-	\$2,338,787	\$2,386,143	\$6,190,888	\$42,769	\$192,088	\$248,439	\$145,270	\$-	\$-	\$11,544,384
Depreciation	-	217,339	301,393	1,545,391	12,897	46,961	45,463	56,659	-	-	2,226,103
Disposals	-	(73,792)	(477,224)	(1,700,064)	(7,343)	(40,387)	(29,675)	(60,931)	-	-	(2,389,416)
As at 31 Dec. 2025	<u>\$-</u>	<u>\$2,482,334</u>	<u>\$2,210,312</u>	<u>\$6,036,215</u>	<u>\$48,323</u>	<u>\$198,662</u>	<u>\$264,227</u>	<u>\$140,998</u>	<u>\$-</u>	<u>\$-</u>	<u>\$11,381,071</u>

									Construction in progress and equipment awaiting examination	Total
	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold improvements	
As at 1 Jan. 2024	\$-	\$2,211,009	\$2,438,428	\$6,344,383	\$38,181	\$201,026	\$261,574	\$174,591	\$-	\$11,669,192
Depreciation	-	235,135	325,164	1,575,257	13,469	42,590	43,560	52,677	-	2,287,852
Disposals	-	(107,357)	(377,449)	(1,728,752)	(8,881)	(51,528)	(56,695)	(81,998)	-	(2,412,660)
As at 31 Dec. 2024	\$-	\$2,338,787	\$2,386,143	\$6,190,888	\$42,769	\$192,088	\$248,439	\$145,270	\$-	\$11,544,384

Net carrying

amounts as at:

31 Dec. 2025	\$5,447,982	\$3,591,576	\$875,830	\$5,256,677	\$33,114	\$201,078	\$172,892	\$116,372	\$-	\$297,790	\$15,993,311
31 Dec. 2024	\$4,447,150	\$3,615,957	\$885,800	\$5,238,914	\$37,842	\$172,312	\$160,263	\$103,699	\$-	\$81,476	\$14,743,413

(1) The amount of capitalized interests and interest rates for the year ended 31 December 2025 and 2024 are as follows:

Items	2025	2024
Construction in progress	\$10,220	\$6,819
The interest rate interval of borrowing cost capitalization	0.77%~0.80%	0.6%~0.75%

(2) No property, plant and equipment were pledged.

(3) Investing activities with only partial cash payments :

	As at	
	31 Dec. 2025	31 Dec. 2024
Purchase of property, plant and equipment	\$3,503,818	\$2,037,669
Changes in prepayment for equipment ,net	(699,230)	1,256,750
Changes in balance payable-machinery and equipment ,net	(105,897)	(137,054)
Cash payment for the current year	<u>\$2,698,691</u>	<u>\$3,157,365</u>

9. Intangible assets

	Computer software	Other intangible assets	Goodwill	Total
Cost:				
As at 1 Jan. 2025	\$52,679	\$7,966	\$319,650	\$380,295
Addition - acquired separately	10,292	3,628	-	13,920
Decrease	(11,102)	(2,778)	-	(13,880)
As at 31 Dec. 2025	<u>\$51,869</u>	<u>\$8,816</u>	<u>\$319,650</u>	<u>\$380,335</u>
As at 1 Jan. 2024	\$84,656	\$9,585	\$319,650	\$413,891
Addition - acquired separately	5,391	1,848	-	7,239
Decrease	(37,368)	(3,467)	-	(40,835)
As at 31 Dec. 2024	<u>\$52,679</u>	<u>\$7,966</u>	<u>\$319,650</u>	<u>\$380,295</u>
Amortization and impairment:				
As at 1 Jan. 2025	\$28,598	\$4,130	\$-	\$32,728
Amortization	11,283	1,821	-	13,104
Decrease	(11,102)	(2,778)	-	(13,880)
As at 31 Dec. 2025	<u>\$28,779</u>	<u>\$3,173</u>	<u>\$-</u>	<u>\$31,952</u>
As at 1 Jan. 2024	\$52,601	\$5,744	\$-	\$58,345
Amortization	13,365	1,853	-	15,218
Decrease	(37,368)	(3,467)	-	(40,835)
As at 31 Dec. 2024	<u>\$28,598</u>	<u>\$4,130</u>	<u>\$-</u>	<u>\$32,728</u>
Net carrying amount as at:				
31 Dec. 2025	<u>\$23,090</u>	<u>\$5,643</u>	<u>\$319,650</u>	<u>\$348,383</u>
31 Dec. 2024	<u>\$24,081</u>	<u>\$3,836</u>	<u>\$319,650</u>	<u>\$347,567</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the year ended 31 December	
	2025	2024
Operating costs	\$2,278	\$2,465
Sales and marketing expenses	\$165	\$157
General and administrative expenses	\$6,532	\$9,689
Research and development expenses	\$4,129	\$2,907

10. Impairment test of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and licences with indefinite lives have been allocated to Aftermarket-department A CGU, for impairment testing as follows:

Carrying amount of goodwill and licences allocated to each of the cash-generating units:

As at	Goodwill
	Aftermarket-department A
31 Dec. 2025	\$319,650
31 Dec. 2024	\$319,650

After Market-Department A CGU

The recoverable amount of Aftermarket-department A CGU is determined by value-in-use, and the value-in-use is calculated based on the five year cash flow forecast which is authorized by management. Cash flow forecast has been updated to reflect the fluctuation of related product demands. The discount rate used by cash flow forecast were 11.61% and 12.22% for the year ended 31 December 2025 and 2024, and the cash flow over five year period was projected by the growth rate based on past experiences and the long-term average growth rate of the related industry. Based on the updated analysis result, management considered that there was no impairment of goodwill which have been amortized to the cash generated unit.

The key assumptions used to calculate value-in-use

The following assumptions were the most sensitive in the calculation of value-in-use of After Market-department A:

- (1) Gross margin
- (2) Discount rates
- (3) Raw materials prices inflation
- (4) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margin - Gross margin is calculated by actual average gross margin of the past and recent market information according to financial budget period.

Maintenance market - department A: expected to use the average gross margin with slight increase each year as future economic output is expected to rise and taking into consideration the future industry changes.

Discount rates - Discount rates represents the market's assessment of every GCU's specific risk (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The calculation of discount rate was based on the specific situations of the Company and its operating departments, deriving from weight average capital costs (WACC). WACC considered both liability and equity. Equity costs derives from the expected return from the investment made by the investor of the Company, and the liability costs is based on the loans which the Company is obligated to repay. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Raw materials prices inflation - The estimates are based on the recent prices published by the major suppliers and the actual material price fluctuation in the past.

Growth rate estimates - Growth rate is calculated based on historical sales data and future industry information. Long-term average growth rate of the maintenance market-department A is projected by taking into account these two factors.

Sensitivity to changes in assumptions

Regarding the evaluation of value-in-use of maintenance market - department A, the management believes that it is unlikely the aforementioned assumptions will change, which would make the unit's book value amount significantly higher than the recoverable amount.

11. Short-term borrowings

	Interest rate range(%)	31 Dec. 2025	Interest rate range(%)	31 Dec. 2024
Unsecured bank loans	0.795%	\$300,000	-%	\$-

12. Long-term borrowings

Details of long-term borrowings as at 31 December 2025 and 2024 are as follows:

Leaders	Period	As at		Maturity date and terms of repayment
		31 Dec. 2025	Interest rate	
Unsecured loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$213,805	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,214 dollars, with the last payment being NT\$4,972,238 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	21,438	(Note)	Principal is repaid by 48 monthly payment, with the first to third instalments paying NT\$3,062,502 each, the fourth to 47th instalments paying NT\$3,062,498 each and the last payment being NT\$3,062,582, starting from Aug. 2022.
Chang Hwa Bank	17 Dec.2020~ 15 Dec.2030	25,239	(Note)	Principal is repaid by 84 monthly payments of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2024.
Chang Hwa Bank	13 Nov.2024~ 15 Nov.2031	30,000	(Note)	Principal is repaid by 48 monthly payments of NT\$625,000 dollars, starting from Dec. 2027.

Leaders	Period	As at		Maturity date and terms of repayment
		31 Dec. 2025	Interest rate	
Amount				
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	249,439	(Note)	Principal is repaid by 84 monthly payments of NT\$5,800,916 dollars, with the last payment being NT\$5,800,972 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	25,010	(Note)	Principal is repaid by 48 monthly payments of NT\$3,572,919 dollars, with the last payment being NT\$3,572,807 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	15 Apr. 2022~ 15 Apr. 2032	37,297	(Note)	Principal is repaid by 84 monthly payments of NT\$490,750 dollars, starting from May 2025.
E. Sun Commercial Bank	12 Nov.2024~ 15 Nov.2031	30,000	(Note)	Principal is repaid by 48 monthly payments of NT\$625,000 dollars, starting from Dec. 2027.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	213,805	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,212 dollars, with the last payment being NT\$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	21,437	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500 dollars, starting from Aug. 2022.

