

CHIA HER INDUSTRIAL CO., LTD.

**Parent Company Only Financial
Statements and Independent Auditors’
Report
2025 and 2024**

Address: No. 533, Fuxing Rd., Sanshe Vil., Xinshi Dist., Tainan City, Taiwan
Telephone number: 06-7029961

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Independent Auditors' Report

To Board of Directors of CHIA HER INDUSTRIAL CO., LTD.:

Opinion

We have audited the accompanying financial statements of CHIA HER INDUSTRIAL CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits entrusted by the Company in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of certain subsidiaries and associates included in the investments accounted for using equity method of CHIA HER INDUSTRIAL CO., LTD. have not been audited by the CPA, but have been audited by other CPAs. Therefore, in the opinion expressed by the CPA on the above parent company only financial statements, the amounts listed in the financial statements of these subsidiaries and associates are based on the audit reports of other CPAs. In addition, investments accounted for using equity method recognized in these subsidiaries and associates accounted for 2.48% and 5.71% of total assets as of December 31, 2025 and 2024, respectively; and the share of profit or loss of subsidiaries and associates and associates using equity method recognized from January 1 to December 31, 2025 and 2024 accounted for 20.76% and (3.10)% of net income before tax, respectively.

Key audit matters

Key audit matters refer to the most important items in the audit of CHIA HER INDUSTRIAL CO., LTD.'s Parent Company Only Financial statements for 2025, based on the professional judgment of the CPA. These items have been addressed during the audit of the Parent Company Only Financial statements as a whole and the formation of an audit opinion. The CPA does not express a separate opinion on these items. The key audit matters that the CPA determines should be communicated in the audit report are as follows:

I. Evaluation of inventory obsolescence losses

Please refer to Note 4 (7) to the parent company only financial statements for detailed accounting policies related to evaluation inventory obsolescence losses; please refer to Note 5 (2) to the parent company only financial statements for the uncertainty of accounting estimates and assumptions of subsequent measurement; please refer to Note 6 (5) to the parent company only financial statements for relevant disclosures on subsequent measurement of inventories.

Explanation of key audit matters:

The Company's inventories primarily comprise ready-to-wear and automobile textiles, etc. The changes in market demands may result in severe fluctuations in the sales of relevant products and make the inventories become obsolescent. The risks of the cost exceeding the net realizable value occur. Therefore, evaluation of inventory obsolescence losses is one of the important evaluation items for the CPA in conducting the audit of the Company's parent company only financial statements.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include obtaining an

understanding to the policies on evaluation of inventory obsolescence losses adopted by the management, and comparing with the actual situation of the obsolescent inventories in the past, to assess the accuracy of the management's estimates in the past; acquiring the inventory aging reports, selecting samples and verifying the documents associated with changes in inventories, and testing the correctness of calculation of inventory aging; recalculating the allowances for inventory obsolescence losses based on the ratio applicable to the aging intervals of inventories; assessing whether the disclosures on relevant information on allowances for inventory valuation losses is appropriate.

II. Evaluation of fair value of investment properties

Please refer to Note 4 (10) to the parent company only financial statements for the accounting policies related to the evaluation of fair value of investment properties; please refer to Note 5 (3) to the parent company only financial statements for the uncertainty of accounting estimates and assumptions about the evaluation of fair value of investment properties; please refer to Note 6 (9) to the parent company only financial statements for relevant disclosures on investment properties.

Explanation of key audit matters:

The subsequent measurement of the investment properties of the Company adopts the fair value model. Fair value of investment properties is based on the property appraisal report from external property appraisers. As evaluation of fair value of investment properties involves significant judgement and estimates, the evaluation of fair value of the investment properties is one of the important evaluation items for the CPA to perform the audit of the consolidated financial statements of the Company.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include assessing the professionalism, qualifications and independence of external property appraisers appointed by the management; designating the appraiser of auditors to support the review and assessment on the rationality of the valuation method used and the significant assumptions adopted in the property appraisal report; assessing whether the disclosures on fair value of investment properties is appropriate.

III. Acquisition of subsidiary, MENG HUI CONSTRUCTION

Please refer to Note 4 (19) to the parent company only financial statements for the accounting policies related to the business combination; please refer to Note 5 (4) to the parent company only financial statements for the uncertainty of accounting estimates and assumptions about acquisition of subsidiaries; please refer to Note 6 (6) to the parent company only financial statements for relevant disclosures on acquisition of subsidiaries.

Explanation of key audit matters:

The Company obtained control over the subsidiary, MENG HUI CONSTRUCTION CO., LTD. in the fourth quarter of 2025. As the accounting treatment of business combination involves significant judgement and estimates, acquisition of the subsidiary, MENG HUI CONSTRUCTION CO., LTD. is one of the important evaluation items for the CPA to perform the audit of the parent company only financial statements of the Company.

Corresponding audit procedures:

The CPA's main audit procedures for the key audit matters mentioned above include assessing the professionalism, qualifications and independence of external appraisers appointed by the management; designating the appraiser of auditors to support the review and assessment on the rationality of the valuation method used and the significant assumptions adopted in the purchase price allocation report; assessing whether the accounting treatment and disclosures on the business combination transaction are appropriate.

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 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 the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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 auditing standards generally accepted in 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 parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- (1) Identify and assess the risks of material misstatement of the 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 from 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 Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, we are required 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 disclosures, 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 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 the parent company only financial statements for the year ended December 31, 2025 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.

KPMG Taiwan

CPA:

Approval and certified
number of the securities
regulatory authority

: Letter No. Finance-Supervisory- Securities-
Audi-1070304941
Letter No. Finance-Supervisory- Securities-
XI-0960069825

March 13, 2026

Balance Sheets
As of December 31, 2025 and 2024

Unit: NT\$ thousand

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities :					
1100	Cash and cash equivalents (Note 6 (1))	\$ 39,247	1	90,872	2	2100	Short-term loans (Notes 6 (10) and 8)	\$ 1,021,855	15	1,117,344	18
1110	Financial assets at fair value through other comprehensive income - current (Notes 6 (2) and 8)	129,000	2	99,227	2	2110	Short-term bills payables (Note 6 (10))	30,000	-	30,000	-
1150	Notes receivables, net (Note 6 (3) (18))	2,509	-	2,405	-	2130	Contract liabilities - current (Note 6 (18))	53,122	1	95,173	1
1170	Accounts receivables, net (Note 6 (3) (18))	124,582	2	174,822	3	2150	Notes payables	27,140	-	46,279	1
1180	Accounts receivables - related parties, net (Notes 6 (3) (18) and 7)	151,866	2	210,822	3	2160	Notes payables - related parties (Note 7)	8,691	1	5,014	-
1200	Other receivables (Note 6 (4))	116,780	2	16,230	-	2162	Other notes payables – related parties (Note 7)	90,700	1	-	-
1210	Other receivables - related parties (Notes 6 (4) and 7)	709	-	51,864	1	2170	Accounts payables	157,357	2	208,443	3
1310	Inventories (Notes 6 (5), 7 and 8)	1,329,944	20	1,474,432	23	2180	Accounts payables - related parties (Note 7)	33,081	1	30,136	-
1410	Prepayments	6,530	-	6,402	-	2200	Other payables (Note 6 (13))	217,360	3	172,057	3
1476	Other financial assets – current (Notes 8)	51,799	1	67,671	1	2220	Other payables - related parties (Note 7)	215,851	3	464	-
1479	Other current assets	32,934	-	27,119	-	2280	Lease liabilities - current (Note 6 (11))	112,315	2	109,981	2
		1,985,900	30	2,221,866	35	2300	Other current liabilities (Note 7)	45,973	1	35,647	1
						2322	Long-term liabilities due within one year or one business cycle (Notes 6 (10) and 8)	279,530	4	371,796	6
								2,292,975	34	2,222,334	35
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6 (2) and 8)	274,871	4	211,430	3	2540	Long-term loans (notes 6 (10) and 8)	1,420,728	21	1,430,391	23
1550	Investments accounted for using equity method (Notes 6 (6), 7 and 8)	817,594	12	471,911	8	2570	Deferred income tax liabilities (Note 6 (14))	483,474	7	442,263	7
1600	Property, plant, and equipment (Notes 6 (7) (9), 7, 8 and 9)	2,184,835	33	1,463,675	23	2580	Lease liabilities - non-current (Note 6 (11))	131,753	2	226,139	3
1755	Right-of-use assets (Note 6 (8))	219,859	4	303,782	5	2640	Net defined benefit liabilities - non-current (Note 6 (13))	14,270	-	14,363	-
1760	Net investment property (Notes 6 (7) (9) (12), and 8)	1,151,380	17	1,482,626	23	2670	Other non-current liabilities (Notes 6 (6) and 7)	86,630	2	52,922	1
1840	Deferred income tax assets (Note 6(14))	12,433	-	6,368	-			2,136,855	32	2,166,078	34
1920	Guaranteed deposits paid (Note 8)	20,052	-	130,610	2			4,429,830	66	4,388,412	69
1995	Other non-current assets (Note 6(6))	30,495	-	42,044	1						
		4,711,519	70	4,112,446	65						
						Total liabilities					
						Equity (Note 6 (2) (6) (15) (16)):					
						3100	Share capital	1,271,146	19	1,030,939	16
						3200	Capital surplus	135,020	2	157,098	3
						3300	Unappropriated earnings	239,195	4	213,962	3
						3490	Other equity items	622,228	9	543,901	9
						Total liabilities					
						Total liabilities and equity					
Total assets		\$ 6,697,419	100	6,334,312	100			\$ 6,697,419	100	6,334,312	100

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang

Manager: Weng, Wei-Hsiang

Chief Accounting Officer: Weng, Wei-Chun

CHIA HER INDUSTRIAL CO., LTD.
Statements of Comprehensive Income
From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand

		2025		2024	
		Amount	%	Amount	%
4000	Net operating revenue (Notes 6 (12) (18) and 7)	\$ 2,277,631	100	2,906,674	100
5000	Operating costs (Notes 6 (5) (13) (19), 7 and 12)	2,079,065	91	2,306,873	80
5900	Gross profit	198,566	9	599,801	20
5910	Less: unrealized gains from sales (Note 7)	30,160	1	31,844	1
5920	Add: realized gains from sales (Note 7)	31,844	1	16,177	1
5950	Net gross profit	200,250	9	584,134	20
6000	Operating expenses (Note 6 (3) (4) (11) (13) (16) (19), 7 and 12):				
6100	Marketing expenses	185,239	8	155,846	5
6200	Administrative expenses	192,366	8	184,319	6
6300	Research and development expenses	66,384	3	69,836	3
6450	Expected credit impairment losses	15,593	1	32,287	1
		459,582	20	442,288	15
6900	Net operating income (loss)	(259,332)	(11)	141,846	5
7000	Non-operating income and expenses (Note 6 (2) (6) (7) (9) (10) (11) (20) and 7):				
7100	Interest income	2,165	-	1,067	-
7010	Other income	15,920	1	1	-
7020	Other gains and losses	145,874	6	57,424	2
7255	Gains on fair value adjustment - investment properties	86,961	4	94,245	3
7050	Financial costs	(97,444)	(4)	(101,776)	(4)
7070	Share of profit or loss of subsidiaries and associates accounted for using equity method	154,478	7	(34,809)	(1)
		307,954	14	16,152	-
7900	Profit before income tax	48,622	3	157,998	5
7951	Less: income tax expense (Note 6 (14))	35,146	2	69,662	2
8200	Net profit for the period	13,476	1	88,336	3
8300	Other comprehensive income:				
8310	Items not reclassified to profit or loss (Note 6 (6) (13) (14) (15))				
8311	Remeasurement of defined benefit plans	(2,451)	-	444	-
8316	Unrealized gains or losses on valuation of equity instruments at fair value through other comprehensive income	93,214	4	77,644	3
8321	Remeasurement of defined benefit plans for subsidiaries and associates accounted for using equity method	8	-	(20)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(546)	-	(84,322)	(3)
8349	Less: income tax related to items not reclassified to profits and losses	-	-	-	-
	Total items not reclassified to profit or loss	90,225	4	(6,254)	-
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences arising on translation of foreign operations	(141)	-	(28)	-
8399	Less: income tax related to items that may be reclassified to profits and losses	-	-	-	-
	Total items that may be reclassified to profit or loss	(141)	-	(28)	-
8300	Other comprehensive income for the period (net after tax)	90,084	4	(6,282)	-
8500	Total comprehensive income for the period	\$ 103,560	5	82,054	3
	Earnings per share (Note 6 (17)) (Unit: NT\$)				
9750	Basic earnings per share	\$ 0.12		0.90	
9850	Diluted earnings per share	\$ 0.12		0.90	

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang

Manager: Weng, Wei-Hsiang

Chief Accounting Officer: Weng, Wei-Chun

CHIA HER INDUSTRIAL CO., LTD.
Statements of Changes in Equity
From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand

	Share capital			Retained earnings					Other equity items				
	Ordinary shares	Capital collected in advance	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences arising on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains on revaluation	Total	Total equity
Balance as of January 1, 2024	\$ 849,514	2,587	852,101	121,383	8,387	-	109,793	118,180	21	84,936	472,672	557,629	1,649,293
Net profit for the period	-	-	-	-	-	-	88,336	88,336	-	-	-	-	88,336
Other comprehensive income for the period	-	-	-	-	-	-	424	424	(28)	(6,678)	-	(6,706)	(6,282)
Total comprehensive income for the period	-	-	-	-	-	-	88,760	88,760	(28)	(6,678)	-	(6,706)	82,054
Appropriation and distribution of earnings													
Legal reserve	-	-	-	-	5,854	-	(5,854)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	103,939	(103,939)	-	-	-	-	-	-
Stock paid by capital surplus	27,608	-	27,608	(27,608)	-	-	-	-	-	-	-	-	-
Cash paid by capital surplus	-	-	-	(3,068)	-	-	-	-	-	-	-	-	(3,068)
Cash capital increase	143,000	-	143,000	57,200	-	-	-	-	-	-	-	-	200,200
Share-based payment transactions	-	-	-	5,380	-	-	-	-	-	-	-	-	5,380
Execution of employee stock options	10,817	(2,587)	8,230	3,811	-	-	-	-	-	-	-	-	12,041
Disposal of equity instruments at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	-	-	7,022	7,022	-	(7,022)	-	(7,022)	-
Balance as of December 31, 2024	1,030,939	-	1,030,939	157,098	14,241	103,939	95,782	213,962	(7)	71,236	472,672	543,901	1,945,900
Net profit for the period	-	-	-	-	-	-	13,476	13,476	-	-	-	-	13,476
Other comprehensive income for the period	-	-	-	-	-	-	(2,443)	(2,443)	(141)	92,668	-	92,527	90,084
Total comprehensive income for the period	-	-	-	-	-	-	11,033	11,033	(141)	92,668	-	92,527	103,560
Appropriation and distribution of earnings													
Legal reserve	-	-	-	-	9,578	-	(9,578)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	86,204	(86,204)	-	-	-	-	-	-
Stock paid by capital surplus	40,207	-	40,207	(40,207)	-	-	-	-	-	-	-	-	-
Cash capital increase	200,000	-	200,000	16,000	-	-	-	-	-	-	-	-	216,000
Share-based payment transactions	-	-	-	2,634	-	-	-	-	-	-	-	-	2,634
Disposal of equity instruments at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	-	-	(4,124)	(4,124)	-	4,124	-	4,124	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	18,324	18,324	-	(18,324)	-	(18,324)	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	(505)	-	-	-	-	-	-	-	-	(505)
Balance as of December 31, 2025	\$ 1,271,146	-	1,271,146	135,020	23,819	190,143	25,233	239,195	(148)	149,704	472,672	622,228	2,267,589

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang

Manager: Weng, Wei-Hsiang

Chief Accounting Officer: Weng, Wei-Chun

CHIA HER INDUSTRIAL CO., LTD.
Statements of Cash Flows
From January 1 to December 31, 2025 and 2024