Leaders	Period	As at		Maturity date and terms of repayment
		31 Dec. 2025	Interest rate	
		Amount		
CTBC Bank	17 Dec.2021~ 15 Dec.2031	30,286	(Note)	Principal is repaid by 84 monthly payments of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2025.
CTBC Bank	12 Nov.2024~ 15 Nov.2031	30,000	(Note)	Principal is repaid by 48 monthly payments of NT\$625,000 dollars, starting from Dec. 2027.
O-bank	4 Jul. 2019~ 15 Jul. 2029	171,838	(Note)	Principal is repaid by 85 monthly payment of NT\$3,996,272 dollars, with the last payment being NT\$3,994,152 dollars, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	16,896	(Note)	Principal is repaid by 49 monthly payment of NT\$2,419,142 dollars, with the last payment being NT\$2,381,184 dollars, starting from Jul. 2022.
O-bank	17 May 2022~ 15 May 2032	26,469	(Note)	Principal is repaid by 85 monthly payment of NT\$343,753 dollars, with the last payment being NT\$343,748 dollars, starting from May 2025.
Subtotal		1,142,959		
Less: current portion		(341,790)		
Total		\$801,169		

Leaders	Period	As at		Maturity date and terms of repayment
		Amount	Interest rate	
Unsecured Loan:				
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	\$273,472	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,214 dollars, with the last payment being NT\$4,972,238 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	58,187	(Note)	Principal is repaid by 48 monthly payment, with the first to third instalments paying NT\$3,062,502 each, the fourth to 47th instalments paying NT\$3,062,498 each and the last payment being NT\$3,062,582, starting from Aug. 2022.
Chang Hwa Bank	17 Dec.2020~ 15 Dec.2030	30,286	(Note)	Principal is repaid by 84 monthly payments of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2024.
Chang Hwa Bank	13 Nov.2024~ 15 Nov.2031	30,000	(Note)	Principal is repaid by 48 monthly payments of NT\$625,000 dollars, starting from Dec. 2027.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	319,050	(Note)	Principal is repaid by 84 monthly payments of NT\$5,800,916 dollars, with the last payment being NT\$5,800,972 dollars, starting from Aug. 2022.

		As at		
		31 Dec. 2024		
Leaders	Period	Amount	Interest rate	Maturity date and terms of repayment
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	67,885	(Note)	Principal is repaid by 48 monthly payments of NT\$3,572,919 dollars, with the last payment being NT\$3,572,807 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	15 Apr. 2022~ 15 Apr. 2032	41,223	(Note)	Principal is repaid by 84 monthly payments of NT\$490,750 dollars, starting from May 2025.
E. Sun Commercial Bank	12 Nov. 2024~ 15 Nov. 2031	30,000	(Note)	Principal is repaid by 48 monthly payments of NT\$625,000 dollars, starting from Dec. 2027.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	273,472	(Note)	Principal is repaid by 84 monthly payment of NT\$4,972,212 dollars, with the last payment being NT\$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	58,188	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500 dollars, starting from Aug. 2022.
CTBC Bank	17 Dec. 2021~ 15 Dec. 2031	35,334	(Note)	Principal is repaid by 84 monthly payments of NT\$420,643 dollars, with the last payment being NT\$420,631 dollars, starting from Jan. 2025.

		As at		
		31 Dec. 2024		
Leaders	Period	Amount	Interest rate	Maturity date and terms of repayment
CTBC Bank	12 Nov. 2024~ 15 Nov. 2031	30,000	(Note)	Principal is repaid by 48 monthly payments of NT\$625,000 dollars, starting from Dec. 2027.
O-bank	4 Jul. 2019~ 15 Jul. 2029	219,793	(Note)	Principal is repaid by 85 monthly payment of NT\$3,996,272 dollars, with the last payment being NT\$3,994,152 dollars, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	45,926	(Note)	Principal is repaid by 49 monthly payment of NT\$2,419,142 dollars, with the last payment being NT\$2,381,184 dollars, starting from Jul. 2022.
O-bank	17 May 2022~ 15 May 2032	29,219	(Note)	Principal is repaid by 85 monthly payment of NT\$343,753 dollars, with the last payment being NT\$343,748 dollars, starting from May 2025.
Subtotal		1,542,035		
Less: current portion		(399,075)		
Total		\$1,142,960		

Note: In 2019, the Company enter into contracts with designated banks in accordance with the “Project Loans Guidelines to Welcome Overseas Taiwanese Businesses to Return to Invest in Taiwan”. The terms and conditions have been prescribed in accordance with the approval letter. The interest rates are based on the variable interest rate of the two-year fixed deposit of Chunghwa Post Co., Ltd minus 0.095% ~ 0.995%, and must not exceed the variable interest rates of the two-year fixed deposit of Chunghwa Post Co., Ltd plus 0.5 percentage points of annual interest.

13. Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company contribute an amount with no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were NT\$89,540 thousand and NT\$88,756 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2.73% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Company make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$12,908 thousand to its defined benefit plan during the 12 months beginning after 31 December 2025.

The average duration of the defined benefits plan obligation as at 31 December 2025 and 2024 are 11 years and 10 years, respectively.

Pension costs recognized in profit or loss for the years ended 31 December 2025 and 2024:

	For the years ended 31 December	
	2025	2024
Current period service costs	\$9,234	\$4,340
Interest income or expense	3,984	3,129
Past service costs	36,000	-
Total	<u>\$49,218</u>	<u>\$7,469</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 Dec. 2025	31 Dec. 2024	1 Jan. 2024
Defined benefit obligation	\$991,320	\$920,119	\$892,737
Plan assets at fair value	<u>(720,048)</u>	<u>(678,688)</u>	<u>(638,354)</u>
Others non-current liabilities-Accrued pension liabilities recognized on the balance sheets	<u>\$271,272</u>	<u>\$241,431</u>	<u>\$254,383</u>

Reconciliations of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2024	\$892,737	\$(638,354)	\$254,383
Current period service costs	4,340	-	4,340
Interest expense (income)	10,981	(7,852)	3,129
Subtotal	908,058	(646,206)	261,852
Remeasurements of the defined benefit liability/asset:			
Actuarial gains and losses arising from changes in financial assumptions	6,347	-	6,347
Experience adjustments	42,922	-	42,922
Remeasurements of the defined benefit assets	-	(57,752)	(57,752)
Subtotal	49,269	(57,752)	(8,483)
Payments from the plan	(37,208)	37,208	-
Contributions by employer	-	(11,938)	(11,938)
As at 31 December 2024	\$920,119	\$(678,688)	\$241,431
Current period service cost	9,234	-	9,234
Past service cost	36,000	-	36,000
Interest expenses (income)	15,183	(11,199)	3,984
Subtotal	980,536	(689,887)	290,649
Remeasurements of the defined benefit liability/asset:			
Actuarial gains and losses arising from changes in demographic assumptions	(12,639)	-	(12,639)
Actuarial gains and losses arising from changes in financial assumptions	24,119	-	24,119
Experience adjustments	29,382	-	29,382
Remeasurements of the defined benefit assets	-	(47,330)	(47,330)
Subtotal	40,862	(47,330)	(6,468)
Payment from the plan	(30,078)	30,078	-
Contributions by employer	-	(12,909)	(12,909)
As at 31 December 2025	\$991,320	\$(720,048)	\$271,272

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	31 Dec. 2025	31 Dec. 2024
Discount rate	1.42%	1.65%
Expected rate of salary increases	4.00%	4.00%

	Effect on the defined benefit obligation			
	2025		2024	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$-	\$(50,265)	\$-	\$(44,469)
Discount rate decrease by 0.5%	54,858	-	48,097	-
Future salary increase by 0.5%	53,171	-	46,734	-
Future salary decrease by 0.5%	-	(49,297)	-	(43,704)

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

14. Equities

(1) Common stock

As of 31 December 2025 and 2024, TONG YANG INDUSTRY CO., LTD.'s registered capital was all NT\$8,000,000 thousand with par value at NT\$10 per share, and had 591,477 thousand common shares, 591,477 thousand common shares authorized to be issued, respectively. Each share has the right to vote and receive dividends.

(2) Capital surplus

	As at	
	31 Dec. 2025	31 Dec. 2024
Additional paid-in capital	\$232,190	\$232,190
Bond conversion	695,219	695,219
Treasury stock transactions	93,950	93,950
Difference between acquisition of subsidiaries' share and book value	6,032	6,032
Changes in ownership interests in subsidiaries	3,712	3,712
Share of changes in net assets of associate and joint ventures accounted for using the equity method	90,302	90,302
Premium from merger	2,960,398	2,960,398
Other	69,915	69,319
Total	<u>\$4,151,718</u>	<u>\$4,151,122</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall appropriate 10% as legal reserve and special reserve according to the company laws and other regulations of R.O.C. If there is still more than the accumulated undistributed income in the previous year, the board of directors shall propose a income distribution proposal. When issuing new shares, it should be submitted to the shareholders meeting for resolution. The board of directors of the Company is able to distribute more than two-thirds of the directors and more than half of the directors' resolutions, and for all or part of the dividends and bonuses, which is a part of the legal reserve or capital surplus, shall be distributed in cash and reported to the board of directors.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

On 31 March 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it. Due to the adoption of IFRSs for the first time on the conversion date, the Company's retained earnings had become negative. Therefore, there was no need to allocate a special surplus reserve.