Unit: NT\$ thousand

	2025	2024
Cash flow of operating activities:		
Profit before income tax for the period	\$ 48,622	157,998
Adjustment items:		
Income and loss items that do not affect cash flow		
Depreciation expenses	188,817	174,688
Expected credit impairment losses	15,593	32,287
Interest expenses	97,444	101,776
Net gains on financial assets and liabilities at fair value through profit or loss	-	(7,222)
Interest income	(2,165)	(1,067)
Dividend income	(15,920)	(1)
Share-based compensation costs	2,634	5,380
Share of profit of subsidiaries and associates accounted for using equity method	(154,478)	34,809
Losses (gains) on disposal of property, plant, and equipment	21	(10,723)
Gains on disposal of investments	(109,370)	-
Unrealized gains (losses) from sales	(1,684)	15,667
Gains on fair value adjustment of investment properties	(86,961)	(94,245)
Unrealized foreign currency exchange losses (gains)	4,444	(10,335)
Total income and loss items that do not affect cash flow	(61,625)	241,014
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Increase in financial assets at fair value through profit or loss	-	7,222
Decrease (increase) in notes receivable	(104)	11,526
Decrease (increase) in accounts receivable	36,615	(48,313)
Decrease (increase) in accounts receivable - related parties	54,636	(161,267)
Decrease (increase) in other receivables	13,410	(1,099)
Decrease in other receivables - related parties	808	6,433
Decrease (increase) in inventories	(15,853)	51,408
Increase in prepayments	(129)	(567)
Decrease (increase) in other current assets	(5,713)	10,299
Total net changes in assets related to operating activities	83,670	(124,358)
Net changes in liabilities related to operating activities:		
Decrease in contract liabilities	(42,051)	(11,071)
Decrease in notes payables	(19,139)	(22,786)
Increase (decrease) in notes payables - related parties	3,677	(38,730)
Decrease in accounts payables	(51,086)	(2,663)
Increase (decrease) in accounts payables - related parties	2,945	(12,695)
Increase in other payables	45,267	25,304
Increase in other payables - related parties	4,396	84
Increase in other current liabilities	21,723	551
Decrease in net defined benefit liabilities - non-current	(2,544)	(2,359)
Total net changes in liabilities related to operating activities	(36,812)	(64,365)
Total net changes in assets and liabilities related to operating activities	46,858	(188,723)
Total adjustment items:	(14,767)	52,291
Cash inflows from operations	33,855	210,289
Interest received	917	1,067
Dividends received	15,920	1
Interest paid	(95,721)	(104,394)
Income tax paid	(101)	(20,881)
Net cash inflows (outflows)from operating activities	(45,130)	86,082
Cash flow from investment activities:		
Refund of paid-up capital of capital reduction from investees accounted for using equity method	50,347	-
Cash dividends received from investment accounted for using equity method	8,985	15,010
Acquisition of property, plant, and equipment	(153,534)	(165,392)
Acquisition of investment properties	(687)	(4,476)
Proceeds from disposal of property, plant, and equipment	-	2,364
Increase in guaranteed deposits paid	(2,244)	(95,792)
Decrease (increase) in other financial assets - current	15,872	(21,839)
Decrease (increase) in other non-current assets	3,530	(15,498)
Net cash outflows from investment activities	(77,731)	(285,623)
Cash flow from financing activities:		
Acquisition of shares of subsidiaries	(48,812)	(29,222)
Increase (decrease) in short-term borrowings	(97,785)	91,864
Increase in short-term bills payables	-	30,000
Increase in other notes payables – related parties	90,700	-
Increase (decrease) in other payables - related parties	123,364	(20,000)
Borrowing long-term borrowings	259,668	342,861
Repayment of long-term borrowings	(361,597)	(328,451)
Decrease in notes payables	-	(30,000)
Increase in guaranteed deposits paid	219	153
Repayment of lease principal	(110,711)	(99,972)
Cash dividends paid	-	(3,068)
Cash capital increase	216,000	200,200
Execution of employee stock options	-	12,041
Net cash inflows from financing activities	71,046	166,406
The impact of exchange rate fluctuations on cash and cash equivalents	190	647
Decrease in cash and cash equivalents for the current period	(51,625)	(32,488)
Beginning cash and cash equivalents balance	90,872	123,360
Ending cash and cash equivalents balance	\$ 39,247	90,872

(Please refer to attached Notes to the Parent Company Only Financial statements for more details.)

Chairman: Weng, Wei-Hsiang

Manager: Weng, Wei-Hsiang

**Chief Accounting Officer: Weng,
Wei-Chun**

CHIA HER INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial statements
2025 and 2024
(Unless otherwise specified, all units are in NT\$ thousand)

I. Brief history of the Company

CHIA HER INDUSTRIAL CO., LTD. (hereinafter referred to as the "Company") was established on December 12, 1972 in Sanshe Village, Tainan City. After merger and expansion, the current business includes processing and sales of various fiber textiles, printing and dyeing, and finishing, as well as leasing and sales of commercial buildings commissioned by construction manufacturers, leasing and sales of factory building development, and medical equipment manufacturing and sales.

II. Approval date and procedures of the parent company only financial statements

The parent company only financial statements were approved and issued by the board of directors on March 13, 2026.

III. Application of newly issued and revised standards and interpretations

- (I) The impact of using new and revised standards and interpretations recognized by the Financial Supervisory Commission
The Company shall apply the following newly revised IFRS accounting standards from January 1, 2025, and shall not have a significant impact on the Consolidated Financial statements.
 - Amendments to IAS 21 “Lack of Exchangeability”
- (II) The impact of not using International Financial Reporting Standards recognized by the Financial Supervisory Commission
The assessment of the Company shall be subject to the following newly revised IFRS accounting standards effective from January 1, 2026, which shall not have a significant impact on the Consolidated Financial statements.
 - IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
 - Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
 - Annual Improvements to IFRS Standards
 - Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (III) Newly issued and revised standards and interpretations that have not yet been recognized by the Financial Supervisory Commission
Standards and interpretations issued and amended by the IASB, but not yet endorsed by the FSC which may be relevant to the Company are as follows:

<u>New or amended standards</u>	<u>Major amendments</u>	<u>Effective date by IASB</u>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined “operating profit” subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPM): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS accounting standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 Note: The FSC issued a press release on September 25, 2025 to declare that Taiwan will align with IFRS 18 since the fiscal year of 2028. Entities that require to apply in advance may elect to apply in advance after FSC’s endorsement.

The Company continues to evaluate the impact of the aforementioned standards and interpretations on the financial position and financial performance; the relevant impact will be disclosed upon completion of the assessment.

The Company expects that the following new and revised standards that have not yet been recognized will not have a significant impact on the Consolidated Financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and Amendments to IFRS 19
- Amendments to IAS21 “Translation to a Hyperinflationary Presentation Currency”

IV. Summary of significant accounting policies

The summary of significant accounting policies adopted in the Parent Company Only Financial statements is as follows. Unless otherwise stated, the following accounting policies have been consistently applied to all periods of expression in the Parent Company Only Financial statements.

(I) Declaration of compliance

The Parent Company Only Financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial statements by Securities Issuers (hereinafter referred to as "the Regulations Governing the Preparation"), and the International Financial Reporting Standards, International Accounting Standard, and their interpretations and interpretation announcements recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "IFRS accounting standards endorsed by the Financial Supervisory Commission").

(II) Preparation basis

1. Measurement basis

Except for the following important items in the Balance Sheet, the Parent Company Only Financial statements are prepared on the basis of historical cost:

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income;
- (3) Investment property measured at fair value; and
- (4) Net defined benefit liabilities are measured by deducting the fair value of pension fund assets from the present value of defined benefit obligations and the upper limit influence number as described in Note 4 (16).

2. Functional currency and expression currency

The Company uses the currency of the main economic environment in which they operate as their functional currency. The Parent Company Only Financial statements is expressed in the functional currency of the Company, NTD. All financial information expressed in NTD with the unit of NT\$ thousand.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into functional currencies based on the exchange rate on the transaction date. The foreign currency monetary items at the end of each subsequent reporting period (hereinafter referred to as the reporting day) are converted into functional currencies at the exchange rate of that day. Foreign currency non-monetary items measured at fair value are translated into functional currency at the exchange rate on the date of measurement of fair value, and foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the transaction date.

2. Foreign operations

When preparing the consolidated financial statements, assets and liabilities, including goods will and fair value adjustments arising from business combination, of foreign operations shall be translated into NTD at the closing rate at the reporting date, income and expenses shall be translated into NTD at the average exchange rates of the period, and all resulting exchange differences shall be recognized in other comprehensive income. On the disposal of a foreign operation resulting in loss of control, joint control or significant influence, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified to profit or loss. When the partial disposal of an interest in an associate or a joint arrangement that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation shall be reclassified to profit or loss in proportion.