The appropriations of earnings for 2025 were resolved at the board of directors’ meeting on 6 March 2026. The appropriations of earning for 2024 were approved and resolved by the shareholders’ meeting on 19 June 2025,are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2025	2024	2025	2024
Legal reserve	\$381,054	\$438,527		
Common stock -cash dividend	2,957,385	3,134,828	NT\$5/ per share	NT\$5.3/ per share
Total	<u>\$3,338,439</u>	<u>\$3,573,355</u>		

Please refer to Note VI(18) for relevant information on estimation basis and recognized amount of employees compensations and remunerations to directors.

15. Operating revenue

	For the year ended 31 December	
	2025	2024
Sales - Finished goods	\$16,418,840	\$16,575,725
Sales - Merchandise	2,893,180	2,795,189
Sales - Others	443,670	451,477
Total	<u>\$19,755,690</u>	<u>\$19,822,391</u>

Analysis of revenue from contracts with customers during the year ended 31 December 2025 and 2024 are as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2025

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,505,542	\$14,913,298	\$16,418,840
Sales - Merchandise	-	2,893,180	2,893,180
Sales - Others	299,147	144,523	443,670
Total	<u>\$1,804,689</u>	<u>\$17,951,001</u>	<u>\$19,755,690</u>

Timing of revenue recognition:

At a point in time	<u>\$1,804,689</u>	<u>\$17,951,001</u>	<u>\$19,755,690</u>
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For the year ended 31 December 2024

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,520,197	\$15,055,528	\$16,575,725
Sales - Merchandise	-	2,795,189	2,795,189
Sales - Others	281,145	170,332	451,477
Total	<u>\$1,801,342</u>	<u>\$18,021,049</u>	<u>\$19,822,391</u>

Timing of revenue recognition:

At a point in time	<u>\$1,801,342</u>	<u>\$18,021,049</u>	<u>\$19,822,391</u>
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(2) Contract balances

Contract liabilities - current

	As at		
	31 Dec. 2025	31 Dec. 2024	1 Jan 2024
Sales of goods	\$195,350	\$141,541	\$116,051

The significant changes in the Company's balances of contract liabilities for the year ended 31 December 2025 and 2024 are as follows:

	For the year ended 31 December	
	2025	2024
The opening balance transferred to revenue	\$(64,084)	\$(37,056)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	117,893	62,546

16. Expected credit losses / (gains)

	For the year ended 31 December	
	2025	2024
Operating expense- Expected credit losses		
Trade receivables	\$3,520	\$7,562

Please refer to Note XII for more details on credit risk.

The credit risk for measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Company transacts with are financial institutions with good credit, no allowance for losses has been provided in this period.

The Company measures the loss allowance of its contract assets and trade receivables (including notes receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2025 and 2024 is as follows:

The Company considers that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follows:

As at 31 December 2025

	Not yet due (Note)	Overdue					Total
		<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying amount	\$4,568,035	\$438,463	\$13,808	\$-	\$-	\$-	\$5,020,306
Loss rate	0.5%	0.5~1%	2~42%	43~85%	86~100%	100%	
Lifetime expected credit losses	25,885	3,045	1,620	-	-	-	30,550
Carrying amount	<u>\$4,542,150</u>	<u>\$435,418</u>	<u>\$12,188</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,989,756</u>

As at 31 December 2024

	Not yet due (Note)	Overdue					Total
		<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying amount	\$3,107,448	\$251,050	\$24,839	\$9,168	\$-	\$3,749	\$3,396,254
Loss rate	0.5%	0.5~1%	1~31%	31~55%	56~82%	100%	
Lifetime expected credit losses	13,791	2,263	2,981	4,246	-	3,749	27,030
Carrying amount	<u>\$3,093,657</u>	<u>\$248,787</u>	<u>\$21,858</u>	<u>\$4,922</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,369,224</u>

Note : The Company's notes receivables are not overdue.

The movement in the provision for impairment of notes receivables and trade receivables during the year ended 31 December 2025 and 2024 is as follows:

	Notes receivables	Trade receivables
Balance as at 1 Jan. 2025	\$651	\$26,379
Addition/(reversal) for the current period	-	3,520
Write off	-	-
Balance as at 31 Dec. 2025	<u>\$651</u>	<u>\$29,899</u>
	Notes receivables	Trade receivables
Balance as at 1 Jan. 2024	\$651	\$18,817
Addition/(reversal) for the current period	-	7,562
Write off	-	-
Balance as at 31 Dec. 2024	<u>\$651</u>	<u>\$26,379</u>

17. Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land and other equipment. The lease terms range from 2 to 15 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2025	31 Dec. 2024
Land	\$1,438,758	\$1,229,692
Other equipment	16,240	20,880
Total	<u>\$1,454,998</u>	<u>\$1,250,572</u>

For the years ended 31 December 2025 and 2024, the Company's additions to right-of-use assets amounted to NT\$290,682 thousand and NT\$1,262,686 thousand.

(b) Lease liabilities

	As at	
	31 Dec. 2025	31 Dec. 2024
Lease liabilities	<u>\$1,431,150</u>	<u>\$1,258,109</u>
Current	\$18,659	\$6,109
Non-current	<u>1,412,491</u>	<u>1,252,000</u>
Total	<u>\$1,431,150</u>	<u>\$1,258,109</u>

Please refer to Note VI.(19) for the interest on lease liabilities recognized for the years ended 31 December 2025 and 2024 and refer to Note XII.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the year ended 31 December	
	2025	2024
Land	\$81,616	\$33,910
Other equipment	4,640	4,254
Total	<u>\$86,256</u>	<u>\$38,164</u>

C. Income and costs relating to leasing activities

	For the year ended 31 December	
	2025	2024
The expenses relating to short-term leases	\$9,157	\$9,942
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	358	379
Total	<u>\$9,515</u>	<u>\$10,321</u>

D. Cash outflow relating to leasing activities

For the years ended 31 December 2025 and 2024 the Company's total cash outflows for leases amounted to NT\$28,501 thousand and NT\$29,103 thousand.

18. Summary statement of employee benefits, depreciation and amortization expenses by function for the year ended 31 December 2025 and 2024:

Function Character	For the year ended 31 December					
	2025			2024		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Salaries	\$1,546,150	\$1,166,296	\$2,712,446	\$1,566,906	\$1,178,082	\$2,744,988
Labor and health insurances	170,853	108,875	279,728	164,713	101,636	266,349
Pension	80,749	58,009	138,758	47,855	48,370	96,225
Remuneration to directors	-	62,369	62,369	-	61,177	61,177
Other employee benefits expense	88,388	47,104	135,492	86,614	46,028	132,642
Depreciation	2,115,758	196,601	2,312,359	2,142,927	183,089	2,326,016
Amortization	2,278	10,826	13,104	2,465	12,753	15,218

NOTE:

- A. The number of the Company's employees were 3,798 and 3,722, including 5 non-employee directors as of 31 December 2025 and 2024 respectively.
- B. Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:
- (1) Average employee benefits of 2025 and 2024 are NT\$861 thousand and NT\$871 thousand respectively.
 - (2) Average salaries of 2025 and 2024 are NT\$715 thousand and NT\$738 thousand respectively.
 - (3) The Company's average salary expense adjustment for the year ended December 31, 2025 increased by 3.12%
 - (4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.
 - (5) The salary and remuneration policy of the Company:
 - a. The Company's Remuneration Committee has formulated and regularly reviewed the performance evaluation and remuneration policy, system, standard, and structure of the Board of Directors and managers, as well as periodically evaluating and determining the remuneration of directors and managers, and submit them to the board meeting for resolution.
 - b. In accordance with Article 16 of the Company's Articles of Incorporation, regardless whether the Company makes a profit or suffers a loss, the Company may pay the Directors the remunerations for performing their duties. The Board of Directors is authorized to determine such remunerations based on the extent of their involvements in the Company's operation and the value of their contribution and the remuneration level adopted by other companies in the same industry.
 - c. In accordance with Article 23 of the Company's Articles of Incorporation, the honorarium for all Directors shall be discussed and approved the Board meeting.
 - d. In accordance with Article 24 of the Company's Articles of Incorporation, the Company may have managers, and the appointment, dismissal, and remuneration thereof shall be handled in accordance with Article 29 of the Company Act.

- e. The matters related to the duties of the Company's Independent Directors are set forth in the "Regulations Governing the Scope of Responsibilities of Independent Directors." The remunerations are a fixed amount paid out on a monthly basis based on related law and regulations, and the independent directors shall not receive the distribution of earnings.
- f. The remuneration of managers and employees mainly consists of three parts -- salary, bonus, and benefits. Salary is determined based on personal ability and position. Bonus is determined based on the employee's and department's goal achievement rate, and the Company's operating performance. Benefits are designed based on the laws and regulations and needs of the employees.
- g. In order to enhance the Company's operating performance and encourage its managers and employees to share the Company's operating results, the Company has formulated the "Regulation Governing Year-end Bonus" and "Regulation Governing Performance Bonus," whereby a fixed percentage of net profit before tax is appropriated.