For monetary item that is receivable from or payable to a foreign operation, if an item for which settlement is neither planned nor likely to occur in the foreseeable future, the resulting exchange gains or losses is in substance a part of the Company's net investment in that foreign operation, and recognized in other comprehensive income.

- (IV) Classification criteria for distinguishing between current and non-current assets and liabilities
Assets that meet one of the following conditions are classified as current assets, while all other assets that are not-current assets are classified as non-current assets:
1. Expect to realize the asset in its normal business cycle, or intend to sell or consume it. The Company has a business cycle of one year, except for property development related businesses, which are usually longer than one year;
 2. Holding the asset primarily for trading purposes;
 3. It is expected that the asset will be realized within twelve months after the reporting period; or
 4. The asset is cash or cash equivalent (as defined in IAS7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- Liabilities that meet one of the following conditions are classified as current liabilities, while all other liabilities that are not-current liabilities are classified as non-current liabilities:
1. It is expected that the liability will be settled during the normal business cycle. The Company has a business cycle of one year, except for debts related to property development business, which is usually longer than one year;
 2. Holding the liability primarily for trading purposes;
 3. The liability is due to be settled within twelve months after the reporting period ; or
 4. The Company does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.
- (V) Cash and cash equivalents
Cash includes cash on hand and demand deposit. Equivalent cash refers to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of value change. Time deposits that meet the aforementioned definition and are held for short-term cash commitments rather than investment or other purposes are reported as equivalent cash.
- (VI) Financial instruments
Accounts receivable and debt securities issued were originally recognized at the time of generation. All other financial assets and liabilities were originally recognized when the Company became a party to the contractual paragraphs of the financial instrument. Financial assets (except accounts receivable that do not contain significant financial components) or financial liabilities measured at fair value other than through profits or losses are originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not include significant financial components were originally measured at transaction prices.
1. Financial assets
If the purchase or sale of financial assets complies with customary trading practices, the Company shall adopt accounting treatment for all purchases and sales of financial assets classified in the same way on the trading or delivery date.
At the time of original recognition, financial assets are classified as: financial assets at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss. The Company only reclassifies all affected financial assets from the first day of the next reporting period when it changes its business model for managing financial assets.
 - (1) Financial assets at amortized cost
Financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss are measured at cost after amortization:
 - The financial asset is held under a business model aimed at receiving contractual cash flows.
 - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely interest on the payment of principal and outstanding principal amounts.
 The cumulative amortization amount of these assets is calculated using the effective interest method based on the original recognized amount plus or minus, and the amortized cost of any allowance losses is adjusted for measurement. Interest income, foreign currency exchange profit or loss, and impairment losses are recognized in profits or losses. When derecognition, include profits or losses in profits or losses.

- (2) Financial assets at fair value through other comprehensive income
- When the debt instrument investment meets the following conditions at the same time and is not designated to be measured at fair value through profits or losses, it is measured at fair value through other comprehensive income:
- The financial asset is held under a business model aimed at receiving contractual cash flow and selling it.
 - The contractual terms of the financial asset generate cash flow on a specific date, which is entirely interest on the payment of principal and outstanding principal amounts.
- At the time of original recognition, the Company may make an irrevocable choice to report the subsequent changes in the fair value of equity instrument investments not held for trading to other comprehensive income. The aforementioned selection was made on a tool-by-tool basis.
- It belongs to debt instrument investors and is subsequently measured at fair value. Interest income, foreign currency exchange profit or loss, and impairment losses calculated using the effective interest method are recognized in profits or losses, while other net profits or losses are recognized in other comprehensive income. At the time of derecognition, the accumulated amount of other comprehensive income is reclassified to profits or losses.
- Equity instrument investors are subsequently measured at fair value. Dividend income (unless it clearly represents the recovery of a portion of investment costs) is recognized in profits or losses. The remaining net profits or losses is recognized as other comprehensive income and is not reclassified to profits or losses.
- Dividend income from equity investments is recognized on the date on which the Company has the right to receive dividends (usually the ex-dividend date).
- (3) Financial assets at fair value through profit or loss
- Financial assets not measured at amortized cost or measured at fair value through other comprehensive income (e.g. financial assets held for trading and managed and the performance is evaluated on a fair value basis) are measured at fair value through profit or loss, including derivative financial assets. At the time of original recognition, in order to eliminate or significantly reduce the improper accounting matching, the Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or measuring at fair value through other comprehensive income as financial assets at fair value through profit or loss.
- These assets are subsequently measured at fair value, and their net gains or losses (including any dividend and interest income) is recognized in profit or loss.
- (4) Business model assessment
- The purpose of the Company is to assess the business model of holding financial assets at the portfolio level. This is the most reflective way of operating management and providing information to the management. The consideration information includes:
- The stated investment portfolio policies and objectives, as well as the operation of these policies. Whether the manager's strategy focuses on earning contractual cash flows, maintaining specific interest rate combinations, aligning the duration of financial assets with the duration of related liabilities or expected cash outflows, or achieving cash flows through the sale of financial assets;
 - How to assess the performance of the business model and the financial assets held under the business model, and how to report to the main management personnel of the enterprise;
 - The risks that affect the performance of the business model (and the financial assets held under the business model) and the management methods for such risks;
 - The method of determining the remuneration of the manager of the business, for example, the remuneration is based on the fair value of the assets under management or the contractual cash flow received; and
 - The frequency, amount, and timing of financial asset sales in previous periods, as well as the reasons for such sales and expectations for future sales activities.

If the transaction of transferring financial assets to a third party for the above business purposes does not meet the derecognition conditions, it is not a sale referred to above, which is consistent with the purpose of the Company continuing to recognize the assets.

- (5) Assess whether the cash flow of the contract is entirely the interest on the paid principal and outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial asset at the time of original recognition, and the interest is composed of the following consideration: time value of money, credit risk related to the amount of outstanding principal in a specific period, other basic lending risks and costs, and profit margin.

Assess whether the contractual cash flow is entirely the interest on the payment of principal and the outstanding principal amount. The Company considers the contractual terms of financial instruments, including assessing whether the financial assets contain a contractual term that can change the timing or amount of the contractual cash flow, resulting in it not meeting this condition.

When assessing, the Company considers:

- Any contingency that may change the timing or amount of the contract cash flow;
- Possible adjustments to the terms of the contract coupon rate, including the characteristics of variable interest rates;
- Early repayment and extension characteristics; and
- The right to request the Company is limited to the terms of cash flows originating from specific assets (such as non-recourse characteristics).

- (6) Impairment of financial assets

The Company recognizes an allowance for expected credit losses on financial assets at amortized cost, including cash and equivalents, notes receivable, accounts receivable, other receivables, deposits, and other financial assets.

Expected credit loss during the expected period of existence refers to the expected credit loss incurred by all possible default events during the expected period of existence of a financial instrument.

Twelve month expected credit loss refers to the expected credit loss caused by a possible default event of a financial instrument within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is less than twelve months).

The following financial assets are measured as allowance losses based on the expected credit loss amount over a twelve-month period, while the remaining assets are measured based on the expected credit loss amount during their existence period:

- It is determined that the credit risk of debt securities on the reporting date is low; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of financial instruments) has not increased significantly since the original recognition.

The allowance for losses in accounts receivable is measured based on the expected amount of credit loss during the period of existence.

In determining whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and verifiable information (available without excessive costs or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation and forward-looking information of the Company.

If the contract payment is overdue for more than 30 days, the Company assumes that the credit risk of the financial assets has increased significantly.

If the contract payment is overdue for more than one year and the borrower is unlikely to fulfill their credit obligations to pay the full amount to the Company, the Company shall be deemed to have defaulted on the financial asset.

Expected credit loss is the probability weighted estimate of credit loss during the expected lifespan of a financial instrument. Credit loss is measured at the present value of all cash shortfalls, which is the difference between the cash flow that the Company can receive under the contract and the expected cash flow that the Company will receive.

The Company assesses whether there is credit impairment on financial assets at amortized cost on each reporting day. When one or more events that have an adverse impact on the estimated future cash flow of a financial asset have occurred, the credit of the financial asset has been impaired.

Evidence of credit impairment of financial assets includes observable information related to:

- Significant financial difficulties of the borrower or issuer;
- Breach of contract, such as delayed or overdue for more than one year;
- Due to economic or contractual reasons related to the borrower's financial difficulties, the Company provides concessions that the borrower would not have considered;
- The borrower is likely to file for bankruptcy or other financial restructuring; or

· Due to financial difficulties, the active market for the financial asset has disappeared.

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

When the Company cannot reasonably expect the recovery of financial assets in whole or in part, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of offsetting based on whether it is reasonably expected to be recoverable. The Company expects no significant reversal of the offset amount. However, the financial assets that have been written off can still be enforced to comply with the procedures for the Company to recover overdue amounts. Based on experiences, the overdue amount will not be collected from company accounts after one year.

(7) Derecognition of financial assets

The Company will only exclude financial assets when the contractual rights from the cash flow of the asset are terminated, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other enterprises, or almost all the risks and rewards of the ownership have not been transferred or retained, and the control of the financial asset has not been retained.

If all or almost all the risks and rewards of the transferred asset ownership are retained in the transaction of transferring financial assets signed by the Company, they are still continuously recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liability or equity

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

(2) Equity transactions

Equity instrument refers to any contract that recognizes the remaining equity of the Company after deducting all its liabilities from its assets. The equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

Interest related to financial liabilities is recognized as profit or loss. Financial liabilities are reclassified as equity upon conversion, and no profit or loss arises on conversion.

(3) Financial liabilities

Financial liabilities are classified as cost after amortization or measured at fair value through profit or loss. Financial liabilities that are held for trading, or designated at the time of original recognition are classified as measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related net profit or loss, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and exchange profit or loss are recognized in profit or loss. Any profits or losses incurred during the period of derecognition are also recognized in profit or loss.

(4) Derecognition of financial liabilities

The Company is derecognized of financial liabilities when its contractual obligations have been fulfilled, cancelled, or matured. When the terms of the financial liabilities are modified and there is a significant difference in the cash flow of the modified liabilities, the original financial liabilities are excluded, and the new financial liabilities are recognized at fair value based on the modified terms.

When derecognition financial liabilities, the difference between their carrying amount and the total amount of consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(5) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are only offset and expressed in net amounts on the balance sheet when the Company currently has legally enforceable rights to offset each other and intends to deliver them on a net basis or simultaneously realize assets and settle liabilities.

(VII) Inventory

1. Manufacturing

Inventory is measured at the lower of cost or net realizable value. The cost includes the acquisition, production, or processing costs and other costs incurred to make it available for use in a location and state, and is calculated using the weighted average method. The cost of finished products and work-in-process products inventory includes manufacturing expenses allocated in an appropriate proportion to normal production capacity.

Net realizable value refers to the estimated selling price under normal business operations minus the estimated cost of completion and the estimated cost of completion of the sale.

2. Construction

Inventory is measured at the lower of cost or net realizable value. The cost includes the necessary expenses incurred to obtain the available location and status, as well as the capitalization cost of borrowing.

Net realizable value refers to the estimated selling price under normal business operations minus the estimated cost of completion and the estimated cost of completion of the sale. The determination method of net realizable value is as follows:

- (1) Land under construction: The net realizable value is calculated based on the estimated selling price (market conditions at the time) minus the costs and sales expenses that need to be invested until completion.
- (2) Land for sale: The net realizable value is the estimated selling price (estimated by the management based on the market conditions at the time) minus the estimated costs and sales expenses incurred when selling the property.

(VIII) Investment in associates

An associate is an entity over which the Company has significant influence, but does not control. Generally, if the Company directly or indirectly holds 20% to 50% of ownership with voting rights of associates' shares, the Company is supposed to have significant influence.

Under the equity method, the investment is initially recognized at cost, and investment costs include transaction costs. The carrying amount of investments in associates includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The Parent Company Only Financial statements includes the amount recognized by the Company in proportion to equity, from the date of significant influence to the date of loss of significant influence, after adjusting for consistency with the accounting policies of the Company, as well as other comprehensive income of each invested associates. When the equity changes of associates in non-profit or loss and other comprehensive income do not affect the shareholding ratio of the Company, the Company recognizes all equity changes as capital surplus according to the shareholding ratio.

Unrealized profit or loss arising from transactions between the Company and associates are only recognized in the financial statements of the enterprise to the extent unrelated to the investor's equity in the associates.

When the proportionate share of losses recognized by the Company in the associate is equal to or exceeds its equity in the associate, the recognition of its losses shall be stopped, and additional losses and related liabilities shall be recognized only to the extent of legal obligations, constructive obligations, or payments made on behalf of the invested company.

The Company ceases to use the equity method since its investment is no longer an associate, and measures the retained equity at fair value. The difference between the fair value of the retained equity and the disposal price and the carrying amount of the investment on the date of ceasing to use the equity method is recognized in current profit or loss. The basis of accounting treatment for all amounts previously recognized in other comprehensive income related to the investment is the same as the basis that an associate must follow if it directly disposes of related assets or liabilities, that is, if the profits or losses previously recognized in other comprehensive income must be reclassified into profit or loss (or retained earnings) when disposing of related assets or liabilities.

When the enterprise stops using equity method, the profit or loss is reclassified from equity to profit or loss (or retained earnings). If the ownership interest of the Company in the related enterprise decreases, but the equity method continues to apply, the Company will reclassify and adjust the profits or losses related to the reduction of the ownership interest and previously recognized as other comprehensive income according to the reduction ratio in the above manner.

When an associate issues new shares, if the Company fails to subscribe according to its shareholding ratio, resulting in a change in shareholding ratio and resulting in an increase or decrease in the net equity value of the investment, the increase or decrease shall be adjusted to the capital surplus and investments accounted for using equity method; If the adjustment is to offset the capital surplus, but the balance of the capital surplus generated by the investments accounted for using equity method is insufficient, the difference is debited to the retained surplus. However, if the Company fails to subscribe in proportion to its shareholding, resulting in a decrease in its ownership interest in an associate, the amount previously recognized in other comprehensive income related to the associate is reclassified to profit or loss in proportion to the decrease, and the basis of accounting treatment is the same as what must be followed by an associate if it directly disposes of related assets or liabilities.

(IX) Investment in subsidiaries

In the preparation of parent company only financial statements, the company adopts the equity method to evaluate the invested companies with control. Under the equity method, the current profit and loss and other comprehensive income of the parent company only financial report are the same as the current profit and loss and other comprehensive income in the financial report prepared by the consolidated basis attributable to owners of the parent company equity, and equity attributable to owners of the parent company only financial report owners are the same as those of the parent company owners in the financial report prepared by the consolidated basis.

If the change of ownership interest of the Company in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction with the owner.

(X) Investment property

Investment property refers to the property held for rent earning or asset appreciation, or both, but not for sale in normal business, production, provision of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at fair value, and any change is recognized as profit or loss.

The profits or losses from the disposal of investment property (calculated as the difference between the net disposal price and the carrying amount of the item) are recognized in profit or loss. If the investment property sold was previously classified as Property, Plant, and Equipment, any related "revaluation appreciation of other equity-property" is transferred to retained earnings.

The rental income of investment property is recognized as operating income on a straight-line basis during the lease term. The lease incentive given is recognized as a portion of rental income during the lease term.

(XI) Property, Plant, and Equipment

1. Recognition and measurement

Property, Plant, and Equipment items are measured based on cost (including capitalized borrowing costs) minus accumulated depreciation and any accumulated impairment.

If the major components of Property, Plant, and Equipment have different durability years, they shall be treated as separate items (main components) of Property, Plant, and Equipment.

The disposal profits or losses of Property, Plant, and Equipment are recognized in profit or loss.

2. Reclassification to investment property

When the property for personal use is changed to investment property, the property is reclassified as investment property at the fair value when the use is changed. The interest generated by Remeasurement is recognized as profit and loss within the scope of the cumulative loss previously recognized by the property, and the remaining balance is recognized as other comprehensive income, and accumulated in the "revaluation reserve of other equity property."

Any loss is recognized in profit or loss, except that if the reduction is still within the range of the revaluation appreciation amount of the property, the reduction is recognized in other comprehensive income and loss, and the revaluation appreciation in equity is offset.

3. Subsequent costs
Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the Company.

4. Depreciation
Depreciation is calculated based on the cost of assets minus residual value and recognized in profit or loss using the straight-line method over the estimated useful life of each component.

Land does not need to be depreciated.

The estimated lifespan of Property, Plant, and Equipment is as follows:

- | | |
|--------------------------------|------------|
| (1) Buildings and structures | 50 years |
| (2) Machinery equipment | 5-10 years |
| (3) Transportation equipment | 2-15 years |
| (4) Office and other equipment | 2-20 years |

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

(XII) Leasing

The Company evaluates whether the contract belongs to or includes a lease on the establishment date of the contract. If the contract transfers control over the use of identified assets for a period of time in exchange for consideration, the contract belongs to or includes a lease.