According to the resolution, if the Company's annual profit is more than NT\$500,000 thousand, NT\$5,000 thousand is distributable as employees' compensation (of which 97% should be distributed to frontline employees), and NT\$15,000 thousand is distributable as remuneration to directors; if the Company's annual profit is less than NT\$500,000 thousand then 1% of profit of the current year is distributable as employees' compensation (with 97% of this amount designated for frontline employees), and no higher than 3% profit of the current year is distributable as remuneration to directors.

However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors is available from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level, the Company estimated NT\$5,000 thousand employees' compensation and NT\$15,000 thousand remuneration to directors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 6 March 2026 to distribute NT\$ 5,000 thousand and NT\$15,000 thousand in cash as employee's compensation and remuneration to directors, respectively.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2024.

19. Non-operating income and expenses

(1) Other income

	For the year ended 31 December	
	2025	2024
Rental income	\$1,000	\$1,000
Interest income	75,768	97,725
Dividend income	10,998	9,742
Others	174,173	239,878
Total	<u>\$261,939</u>	<u>\$348,345</u>

(2) Other gains and losses

	For the year ended 31 December	
	2025	2024
Gains on disposal of property, plant and equipment	\$16,916	\$4,970
Gains on disposal of investments	2,172	-
Foreign exchange losses(gains), net	(292,108)	353,571
Other losses	(1,016)	(1,243)
Total	<u>\$(274,036)</u>	<u>\$357,298</u>

(3) Finance costs

	For the year ended 31 December	
	2025	2024
Interest on borrowings from bank	\$(795)	\$(4,805)
Interest on lease liabilities	(9,036)	(2,159)
Subtotal	<u>(9,831)</u>	<u>(6,964)</u>
Total	<u>\$(9,831)</u>	<u>\$(6,964)</u>

20. Components of other comprehensive income

For the year ended 31 December 2025

				Income tax relating to	
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$6,468	\$-	\$6,468	\$(1,293)	\$5,175
Unrealized gains(losses) from equity instruments measured at fair value through other comprehensive income	(180,106)	-	(180,106)	-	(180,106)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(31,679)	-	(31,679)	-	(31,679)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operation	(21,342)	-	(21,342)	4,268	(17,074)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	11,719	-	11,719	(2,344)	9,375
Total other comprehensive income	<u><u>\$(214,940)</u></u>	<u><u>\$-</u></u>	<u><u>\$(214,940)</u></u>	<u><u>\$631</u></u>	<u><u>\$(214,309)</u></u>

For the year ended 31 December 2024

				Income tax relating to	
	Reclassification	Other		components of	Other
	adjustments	comprehensive		other	comprehensive
	during the	income, before		comprehensive	income, net of
	period	tax		income	tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$8,483	\$-	\$8,483	\$(1,697)	\$6,786
Unrealized gains(losses) from equity instruments measured at fair value through other comprehensive income	(40,735)	-	(40,735)	-	(40,735)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(5,950)	-	(5,950)	-	(5,950)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operation	135,702	-	135,702	(27,140)	108,562
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	98,517	-	98,517	(19,703)	78,814
Total other comprehensive income	\$196,017	\$-	\$196,017	\$(48,540)	\$147,477

21. Income tax

The major components of income tax expense (income) for the year ended 31 December 2025 and 2024 are as follows:

Income tax expense recognized in profit or loss

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Current income tax expense:		
Current income tax charge	\$823,742	\$1,010,020
Adjustments in respect of current income tax of prior periods	(4,938)	(7,977)
Deferred income tax expense:		
Deferred income tax expense related to origination and reversal of temporary differences	34,092	40,483
Tax expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	-
Total income tax expense	<u>\$852,896</u>	<u>\$1,042,526</u>

Income tax relating to components of other comprehensive income

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Deferred income tax expense (income):		
Exchange differences resulting from translating the financial statements of foreign operation	\$(4,268)	\$27,140
Remeasurements of the defined benefit plan	1,293	1,697
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	2,344	19,703
Income tax relating to components of other comprehensive income	<u>\$(631)</u>	<u>\$48,540</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Accounting profit before tax from continuing operations	<u>\$4,656,706</u>	<u>\$5,419,441</u>
Tax at the domestic rates applicable to profits in the country concerned	\$931,340	\$1,083,888
Tax effect of revenues exempt from taxation	(8,547)	(6,553)
Tax effect of expenses not deductible for tax purposes	395	199
Tax effect of deferred tax assets/liabilities	(65,354)	(27,025)
Adjustments in respect of current income tax of prior periods	(4,938)	(7,977)
Others	-	(6)
Total income tax expenses recorded in profit or loss	<u>\$852,896</u>	<u>\$1,042,526</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended 31 December 2025

	Beginning balance as at 1 Jan. 2025	Recognized in profit or loss	Recognized in other comprehensive income	Charge directly to equity	Ending balance as at 31 Dec. 2025
Temporary differences					
Unrealized allowance for inventory valuation losses	\$5,957	\$-	\$-	\$-	\$5,957
Impairment on property, plant and equipment	148	(148)	-	-	-
Unrealized exchange losses(gains)	(15,501)	(10,628)	-	-	(26,129)
Unrealized sales returns and allowance	7,915	(257)	-	-	7,658
Unrealized intragroup gross profits	2,878	(425)	-	-	2,453
Unrealized valuation foreign investment under equity method-(gains)	(239,804)	(39,517)	-	-	(279,321)
Unrealized valuation foreign investment under equity method-losses	91,230	(28,222)	-	-	63,008
Unrealized pension expenses - the subsidiaries	20,772	-	-	-	20,772
Loss from defined benefit plan	31,515	-	(1,293)	-	30,222
Exchange differences resulting from translating resulting from foreign operations	(32,333)	-	1,924	-	(30,409)
Compensated absences provisions	16,740	1,200	-	-	17,940
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	28,293
Unrealized pension expenses - the company	(25,028)	7,262	-	-	(17,766)
Others	(59,763)	36,643	-	-	(23,120)
Deferred income tax (expenses)		<u>\$(34,092)</u>	<u>\$631</u>	<u>\$-</u>	
Net deferred tax assets (liabilities)	<u>\$ (166,981)</u>				<u>\$ (200,442)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$206,479</u>				<u>\$177,333</u>
Deferred tax liabilities	<u>\$(373,460)</u>				<u>\$(377,775)</u>

For the year ended 31 December 2024

	Beginning balance as at 1 Jan. 2024	Recognized in profit or loss	Recognized in other comprehensive income	Charge directly to equity	Ending balance as at 31 Dec. 2024
Temporary differences					
Unrealized allowance for inventory valuation losses	\$6,542	\$(585)	\$-	\$-	\$5,957
Impairment on property, plant and equipment	1,875	(1,727)	-	-	148
Unrealized exchange losses(gains)	32,416	(47,917)	-	-	(15,501)
Unrealized sales returns and allowance	10,060	(2,145)	-	-	7,915
Unrealized intragroup gross profits	1,838	1,040	-	-	2,878
Unrealized valuation foreign investment under equity method-(gains)	(216,889)	(22,915)	-	-	(239,804)
Unrealized valuation foreign investment under equity method-losses	52,825	38,405	-	-	91,230
Unrealized pension expenses - the subsidiaries	20,772	-	-	-	20,772
Loss from defined benefit plan	33,212	-	(1,697)	-	31,515
Exchange differences resulting from translating resulting from foreign operations	14,510	-	(46,843)	-	(32,333)
Compensated absences provisions	15,780	960	-	-	16,740
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	28,293
Unrealized pension expenses - the company	(24,134)	(894)	-	-	(25,028)
Others	(55,058)	(4,705)	-	-	(59,763)
Deferred income tax (expenses)		<u>\$(40,483)</u>	<u>\$(48,540)</u>	<u>\$-</u>	
Net deferred tax assets (liabilities)	<u>\$(77,958)</u>				<u>\$(166,981)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$219,154</u>				<u>\$206,479</u>
Deferred tax liabilities	<u>\$(297,112)</u>				<u>\$(373,460)</u>

The assessment of income tax returns

As of 31 December 2025, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2023

22. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible bonds payable) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$3,803,810</u>	<u>\$4,376,915</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>591,477</u>	<u>591,477</u>
Basic earnings per share (NT\$)	<u>\$6.43</u>	<u>\$7.40</u>
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$3,803,810</u>	<u>\$4,376,915</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>591,477</u>	<u>591,477</u>
Effect of dilution:		
Employee compensation — stock (in thousands)	<u>59</u>	<u>54</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>591,536</u>	<u>591,531</u>
Diluted earnings per share (NT\$)	<u>\$6.43</u>	<u>\$7.40</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Subsidiary
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Subsidiary
FUZHOU TONG YANG PLASTICS CO., LTD.	Subsidiary
GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	Subsidiary
CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Subsidiary
TYG PRODUCTS L.P.	Subsidiary
TUNG YANG CHEMICAL CO., LTD.	Associate
TAI Plus LLC	Other related party

Significant transactions with the related parties

(1) Sales

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	<u>\$156,441</u>	<u>\$211,466</u>

The prices and payment conditions are the same between subsidiaries and non-related parties.

(2) Purchases

	<u>For the year ended 31 December</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries	<u>\$39,321</u>	<u>\$18,567</u>
Associates	<u>88,708</u>	<u>98,238</u>
Total	<u>\$128,029</u>	<u>\$116,805</u>

The prices and payment conditions are the same between subsidiaries, associates industries and non-related parties.

(3) Trade receivables - related parties

	As at	
	31 Dec. 2025	31 Dec. 2024
Subsidiaries	\$35,885	\$30,968

(4) Trade Payables - related parties

	As at	
	31 Dec. 2025	31 Dec. 2024
Subsidiaries	\$2,024	\$5,845
Associates	24,862	25,083
Total	\$26,886	\$30,928

(5) Other

The Company charge subsidiaries and associates for management fee income for the year ended 31 December 2025 and 2024 were NT\$63,658 thousand and NT\$64,356 thousand, respectively. Recorded in other receivables were NT\$26,003 thousand and NT\$30,995 thousand as of 31 December 2025 and 2024, respectively.

The amount of service fees paid by the Company to an other related party for the year ended 31 December 2025 and 2024 were NT\$11,269 thousand and NT\$11,516 thousand, respectively.

(6) Key management personnel compensation

	For the year ended 31 December	
	2025	2024
Short-term employee benefits	\$86,853	\$85,774
Post-employment benefits	108	108
Total	\$86,961	\$85,882

VIII. ASSETS PLEDGED AS SECURITY

The following assets of the Group are pledged as security:

Items	Carrying amount		Secured liabilities
	31 Dec. 2025	31 Dec. 2024	
Financial assets measured at amortized cost	<u>\$157,342</u>	<u>\$153,529</u>	Guarantee

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

1. As of 31 December 2025, the Company was involved in the following activities that were not shown in the financial statements:

- (1) Unused letters of credit: (in thousands)

Currency	31 Dec. 2025
USD	\$771
NTD	83,452

- (2) The financial institution provided a guarantee of NTD\$56,000 thousand to the Company's vendors for securing the Company's purchases.

2. As of 31 December 2025, the related parties, FUZHOU TONG YANG, FUSHUN TONG YANG, TONG YANG HOLDING CORPORATION and GUANGZHOU TONG YANG TATEMATSU borrowed from the financial institution and the Company issued "letter of support" to the financial institution stating that the Company will continue to assist the affiliated institutions to sustain a satisfactory financial position until the related bank borrowings have been paid off.

3. As of 31 December 2025, the Company has entered into a binding contract for the first quarter of 2026 with CHINA STEEL CORPORATION. The contract price is NT\$215,137 thousand. The Company has already drawn up a guarantee note of NT\$18,000 thousand.

4. As of 31 December 2025, the Company has the following significant construction contract: (in thousands)

Project	Contract amount	Paid amount	Unpaid amount
Qigu Plant Construction Project	\$648,000	\$129,600	\$518,400

X. LOSSES DUE TO MAJOR DISASTERS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

In December 2025, the Group's Board of Directors approved the disposal of a 45% equity interest in DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD., an investee located in Mainland China and held through the Group's third-region investment entity, TONG YANG HOLDING CORPORATION. The transaction was completed in January 2026 upon the transfer of equity interest.

XII. OTHER

1. Categories of financial instruments

Financial assets

	As at	
	31 Dec. 2025	31 Dec. 2024
Financial assets at fair value through other comprehensive income	\$347,236	\$527,342
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	1,215,073	3,487,113
Financial assets measured at amortized cost	175,369	153,529
Notes receivables	12,014	9,787
Trade receivables (related parties included)	4,977,742	3,359,437
Other receivables	94,841	125,834
Refundable deposits	9,138	14,939
Total	<u>\$6,831,413</u>	<u>\$7,677,981</u>

Financial liabilities

	As at	
	31 Dec. 2025	31 Dec. 2024
Financial liabilities at amortized cost:		
Short-term borrowings	\$300,000	\$-
Trade and other payables	3,282,195	3,373,967
Lease liabilities	1,431,150	1,258,109
Long-term borrowings(including current portion with maturity less than 1 year)	1,142,959	1,542,035
Total	<u>\$6,156,304</u>	<u>\$6,174,111</u>

2. Financial risk management objectives and policies

The Company's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly affected by USD. Sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2025 and 2024 decreases/increases by NT\$47,089 thousand and NT\$47,611 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the year ended 31 December 2025 and 2024 to increase/decrease by NT\$(53) thousand and NT\$2,102 thousand, respectively.

Equity price risk

The fair value of Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

Please refer to Note XII.(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As of 31 December 2025 and 2024, trade receivables from top ten customers represented 68% and 58% of the total trade receivables of the Company, respectively. The credit concentration risk of other trade receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
As at 31 Dec. 2025					
Borrowings	\$649,542	\$264,595	\$283,143	\$265,305	\$1,462,585
Trade and other payables	3,282,195	-	-	-	3,282,195
Lease liabilities	18,659	17,892	17,578	1,386,560	1,440,689
As at 31 Dec. 2024					
Borrowings	\$409,647	\$349,542	\$264,595	\$548,447	\$1,572,231
Trade and other payables	3,373,967	-	-	-	3,373,967
Lease liabilities	6,109	5,782	5,014	1,241,468	1,258,373

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	Short-term borrowings	Long-term borrowings (current portion included)	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2025	\$-	\$1,542,035	\$1,258,109	\$2,800,144
Cash flows	300,000	(399,076)	(18,986)	(118,062)
Non-cash changes	-	-	192,027	192,027
As at 31 Dec. 2025	<u>\$300,000</u>	<u>\$1,142,959</u>	<u>\$1,431,150</u>	<u>\$2,874,109</u>

Reconciliation of liabilities for the year ended 31 December 2024:

	Short-term borrowings	Long-term borrowings (current portion included)	Lease liabilities	Total liabilities from financing activities
As at 1 Jan. 2024	\$-	\$1,839,387	\$13,666	\$1,853,053
Cash flows	-	(297,352)	(18,782)	(316,134)
Non-cash changes	-	-	1,263,225	1,263,225
As at 31 Dec. 2024	<u>\$-</u>	<u>\$1,542,035</u>	<u>\$1,258,109</u>	<u>\$2,800,144</u>

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

- C. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. Fair value of debt instruments without market quotations, and bank loans, are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

The book value of financial assets and liabilities measured at amortized cost of the Company approximate to the fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note XII.(8) for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 Dec. 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$347,236	\$347,236

As at 31 Dec. 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$527,342	\$527,342

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the year is as follows:

	Measured at fair value through other comprehensive income- stocks	Measured at fair value through other comprehensive income- stocks
	2025	2024
Beginning balances	\$527,342	\$568,077
Total gains and losses recognized:		
Amount recognized in OCI	(180,106)	(40,735)
Ending balances	\$347,236	\$527,342

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	10.16~ 43.35	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase/decrease in the Company's equity by NT\$33,724 thousand

As at 31 December 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	10.11~ 17.02	The higher the P/E ratio of similar entities, the higher the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase/decrease in the Company's equity by NT\$51,734 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the valuation is reasonable.

9. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: thousands			
As at 31 Dec. 2025			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$150,755	31.438	\$4,739,436
EUR	922	36.955	34,073
JPY	71,050	0.2007	14,260
CNY	2,617	4.498	11,771
Non-monetary items:			
USD	139,916	31.438	4,398,670
<u>Financial liabilities</u>			
Monetary items:			
USD	\$971	31.438	\$30,526
CNY	1,271	4.498	5,717

As at 31 Dec. 2024			
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$146,074	32.781	\$4,788,452
EUR	972	34.072	33,118
JPY	79,440	0.2089	16,595
CNY	1,763	4.491	7,918
Non-monetary items:			
USD	130,268	32.781	4,270,303
<u>Financial liabilities</u>			
Monetary items:			
USD	\$835	32.781	\$27,372
CNY	2,332	4.491	10,473

The Company has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the year ended 31 December 2025 and 2024, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT\$(292,108) thousand and NT\$353,571 thousand, respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

11. Technical license agreement

- ① According to a technical license agreement made between the Company and Hitachi Chemical CORPORATION (Now renamed to Resonac Co., Ltd) on 17 July 2018, Hitachi shall provide technical information and relevant technical assistance regarding to all plastic tailgate of cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.
- ② According to a technical license agreement made between the Company and FALTEC. On 15 November 2021, FALTEC shall provide technical information and relevant technical assistance regarding to automobile parts of P33A cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

XII. OTHER DISCLOSURES

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:
 - (a) Financing provided to others for the year ended 31 December 2025: Please refer to Attachment 1.
 - (b) Endorsement/Guarantee provided to others for the year ended 31 December 2025: Please refer to Attachment 2.
 - (c) Securities held as of 31 December 2025 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.

- (d) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2025: None.
- (e) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2025: None.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2025, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2025: Please refer to Attachment 4.

(3) Information on investments in mainland China:

- (a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 5.
- (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1 , Attachment 2 and Attachment 5.