1. Lessee

The Company recognizes the right of use assets and lease liabilities on the lease commencement date. The right of use assets are initially measured at cost, which includes the original measurement amount of the lease liabilities. Any lease payments made on or before the lease commencement date are adjusted, and the original direct costs incurred are added, as well as the estimated costs for dismantling, removing, and restoring the location or underlying assets, minus any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date of the lease to the expiration of the useful life of the right-of-use asset or the expiration of the lease term, whichever is earlier. In addition, the Company regularly evaluates whether the right of use assets have been impaired and handles any impairment losses that have occurred, and cooperates in adjusting the right of use assets in the event of Remeasurement of lease liabilities.

Lease liabilities are initially measured based on the present value of lease payments that have not yet been paid on the lease inception date. If the implicit interest rate of the lease is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the interest rate of the increased borrowing of the Company is used. Generally speaking, the Company adopt the interest rate of their increased borrowings as the discount rate.

The lease benefits measured as lease liabilities include:

- (1) Fixed benefits, including substantial fixed benefits;
- (2) Lease payments are based on changes in a certain index or rate, using the index or rate from the lease start date as the original measurement;
- (3) Expected residual value guarantee amount to be paid; and
- (4) The exercise price or penalty payable when it is reasonably determined that the purchase option or lease termination option will be exercised.

The subsequent provision of interest on lease liabilities is based on the effective interest method, and their amount is measured when:

- (1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the expected residual value guarantee amount to be paid;
- (3) There is a change in the evaluation of the purchase option of the underlying asset;
- (4) There is a change in the estimation of whether to exercise the option of extension or termination, and change in the assessment of the lease term;

(5) Modifications to the market term, scope, or other terms of the lease.

When the lease liability is remeasured due to the change of the index or rate used to determine the lease payment, the change of the residual value guarantee amount, and the evaluation change of the purchase, extension or termination option, it is the carrying amount of the right-of-use asset that should be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

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

The Company will present the use rights assets and lease liabilities that do not meet the definition of investment property in a separate line item on the balance sheet.

For short-term leases of employee dormitories, office machines, and parking spaces, the Company chooses not to recognize the right of use assets and lease liabilities, but instead recognizes the relevant lease payments as expenses on a straight-line basis during the lease term.

2. Lessor

The transaction in which the Company is the lessor is to classify the lease contract on the lease establishment date according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying assets. If yes, it is classified as finance lease, otherwise it is classified as operating lease. When evaluating, the Company considers specific indicators such as whether the lease term covers the main part of the economic life of the underlying asset.

(XIII) Impairment of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (except inventory, deferred income tax assets and investment properties measured at fair value) may be impaired. If any indication exists, estimate the recoverable amount of the asset.

For the purpose of impairment testing, a group of assets with the majority of cash inflows independent of other individual assets or asset groups is designated as the smallest identifiable asset group. The goodwill obtained from a business consolidation is allocated to various cash generating units or groups of cash generating units that are expected to benefit from the comprehensive effects of the consolidation.

The recoverable amount is the higher of the fair value of an individual asset or cash generating unit less the cost of disposal and its value in use. When assessing the value in use, the estimated future cash flow is converted to the present value by the pre-tax discount rate, which should reflect the current market's assessment of the time value of money and the specific risks of the asset or cash generating unit.

If the recoverable amount of individual assets or cash generating units is lower than the carrying amount, impairment losses are recognized.

The impairment loss is immediately recognized in the current profit or loss, and is first reduced by the carrying amount of the amortized goodwill of the cash generating unit, followed by a reduction in the proportion of the carrying amount of each other asset within the unit.

The impairment loss of goodwill shall not be reversed. Non-financial assets other than goodwill are only reversed to the extent that they do not exceed the carrying amount determined if the impairment loss was not recognized in the previous year (excluding depreciation or amortization).

(XIV) Revenue recognition

Revenue from contracts with customers

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services. The Company recognizes revenue when its control over goods or services is transferred to customers and its performance obligations are met. The primary revenue items are explained as follows:

(1) Sales of goods

The Company recognizes revenue upon the transfer of control over the product. The transfer of control of the product refers to the fact that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product, and there are no outstanding obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is transported to a specific location, and the risk of obsolescence and loss has been transferred to the customer. The customer has accepted the product according to the sales contract, and the acceptance terms have become invalid, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when delivering goods, as the Company has an unconditional right to receive consideration at that time.

(2) Land development and property sales

The Company develops and sells standard factory property, and presales the property during or before the construction period. The Company recognizes revenue upon the transfer of control over property. Due to contractual limitations, the property usually has no other use for the Company. In principle, the recognition of the year in which the profit or loss from the completion and delivery of housing are attributed is based on the completion of the registration of the transfer of housing or property rights (whichever is later) as the control transfer time point and recognized as income.

Revenue is measured based on the transaction price of the contract agreement. If the house is sold, the consideration can usually be received when the legal ownership of the property is transferred. If it is pre-sale property, the payment is usually received in installments between the signing of the contract and the transfer of the property to the customer. The advance receipts are recognized as contract liabilities, and the accumulated amount of contract liabilities is recognized as income when the property is transferred to the customer.

(3) Financial components

The Company expects that the time interval between the transfer of goods from all customer contracts to customers and the time when customers pay for the goods shall not exceed one year. Additionally, there is no difference between the promised consideration of the property sales contract and the current sale price, and there are no significant financing factors included. Therefore, the Company does not adjust the monetary time value of the transaction price.

(XV) Government grants

When the Company can receive government grants related to the operation, the subsidies without conditions are recognized as other income. For other asset-related subsidies, the Company recognizes them as deferred income by name and amount when it can reasonably be confident that they will comply with the conditions attached to government grants and will receive such subsidies, and recognizes such deferred income as other income on a systematic basis over the useful life of the assets. The government grants that compensate for the expenses or losses incurred by the Company are recognized in profit or loss on a systematic basis in the same period as the relevant expenses.

(XVI) Employee benefits

1. Determine the allocation plan

The provision of retirement pension plan contribution obligation is recognized as an expense during the period of service provided by employees.

2. Determine benefit plans

The net obligation of the Company to determine the welfare plan is calculated by converting the amount of future welfares earned by employees from their services in the current or previous periods into the present value, and deducting the fair value of the plan assets.

Determine benefit obligations annually by a qualified actuary using the estimated unit benefit method. When the calculation results may be beneficial to the Company, the recognition of assets is limited to the present value of any economic benefits that can be obtained in the form of refunding the allocation funds from the plan or reducing future allocation funds from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The Remeasurement amount of net defined welfare liabilities, including actuarial profit or loss, planned asset remuneration (excluding interest), and any change in the number of asset ceiling effects (excluding interest), is immediately recognized in other comprehensive income and accumulated in retained earnings. The net interest expense (income) of the welfare liabilities (assets) determined by the Company is the net welfare liabilities (assets) and discount rate determined at the beginning of the annual reporting period. The net interest expenses and other expenses of the defined benefit plan are recognized in profit or loss.

When a plan is revised or reduced, any changes in benefits related to prior service costs or reduced profits or losses are immediately recognized as profit or loss. The Company recognizes the liquidation profit or loss of the defined welfare plan when liquidation occurs.

3. Termination benefit

Resignation welfares are recognized as expenses when the Company is no longer able to revoke the offer of such welfares or when the relevant restructuring costs are recognized, whichever is earlier. When the termination benefits are not expected to be fully repaid within twelve months after the reporting date, they are discounted.

4. Short-term employee benefits

The short-term employee benefit obligation is recognized as an expense when short-term employees providing services. If the Company has a current legal or constructive payment obligation due to employees providing services in the past, and the obligation can be reliably estimated, the amount will be recognized as a liability.

(XVII) Share-based payment transactions

The share-based payment agreement for equity settlement is based on the fair value on the payment date. During the vested period of the reward, expenses are recognized and the relative equity is increased. The recognized fees are adjusted based on the expected number of rewards that meet the service conditions and non-market conditions; The final recognized amount is measured based on the number of rewards that meet the service conditions and non-market acquired conditions on the acquired day.

The non-vested conditions of share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment, and the difference between the expected and actual results need not be verified and adjusted.