XIII. SEGMENT INFORMATION

Please refer to the consolidated financial statements of TONG YANG INDUSTRY CO., LTD. and subsidiaries for segment information.

Attachment 1: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note 8)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) Counterparty (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counterparty (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Other receivables	Y	\$183,000 (RMB 40,000)	\$- (RMB -)	\$- (RMB -)	-%	2	-	Need for operating	-	-	-	\$873,253 (USD 27,777)	\$1,746,507 (USD 55,554)	(Note 7)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	Other receivables	Y	89,960 (RMB 20,000)	89,960 (RMB 20,000)	89,960 (RMB 20,000)	-%	2	-	Need for operating	-	-	-	873,253 (USD 27,777)	1,746,507 (USD 55,554)	(Note 7)

(Note 1) The financial information of the parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Limit of financing amount for individual counterparty:

(1) Limit of financing amount for individual counterparty shall not exceed the needed amount for operation.

(2) The Company : Limit of financing amount for individual counterparty shall not exceed 10% of the lender's net assets value as of the period.

TONG YANG HOLDING CORPORATION : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

(Note 3) Limit of total financing amount shall not exceed 40% of the Company's net asset value.

(Note 4) The financing provided to others are coded as follows:

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

(Note 5) If financing provided to others is coded "1", the amount of business transactions should be filled in.

(Note 6) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and objects.

(Note 7) The above transactions were all made between consolidated entities in the Group and have been reversed.

(Note 8) The balance of which is at its maximum balance of financing provided to others in the current year.

(Note 9) The exchange rate of the US dollar to the NTD is 1:31.438.

The exchange rate of the RMB to the NTD is 1:4.498.

Attachment 2: Endorsement/Guarantee provided to others

No. (Note1)	Endorser/ Guarantor	Receiving party		Limit of guarantee/ endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 6)	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company Name	Relationship (Note 2)											
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD	(2)	\$873,253 (USD 27,777)	\$440,700 (RMB 100,000)	\$359,840 (RMB 80,000)	\$175,265 (RMB 38,965)	-	8.24%	\$1,746,507 (USD 55,554)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	(2)	873,253 (USD 27,777)	320,250 (RMB 70,000)	292,370 (RMB 65,000)	24,739 (RMB 5,500)	-	6.70%	1,746,507 (USD 55,554)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD.	(2)	873,253 (USD 27,777)	68,625 (RMB 15,000)	67,470 (RMB 15,000)	22,490 (RMB 5,000)	-	1.55%	1,746,507 (USD 55,554)	Y	N	Y	(Note 5)

Note 1: The Company and its subsidiaries are coded as follows:

The Company is coded "0".

The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, the receiving parties shall be disclosed as one of the following:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for receiving party is 20% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2025.

Note 4: Limit of total guarantee/ endorsement amount is 40% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2025.

Note 5: The above transactions were all made between consolidated entities in the Group and have been reversed.

Note 6: The balance of which is at its maximum balance of endorsement/guarantee provided to others in the current year.

Note 7: The exchange rate of US dollar to NTD is 1:31.438.

The exchange rate of the RMB to the NTD is 1:4.498.

Attachment 3: Securities held as of 31 December 2025. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note1)	Relationship	Financial statement account	As of 31 December 2025				Note
				Shares (thousand)	Book value (thousand)	Percentage of ownership (%)	Fair value (Note2)	
The Company	Stock-FONG YUE CO.,LTD	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses - non-current	20	10,000	10.00%	500	
	Stock-PRO FORTUNE INDUSTRIAL, CO.,LTD	"	"	7,284	337,236	14.14%	46.3	
DING CHUNG INDUSTRY CO.,LTD. (DING CHUNG)	Stock-PRO FORTUNE INDUSTRIAL, CO.,LTD	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,344	62,229	2.61%	46.3	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: Financial asset measured at fair value through other comprehensive income-non current refers to the fair value per share after the comparable company's evaluation.

Attachment 4: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2025, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2025

Investor	Investee company	Location	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 2025			Shareholding ratio* net value of the investee company at the end of the period	Net income (loss) of investee company	Investment income (loss) recognized (Note 2)	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (Note 3)				
The Company	TUNG YANG CHEMICAL CO., LTD.	Taiwan	Processing and trading of coatings and chemical raw materials	\$58,465	\$58,465	3,600	40.00%	\$112,750	\$110,693	\$13,593	\$5,436	
	TONG YANG HOLDING CORPORATION	Cayman Islands	Holding company	3,059,545 (USD 91,058)	3,059,545 (USD 91,058)	59,000	100.00%	4,366,252	4,366,252	160,190	160,190	(Note4)
	HOW BOND INVESTMENT CO.,LTD.	British Virgin Islands	Holding company	603,434 (USD 16,000)	603,434 (USD 16,000)	16,000	100.00%	1,668,358	1,680,623	197,583	197,583	(Note4)
	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Taiwan	Automobile parts and components import and export business	66,865	66,865	2,000	100.00%	85,777	85,777	2,331	2,331	(Note4)
	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Taiwan	Production and sales of automotive parts	242,740	242,740	12,947	58.95%	242,487	242,493	1,519	1,026	(Note4)
	C & D CAPITAL II CORPORATION	British Virgin Islands	Holding company	142,375 (USD 4,393)	147,364 (USD 4,557)	4,393	42.53%	32,419	137,514	(195)	(19,083)	(Note6)
	WU'S PLASTICS CO.,LTD. (literal translation)	Taiwan	Production and sales of automotive parts	-	15,000	-	-	-	-	-	-	(Note9)

Investor	Investee company	Location	Main businesses and products	Initial Investment (Note 1)		Investment as of 31 December 2025			Net income (loss) of investee company	Investment income (loss) recognized (Note 2)	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (Note 3)			
TONG YANG HOLDING CORPORATION	CHANGCHUN FAWAY TONG YANG AUTOMOBILE COMPONENTS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 13,230	USD 13,230	-	49.00%	USD 56,305	USD 9,586	USD 4,697	
	FUZHOU TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 38,000	USD 34,000	-	100.00%	USD 6,110	USD 792	USD 792	(Note 4)
	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 7,150	USD 7,150	-	55.00%	USD 16,969	USD 6,953	USD 3,824	(Note 4)
	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 12,375	USD 12,375	-	45.00%	USD 10,729	USD 670	USD 302	(Note 11)
	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 37,798	USD 37,798	-	88.57%	USD 2,574	USD (3,978)	USD (3,728)	(Note 4,7)
	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 18,500	USD 18,500	-	100.00%	USD 12,178	USD (776)	USD (776)	(Note 4)
	WUHAN XIANG XING AUTO PARTS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	-	USD 3,000	-	-	-	-	-	(Note 10)

Investor	Investee company	Location	Main businesses and products	Initial Investment (Note 1)		Investment as of 31 December 2025			Net income (loss) of investee company	Investment income (loss) recognized (Note 2)	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (Note 3)			
	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	China	Design, manufacture, maintenance and trading of all types of molds	USD 11,359	USD 7,599	-	90.00%	USD 7,686	USD 39	USD 35	(Note 4)
	CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 17,150	USD 17,150	-	49.00%	USD 8,292	USD (206)	USD (101)	
	TONG YANG (GUANGZHOU) TECHNOLOGY R&D SERVICE CO., LTD.	China	Product design, technology development, experimental testing and service management, etc.	USD 1,840	USD 1,840	-	100.00%	USD 2,027	USD 15	USD 15	(Note 4)
FUZHOU TONG YANG PLASTICS CO., LTD.	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	RMB 42,750	-	-	11.43%	RMB 2,322	RMB (28,703)	RMB (1,805)	(Note 4,8)
HOW BOND INVESTMENT CO., LTD.	TYG HOLDING (U.S.A), INC.	America	Investment holding	-	-	1	100.00%	1,137,714	135,675	135,675	(Note 4,5)
	NANJING TONG YANG AUTO PARTS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	-	820,610	-	-	-	-	-	(Note 4,12)

Note 1: The original investment amount does not include the amount of surplus to capital increase.

Note 2: The investment income recognized for this period is based on the direct investee companies own outstanding shares.

Note 3: The investment income recognized for this period had eliminated unrealized gain or loss on the transactions between the Company and its investees.

Note 4: The above transactions were all made between consolidated entities in the Group and have been reversed.

Note 5: TYG HOLDING (U.S.A), INC is a foreign holding investee company, and it prepares consolidated financial statements only, the disclosure of the company's investments over which the Company has significant influence or control, directly or indirectly, is only disclosed to the level of the holding company.

Note 6: Investment income(loss) recognized during this period includes the valuation income(loss) of financial assets at fair value according to IFRS9.

Note 7: For the purpose of structural reorganization, TONG YANG HOLDING did not subscribe to the new shares proportionate to its original ownership interest increased during the cash capital increase of XIANGYANG TONG YANG in June 2025, resulting in a reduction of the shareholding ratio to 88.57% .

Note 8: For the purpose of structural reorganization, FUZHOU TONG YANG participated in the cash capital increase of XIANGYANG TONG YANG in June 2025, resulting in an increase of the shareholding ratio to 11.43%.

Note 9: WU'S PLASTICS CO.,LTD. was sold in April 2025.