The payment date of the Company's share-based payment is the date of confirming the number of shares subscribed by employees.

(XVIII) Income tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax shall be recognized in profit or loss, except for those related to business combination, items directly recognized in equity or other comprehensive income.

Current income tax includes the expected income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of previous years. The amount is the best estimate of the expected payment or receipt based on the statutory tax rate or substantive legislative tax rate on the reporting date.

Deferred income tax is measured and recognized as the temporary difference between the carrying amount of assets and liabilities and their tax base at the reporting date. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, (i) affects neither accounting profit nor taxable profit (tax loss), and (ii) does not give rise to equal taxable and deductible temporary differences;
2. Temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, and the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. Temporary taxable differences arising from the original recognition of goodwill.

A deferred tax asset shall be recognized for the carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporaries can be utilized. At each reporting date, the Company shall reassess the deferred tax assets, and decrease to the extent that the it is not probable that the tax benefits will realize, or reverse the decreased amount to the extent that the taxable profit become sufficient.

Deferred income tax is measured by the tax rate when the expected temporary difference is reversed, and is based on the statutory tax rate or substantive legislative tax rate on the reporting date.

The Company can offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met simultaneously:

1. Have the legal enforcement right to offset the current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers of income tax levied by the same tax authority;
 - (1) The same tax paying entity; or
 - (2) Different tax paying entities intend to pay off the current income tax liabilities and assets on a net basis, or realize assets and pay off liabilities at the same time, in each future period when significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

(XIX) Business combination

The Company accounts for each business combination by applying the acquisition method. Goodwill is measured at the aggregate of the fair value of the consideration transferred, and the amount of any non-controlling interests in the acquiree, less the net amount of the identifiable assets acquired and the liabilities assumed (usually the fair value). Before recognizing a gain on a bargain purchase in profit or loss, the Company shall reassess whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

The Company shall recognize any acquisition-related costs as expenses in the periods in which the costs are incurred, with one exception, the costs to issue debt or equity instruments.

The Company shall measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either fair value, or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets transaction-by-transaction. All other components of non-controlling interests shall be measured at their acquisition-date fair values, or other basis stipulated in the IFRS Accounting Standards

- endorsed by the FSC
- (XX) Earnings per share
The Company shall present the basic and diluted earnings per share attributable to the holders of ordinary equity interests of the Company. The basic earnings per share of the Company are calculated by dividing the profit and loss attributable to the holders of ordinary equity interests of the Company by the weighted average number of outstanding ordinary shares in the current period. Diluted earnings per share are calculated by adjusting for the impact of all potential diluted ordinary shares, based on the profit and loss attributable to the holders of ordinary equity interests of the Company and the weighted average number of outstanding ordinary shares.
The potential diluted common share of the Company includes employee share options, and employee compensation that can be issued through share issuance.
- (XXI) Segment information
The Company has disclosed segment information in the consolidated financial statements and therefore does not disclose segment information in the parent company only financial statements.

V. Major sources of uncertainty of major accounting judgments, estimates and assumptions

The preparation of the parent company only financial statements requires management to make judgments, estimates, and assumptions to future (including climate-related risks and opportunities) that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions to be consistent with the Company's risk management and climate-related commitments. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period on a prospective basis.

The accounting policies involve significant judgments and have a significant impact on the recognized amounts in the Consolidated Financial statements as follows:

(I) Judgment on whether the invested company has substantial control, please refer to the 2025 consolidated financial statements.

(II) Lease period

The decision on the lease term is the non-cancellable period of the lease and the period covered by the lessee's reasonable determination that it will exercise the option to extend the lease, and the period covered by the lessee's reasonable determination that it will not exercise the option to terminate the lease. When assessing whether the lessee exercises the aforementioned option, the Company considers all relevant facts and circumstances that will cause economic incentives to the lessee. In addition, when the subsequent major events or circumstances that occur within the control of the lessee and will affect whether it can reasonably determine whether to exercise or not to exercise the option change significantly, it shall be reassessed. When there are changes in the evaluation during the lease period, the lease liability is re-measured and the right-of-use assets are adjusted. Please refer to Notes 6 (8) and 6 (11) for details.

The following assumptions and estimation uncertainties have significant risks that lead to significant adjustments in the carrying amount of assets and liabilities in the next financial year. The relevant information is as follows:

- (I) Allowance for losses on accounts receivable
The provision for losses on accounts receivable of the Company's textile business is estimated based on assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions, and forward-looking estimates on each reporting day to determine the assumptions and input values to be used in calculating impairment. Please refer to Note 6 (3) for a detailed explanation of the relevant assumptions and input values.
- (II) Evaluation of inventory
Due to the fact that inventory must be measured at the lower of cost or net realizable value, the Company evaluates the amount of inventory belonging to the textile business at the reporting date due to normal wear and tear, obsolescence, or lack of market sales value, and offsets the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand during a specific period in the future, so significant changes may occur due to rapid industrial changes. Please refer to Note 6 (5) for detailed information on the valuation of inventory evaluation.
- (III) Evaluation of investment property
The investment property of the Company adopts the fair value model, and the fair value of the investment property is re-measured on the report date. The fair value is based on the evaluation report of the external experts. Since the input value information of the evaluation model is unobservable information, and the fair value is calculated by the external experts using the evaluation technology according to a complex formula, changes in the input value may affect the evaluation results and cause significant adjustments. Please refer to Note 6 (9) for detailed evaluation of investment property.
- (IV) Acquisition of subsidiaries
In response for the accounting treatment of business combination, the management has to determine the fair value of the identifiable assets acquired and liabilities assumed. Fair value is calculated by valuation techniques adopted by external professionals based on complicated formula. Any changes in economic condition or company strategies may result in significant changes in assessment result. Please refer to Note 6 (6) for the explanations on acquisition of subsidiaries.

The accounting policies and disclosures of the Company include the use of fair value to measure financial and non-financial assets and liabilities. The financial and accounting department of the Company is responsible for fair value evaluation, maximizes the use of market observable input in evaluation, and makes fair value adjustments, if necessary, to guaranteed the valuation results are reasonable. Investment properties and acquisition of subsidiaries are appraised by the external valuation professionals designated by the Company.

When measuring assets and liabilities, Company should use market observable input values as much as possible. The level of fair value is classified as follows based on the input value of evaluation technology:

- Level 1: Public quoted prices (unadjusted) for the same assets or liabilities in the active market.
- Level 2: Except for the publicly quoted prices included in Level 1, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.
- Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

In case of transfer of fair value between different levels, the Company recognizes the transfer on the reporting date. Please refer to the following Notes for information about the assumptions used to measure fair value:

1. Note 6 (9), Investment Property
2. Note 6 (21), Financial instruments

VI. Explanation of important accounting items

(I) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash and petty cash	\$ 1,207	1,411
Cheque and demand deposit	38,040	89,461
Cash and cash equivalents	<u>\$ 39,247</u>	<u>90,872</u>

Please refer to Note 6 (21) for the disclosure of the exchange rate risk and sensitivity analysis of the financial assets of the Company.

(II) Financial assets

	December 31, 2025	December 31, 2024
Financial assets at fair value through other comprehensive income - current		
Equity instruments measured at fair value through other comprehensive income		
Domestic TWSE/TPEX Listed share - TS Financial Holding Co., Ltd.	\$ 128,987	-
Domestic TWSE/TPEX Listed share-Shin Kong Financial Holding Co., Ltd.	-	99,211
Domestic TWSE/TPEX Listed share-TAITA CHEMICAL COMPANY, LIMITED	13	16
Subtotal	<u>129,000</u>	<u>99,227</u>
Financial liabilities at fair value through other comprehensive income - non-current		
Equity instruments measured at fair value through other comprehensive income		
Domestic TWSE/TPEX Listed share - TS Financial Holding Co., Ltd.	274,840	-
Domestic TWSE/TPEX Listed share-Shin Kong Financial Holding Co., Ltd.	-	211,394
Domestic TWSE/TPEX Listed share-I-HWA INDUSTRIAL CO., LTD.	31	36
Subtotal	<u>274,871</u>	<u>211,430</u>
Total	<u>\$ 403,871</u>	<u>310,657</u>

Please refer to Note 6(20) for the amounts recognized in profit or loss for remeasurements by fair value.