Note 10: WUHAN XIANG XING AUTO PARTS CO., LTD. was sold in May 2025.

Note 11: In December 2025, the Group's Board of Directors approved the disposal of a 45% equity interest in DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD., an investee located in Mainland China and held through the Group's third-region investment entity, TONG YANG HOLDING CORPORATION. The transaction was completed in January 2026 upon the transfer of equity interest.

Note 12: In December 2025, the Group's Board of Director approved the liquidation of NANJING TONG YANG AUTO PARTS CO., LTD. The liquidation process is currently in progress.

Note 13: The exchange rate of US dollar to NTD is 1: 31.438.

The exchange rate of RMB to NTD is 1: 4.498.

The average exchange rate of US dollar to NTD is 1: 31.302

The average exchange rate of RMB to NTD is 1: 4.339.

Attachment 5: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2025	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 31 December 2025 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 31 December 2025
					Outflow	Inflow						
Nanjing Tongyang Plastic Products Co., Ltd.	1. Regarding automobile bumpers and their parts, and other motor vehicles, parts and accessories for motorcycles, chemical raw materials, production and sales of pollution prevention equipment, and varnished water and other varnishes based on natural polymers. Business of processing and trading of paint materials and fine chemical raw materials.	USD -	Note 1	USD 3,659	-	-	USD 3,659	-	-	-	-	-
Wuhu You Shr Tongyang Plastics Co., Ltd.		USD -	Note 1	USD 4,407	-	-	USD 4,407	-	-	-	-	-
Haerbin Hafei Kai Yih Metal Co., Ltd.		USD -	Note 1	USD 10,860	-	-	USD 10,860	-	-	-	-	-
Tianjin Mitsuboshi Belting Co., Ltd.		USD -	Note 1	USD 1,033	-	-	USD 1,033	-	-	-	-	-
Tianjin Nagase Plastics Co., Ltd.		USD -	Note 1	USD 54	-	-	USD 54	-	-	-	-	-
Fuzhou Tongyang Plastic Products Co., Ltd.		USD 39,000	Note 1	USD 25,808	USD 4,000	-	USD 29,808	USD 792	100.00%	USD 792	USD 6,110	-
Chongqing Dajing Yuchyang Plastics Co., Ltd.		USD -	Note 1	USD 6,372	-	-	USD 6,372	-	-	-	-	USD 4,000
NBC (Guangzhou) Co., Ltd.		USD -	Note 1	USD (6,340)	-	-	USD (6,340)	-	-	-	-	USD 6,340
NBC (Changchuen) Co., Ltd.		USD -	Note 1	USD 469	-	-	USD 469	-	-	-	-	-
NBC (Tianjin) Co., Ltd.		USD -	Note 1	USD (998)	-	-	USD (998)	-	-	-	-	USD 998
Tianjin Binhai NBC Co., Ltd.		RMB -	Note 1	USD 2,960	-	-	USD 2,960	-	-	-	-	-
Chang Chun Faway Tong Yang Automobile Components Co., Ltd.		USD 27,000	Note 1	USD 3,747	-	-	USD 3,747	USD 9,586	49.00%	USD 4,697	USD 56,305	USD 13,000
Haerbin Hafei Tongyang Plastic Products Co., Ltd.		USD -	Note 1	USD 4,113	-	-	USD 4,113	-	-	-	-	-
NBC (Wuhan) Co., Ltd.		USD -	Note 1	USD (4,602)	-	-	USD (4,602)	-	-	-	-	USD 4,602
NBC (Nanjing) Co., Ltd.		USD -	Note 1	USD (43)	-	-	USD (43)	-	-	-	-	USD 43

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2025	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 31 December 2025 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 31 December 2025
					Outflow	Inflow						
Chongqing Dajiang Tongyang Plastic Products Co., Ltd.	2. All of them are domestic products sold in mainland China. Due to market segmentation, there is no adverse impact on the company's operations.	USD 13,000	Note 1	USD 3,692	-	-	USD 3,692	USD 6,953	55.00%	USD 3,824	USD 16,969	-
Daikyo Nishikawa Tong Yang Auto Parts (Nanjing) Co., Ltd.		USD 27,500	Note 1	USD 19,670	-	-	USD 19,670	USD 670	45.00% (Note 6)	USD 302	USD 10,729	-
Wuhan Xiangxing Auto Parts Co., Ltd.		USD -	Note 1	USD 3,228	-	-	USD 3,228	-	-	-	-	-
Nanjing Tong Yang Auto Parts Co., Ltd.		USD 28,000	Note 2	USD 27,453	-	-	USD 27,453	-	100.00% (Note 7)	-	-	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.		RMB 127,000	Note 1	USD 11,172	USD 3,760	-	USD 14,932	USD 39	90.00%	USD 35	USD 7,686	-
Changsha Gacc Tong Yang Automobile Component Co., Ltd.		USD 35,000	Note 1	USD 17,132	-	-	USD 17,132	USD (206)	49.00%	USD (101)	USD 8,292	-
Fuzhou Kai Ming Mold Co., Ltd.		USD -	Note 3	USD 200	-	-	USD 200	-	-	-	-	-
Xiangyang Tong Yang Automobile Component Co., Ltd.		USD 52,500	Note 1	USD 39,651	-	-	USD 39,651	USD (3,978)	88.57%	USD (3,728)	USD 2,574	-
Fushun Tong Yang Automobile Component Co., Ltd.		USD 18,500	Note 1	USD 18,586	-	-	USD 18,586	USD (776)	100.00%	USD (776)	USD 12,178	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.		RMB 12,000	Note 1	USD 1,840	-	-	USD 1,840	USD 15	100.00%	USD 15	USD 2,027	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 201,883	USD 201,883	(Note 8)

Note 1: Indirectly investment in Mainland China through companies registered in a third region - TONG YANG HOLDING CORPORATION.

Note 2: Indirectly investment in Mainland China through companies registered in a third region - HOW BOND INVESTMENT CO., LTD.

Note 3: Indirectly investment in Mainland China through companies registered in a third region - Jundong International Co., Ltd.

Note 4: The exchange rate of US dollar to NTD is 1 : 31.438, the exchange rate of RMB to NTD is 1: 4.498; the average exchange rate of US dollar to NTD is 1: 31.302, the average exchange rate of RMB to NTD is 1: 4.339.

Note 5: The book value of the investment at the end of the period is calculated based on the shareholding ratio of the direct or indirect investment of the company.

Note 6: In December 2025, the Group's Board of Directors approved the disposal of a 45% equity interest in DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD., an investee located in Mainland China and held through the Group's third-region investment entity, TONG YANG HOLDING CORPORATION. The transaction was completed in January 2026 upon the transfer of equity interest.

Note 7: In December 2025, the Group's Board of Director approved the liquidation of NANJING TONG YANG AUTO PARTS CO., LTD. The liquidation process is currently in progress.

Note 8: According to the provisions of 97.8.22 "Investment or Technical Cooperation Licensing in Mainland China" and "Investment or Technical Cooperation Review Principles in Mainland China", the cumulative amount of investors' investment in mainland China depends on the upper limit of other enterprises: net value or a combined net value of 60%, whichever is higher. However, the Ministry of Economic Affairs issued the certificate of compliance with the business scope of the company's operating headquarters. The enterprise or multinational company is not limited to this. The company is applicable to the corporate operation headquarters, so there is no quota.

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TONG YANG INDUSTRY CO., LTD.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Item	Description	Subtotal	Total	Note
Cash			\$421	1.The exchange rate of the US dollar to the NTD is 1:31.438
Petty cash			140	
Foreign currency cash	(Amounts in dollars of Foreign currencies)			
	USD 12,305	\$387		
	JPY 1,857,000	372		2.The exchange rate of the JPY to the NTD is 1:0.2007
	EUR 18,030	666		
	RMB 110,047	495	1,920	3.The exchange rate of the EUR to the NTD is 1:36.955
Subtotal			2,481	
Bank deposits-NT Dollars			813,453	4.The exchange rate of the RMB to the NTD is 1:4.498
Bank deposits-Foreign currency	USD 11,577,122	363,962		
	JPY 40,858,475	8,200		
	EUR 532,944	19,695		
	RMB 2,170,505	9,763	401,620	
Subtotal			1,215,073	
Total			\$1,217,554	

TONG YANG INDUSTRY CO., LTD.

2. STATEMENT OF NOTES RECEIVABLE

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Client	Description	Amount	Note
Client A		\$2,106	The amount of individual client in others does not exceed 5% of the account balance.
Client B		1,451	
Client C		1,438	
Client D		1,330	
Client E		955	
Client F		826	
Others		4,559	
Subtotal		12,665	
Less:loss allowance		(651)	
Total		\$12,014	

TONG YANG INDUSTRY CO., LTD.

3. STATEMENT OF TRADE RECEIVABLE

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Client	Description	Amount	Note
	(Amounts in dollars of Foreign currencies)		
Client A	USD 56,250,243	\$1,768,395	1.The amount of individual client in others does not exceed 5% 2.The exchange rate of the US dollar to the NTD is 1:31.438
Client B	USD 18,464,919	581,218	
Others		2,622,143	
Subtotal		4,971,756	
Less:loss allowance		(29,899)	
Total		\$4,941,857	

TONG YANG INDUSTRY CO., LTD.

4. STATEMENT OF INVENTORIES

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Items	Description	Amount		Note
		Cost	Market Price	
Raw materials		\$541,672	\$541,874	The market price is the net realizable value.
Supplies and parts		196,375	197,593	
Work in progress		418,460	659,384	
Finished goods		1,462,396	2,538,038	
Merchandise		147,204	186,613	
Total		2,766,107	\$4,123,502	
Less: allowance for inventory valuation losses		(29,785)		
Total		\$2,736,322		

TONG YANG INDUSTRY CO., LTD.

5. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT

For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Name of securities	Beginning Balance		Additions		Decrease		Ending Balance		Collateral	Note
	Shares/Units (In thousands/Units)	Book value	Shares/Units (In thousands/Units)	Amount	Shares/Units (In thousands/Units)	Amount	Shares/Units (In thousands/Units)	Book value		
PRO FORTUNE INDUSTRIAL, CO., LTD.	6,622	\$517,342	662	\$-		\$180,106 (Note)	7,284	\$337,236	None	
FONG YUE CO., LTD.	20	10,000		-		-	20	10,000	"	
Total		\$527,342		\$-		\$180,106		\$347,236		

Note : The changes amount is the unrealized gain or losses on financial assets at fair value through other comprehensive income.

TONG YANG INDUSTRY CO., LTD.
6. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance		Fair value/Net assets value		Accrual basis (Shareholding ratio)	Collateral	Note
	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Unit price (NTD)	Total Amount			
<u>Investments accounted for using the equity method</u>													
RU YANG INDUSTRY CO., LTD	12,947	\$240,647		\$1,026 (Note1) 814 (Note6)			12,947	\$242,487	18.73	\$242,493	58.95%	None	
TUNG YANG CHEMICAL CO., LTD.	3,600	113,033		5,436 (Note1) 741 (Note6)		(6,460) (Note5)	3,600	112,750	30.75	110,693	40.00%	"	
DING CHUNG INDUSTRY CO., LTD.	2,000	119,420		2,331 (Note1)		(33,234) (Note4) (2,740) (Note5)	2,000	85,777	42.89	85,777	100.00%	"	
TONG YANG HOLDING CORPORATION	59,000	4,207,546		160,190 (Note1) 387 (Note3)		(1,871) (Note2)	59,000	4,366,252	USD 2.35	4,366,252	100.00%	"	
HOW BOND INVESTMENT CO., LTD.	16,000	1,470,520		197,582 (Note1) 2,128 (Note3)		(1,485) (Note2) (387) (Note3)	16,000	1,668,358	105.04	1,680,623	100.00%	"	
C&D CAPITAL II CORPORATION	4,557	62,758			(164)	(19,083) (Note1) (6,267) (Note2) (4,989) (Note7)	4,393	32,419	USD 1.00	137,514	42.53%	"	
WU'S PLASTICS CO.,LTD.	1,500	15,190		2,172 (Note8)	(1,500)	(17,362) (Note9)	-	-	-	-	-	"	
Total		\$6,229,114		\$372,807		\$ (93,878)		\$6,508,043					

Note1 : Net investment income or loss accounted for using equity method.

Note2 : Adjustment for foreign currency translation.

Note3 : Realized (Unrealized) gross profits due to sales from the Company to subsidiaries.

Note4 : Recognition of valuation profit or loss measured at fair value through other comprehensive income.

Note5 : Cash dividend issued by the investee company.

Note6 : Profit or loss of the defined benefit plan.

Note7 : Refund of capital reduction.

Note8 : Gain on disposal.

Note9 : The price of the disposal in this period.

TONG YANG INDUSTRY CO., LTD.

7. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS

For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Land	\$1,349,684	\$290,682	\$-	\$1,640,366	
Other equipment	23,200	-	-	23,200	
Total	\$1,372,884	\$290,682	\$-	\$1,663,566	

8. STATEMENT OF CHANGES IN ACCUMULATED DEPERCIATION OF RIGHT-OF-USE-ASSETS

For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Land	\$(119,992)	\$(81,616)	\$-	\$(201,608)	
Other equipment	(2,320)	(4,640)	-	(6,960)	
Total	\$(122,312)	\$(86,256)	\$-	\$(208,568)	

TONG YANG INDUSTRY CO., LTD.

9. STATEMENT OF TRADE PAYABLES

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Client	Description	Amount	Note
Company A		\$100,306	The amount of individual client in others does not exceed 5% of the account balance.
Company B		67,934	
Others		1,177,528	
Total		\$1,345,768	

TONG YANG INDUSTRY CO., LTD.

10. STATEMENT OF OTHER PAYABLES

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Item	Description	Amount	Note
Salaries payable	Salaries and bonuses in December	\$685,874	The amount of individual account title in others does not exceed 5% of the account balance.
Annual leave payable		89,700	
Supplies inventory payable		99,218	
Others		452,829	
Total		\$1,327,621	

TONG YANG INDUSTRY CO., LTD.

11. STATEMENT OF BALANCE PAYABLE-MACHINERY AND EQUIPMENT

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Client	Description	Amount	Note
Company A		\$102,060	The amount of individual client in others does not exceed 5% of the account balance.
Company B		48,452	
Company C		47,500	
Company D		37,800	
Company E		32,548	
Others		313,448	
Total		\$581,808	

TONG YANG INDUSTRY CO., LTD.

12. STATEMENT OF LEASE LIABILITIES

As at 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Items	Description	Contract Periods	Discount rates	Amount	Note
Land		2~20 years	0.556%~1.197%	\$1,417,185	
Other equipment				13,965	
Total				1,431,150	
(Less):Current portion				(18,659)	
Non-current portion				\$1,412,491	

TONG YANG INDUSTRY CO., LTD.

13. STATEMENT OF OPERATING REVENUES

For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Item	Units(pcs)	Amount	Note
Bumper	6,535,698 pcs	\$7,199,851	The amount of individual account title in others does not exceed 5% of the account balance.
Front rail	2,737,689 pcs	2,724,357	
Hood	764,299 pcs	1,909,987	
Fender	2,275,875 pcs	1,825,593	
Others		6,095,902	
Total		\$19,755,690	

TONG YANG INDUSTRY CO., LTD.

14. STATEMENT OF OPERATING COSTS

For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Item	Amount	Note
Cost of goods sold of self-made product		
Direct material : beginning of year	\$568,769	
Add : Raw material purchased	2,448,583	
Gain from physical taking	196	
Less : Raw material, end of year	(541,672)	
Raw materials sold	(117,720)	
Scrapped	(252)	
Transferred to other account title	(7,739)	
Direct material used	2,350,165	
Supplies and parts : Beginning of year	203,049	
Add : Supplies and parts purchased	1,582,962	
Gain from physical taking	9	
Less : Supplies and parts, end of year	(196,375)	
Supplies and parts sold	(18,767)	
Scrapped	(1,006)	
Transferred to other account title	(50,781)	
Supplies and parts used	1,519,091	
Direct labor	1,243,091	
Manufacturing expenses	4,093,768	
Manufacturing cost	9,206,115	
Add : Work in progress, beginning of year	357,221	
Work in progress purchased	708,510	
Transferred from other account title	360,363	
Less : Work in progress, end of year	(418,460)	
Work in progress sold	(1,508)	
Scrapped	(1,819)	
Transferred to other account title	(42,593)	
Cost of finished goods	10,167,829	
Add : Finished goods, beginning of year	1,395,338	
Finished goods purchased	158,247	
Transferred from other account title	2,575	
Gain from physical taking	1,859	
Less : Finished goods, end of year	(1,462,396)	
Scrapped	(2,390)	
Transferred to other account title	(237,562)	
Cost of goods sold of self-made product	10,023,500	
Cost of goods sold of merchandise		
Merchandise : Beginning of year	173,006	
Add : Merchandise purchased	2,327,870	
Less : Merchandise, end of year	(147,204)	
Scrapped	(349)	
Transferred from other account title	881	
Loss from physical taking	(284)	
Cost of goods sold of merchandise	2,353,920	
Raw materials and work in progress sold	137,995	
Gain from physical taking	(1,780)	
Loss from inventory scrapped	5,816	
Gain on sales of scrap	(187,452)	
Total operating costs	\$12,331,999	

TONG YANG INDUSTRY CO., LTD.

15. STATEMENT OF OPERATING EXPENSES

For the year ended 31 December 2025

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

Items	Sales and marketing expenses	General and administrative expenses	Research and development expenses
Salary expenses	\$569,342	\$415,733	\$285,798
Freight	193,511	50	27,545
Repair and maintenance expenses	32,104	42,897	10,401
Depreciation	135,195	54,363	7,043
Sample fee	-	-	277,173
Import/export expenses	239,360	-	1
Instrument calibration fee	-	52	138,407
Other expenses	345,293	212,673	104,206
Total	\$1,514,805	\$725,768	\$850,574

Note : The amount of individual account title in others does not exceed 5% of the of the account balance.