Some equity instrument investments held by the Company is long-term strategic investments and not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

Due to the above designated equity instrument investment measured at fair value through other comprehensive income, the dividend income recognized by the Company in 2025 and 2024 was NT\$15,920 thousand and NT\$1 thousand, respectively.

As the Company implemented share swap for part of the equity instruments in 2025. After assessment, there is significant difference in the cash flows from the investment in equity instruments acquired by the share swap from that of the original investment in equity instruments. Therefore, the Company derecognized the original assets, and

recognized the financial assets acquired from the share swap at fair value. Accumulated gains on disposal from the aforementioned treatment amounted to \$18,324 thousand. The Company has transferred the accumulated gains on disposal from other equity to retained earnings.

The Company did not dispose of strategic investments in 2024, and accumulated gains or losses during that period were not transferred to equity.

Please refer to Note 6 (21) for credit risk and market risk information.

Please refer to Note 8 for details on the situation where the financial assets of the Company are provided as collateral.

(III) Notes receivables, accounts receivables, and overdue receivables

	December 31, 2025	December 31, 2024
Notes receivable - arising from operations	\$ 2,509	2,405
Accounts receivable - measured at amortized cost	183,601	304,262
Less: Allowance for losses	59,019	129,440
Subtotal	124,582	174,822
Accounts receivable - related party - measured at amortized cost	151,866	210,822
Overdue receivables (recognized as other non-current assets)	85,924	-
Less: loss allowances	85,924	-
Subtotal	-	-
Total	<u>\$ 278,957</u>	<u>388,049</u>

The Company adopts a simplified method to estimate the expected credit loss for all notes receivable, accounts receivable, and overdue receivable, which means that the expected credit loss during the duration is used to measure. For this purpose, these notes receivable and accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all amounts due according to the contract terms, and have been included in forward-looking information.

The expected credit loss analysis of notes receivables, accounts receivable, and overdue receivable arising from customer complaints of the Company as follows:

December 31, 2025			
	Carrying amounts of receivables	Life-time expected credit loss rate range	Allowance for life-time expected credit loss
Not overdue	\$ -	-	-
Overdue for 1-120 days	4	100%	4
Overdue for 121-365 days	1,813	100%	1,813
Overdue for more than 1 year	34,412	100%	34,412
Total	<u>\$ 36,229</u>		<u>36,229</u>

December 31, 2024			
	Carrying amounts of receivables	Life-time expected credit loss rate range	Allowance for life-time expected credit loss
Not overdue	\$ -	-	-
Overdue for 1-120 days	2,374	100%	2,374
Overdue for 121-365 days	484	100%	484
Overdue for more than 1 year	24,217	100%	24,217
Total	<u>\$ 27,075</u>		<u>27,075</u>

The expected credit loss analysis of notes receivables, accounts receivable, and overdue receivable of the Company not arising from customer complaints is as follows:

	December 31, 2025		
	Carrying amounts of receivables	Life-time expected credit loss rate range	Allowance for life-time expected credit loss
Not overdue	\$ 137,069	0%~18.86%	25,445
Overdue for 1-120 days	32,372	52.22%	16,905
Overdue for 121-365 days	164,715	0%~100%	14,852
Overdue for 1 year	53,515	0%~100%	51,512
Total	\$ 387,671		108,714

	December 31, 2024		
	Carrying amounts of receivables	Life-time expected credit loss rate range	Allowance for life-time expected credit loss
Not overdue	\$ 319,189	0%~17.27%	24,378
Overdue for 1-120 days	93,723	0%~48.29%	21,063
Overdue for 121-365 days	56,036	0%~100%	35,458
Overdue for 1 year	21,466	100%	21,466
Total	\$ 490,414		102,365

The statement of changes in allowance for loss on notes and accounts receivable of the Company as follows:

	2025	2024
Beginning balance	\$ 129,440	102,865
Recognized impairment losses	15,503	32,295
Amounts written off for uncollectibility	-	(5,720)
Ending balance	\$ 144,943	129,440

The above financial assets have not been provided as collateral for borrowing and financing limits.

(IV) Other receivables

	December 31, 2025	December 31, 2024
Other receivables	\$ 116,876	18,885
Less: Allowance for losses	96	2,655
Subtotal	116,780	16,230
Other receivables - related parties	709	51,864
Less: Allowance for losses	-	-
Subtotal	709	51,864
Total	\$ 117,489	68,094

The Statement of Changes in Allowance for Loss on other receivables of the Company is as follows:

	2025	2024
Beginning balance	\$ 2,655	2,663
Recognition (reversal) of impairment losses	90	(8)
Write off due to uncollectibility	(2,649)	-
Ending balance	\$ 96	2,655

Other receivables are financial assets with low credit risk, so the allowance loss during the period is measured by 12-month expected credit loss.

(V) Inventory

	December 31, 2025	December 31, 2024
Manufacturing:		
Finished products	\$ 651,837	679,213
Work-in-process products	456,033	481,018
Raw material	191,346	190,401
Material	15,137	16,787
Raw materials in transit	15,591	8,835
Subtotal	1,329,944	1,376,254
Construction:		
Buildings and land held for sale	-	98,178
Total	\$ 1,329,944	1,474,432

The operating cost details of the Company are as follows:

	2025	2024
Transfer of inventory sales	\$ 1,988,761	2,323,342
Inventory valuation loss (reversal gain)	94,000	(12,394)
Inventory loss	343	345
Income from sale of leftovers	(4,039)	(4,420)
	\$ 2,079,065	2,306,873

Please refer to Note 8 for details on the situation where the inventory of the Company is provided as collateral.

(VI) Investments accounted for using equity method

The Company obtained control over CHASER INNOVATION CO., LTD. (hereinafter “CHASER INNOVATION”) and MENG HUI CONSTRUCTION CO., LTD. (hereinafter “MENG HUI CONSTRUCTION”) in April and November 2025, respectively, which became the subsidiaries of the Company. Therefore, they are included into the consolidated entities of the consolidated financial statements since the day obtaining control. Gains on disposal recognized by remeasurement at fair value for the aforementioned transaction of obtaining control amounted to \$109,370 thousand, presented under other gains and losses.

The investments accounted for using equity method of the Company are listed as follows:

	December 31, 2025	December 31, 2024
Subsidiaries (Note)	\$ 817,594	400,921
Associates	-	70,990
	<u>\$ 817,594</u>	<u>471,911</u>

The credit balances of investments accounted for using equity method (included in other non-current liabilities) are shown as follows:

	December 31, 2025	December 31, 2024
Subsidiaries (Note)	<u>\$ 85,846</u>	<u>52,357</u>

Note: On December 31, 2025 and 2024, the net deferred gain on sale due to the sale of investments accounted for using equity method to the subsidiaries amounted to both NT\$8,950 thousand, which was included as a deduction from investments accounted for using equity method.

There are no publicly quoted prices for the Company’s investments in subsidiaries and associates as of December 31, 2025 and 2024.

1. Subsidiaries

Please refer to the 2025 Consolidated Financial Statements.

2. Acquisition of subsidiary—CHASER INNOVATION CO., LTD.

The Company acquired a majority of voting rights of the board of directors of CHASER INNOVATION CO., LTD. on April 1, 2025, and has the right to direct the personnel, financial, and operating policies. Therefore, the Company obtained control over it, and included CHASER INNOVATION CO., LTD. into the consolidated entities since the day obtaining control. CHASER INNOVATION CO., LTD. is primarily engaged in manufacturing, dyeing and finishing and trading of various textiles.

(1) Identifiable net assets acquired

Details of fair value of identifiable assets acquired and liabilities assumed from CHASER INNOVATION CO., LTD. are as follows:

Item	Amount
Cash and cash equivalents	\$ 35,929
Financial assets at amortized cost - current	4,000
Notes and accounts receivables (including related parties)	61,374
Other receivables (including related parties)	7,831
Inventories	770
Other current assets	167
Property, plant and equipment	721
Deferred tax assets	4,184
Notes and accounts payables (including related parties)	(36,363)
Other payables (including related parties)	(10,128)
Other current liabilities	(538)
Guaranteed deposits received	<u>(590)</u>
Fair value of identifiable net assets	<u><u>\$ 67,357</u></u>

Total contract amount of notes and accounts receivables is NT\$61,374 thousand. The amount expected to be uncollectible is NT\$0 thousand.

(2) Acquisition of non-controlling interests

The Company acquired additional shares of CHASER INNOVATION CO., LTD. by cash of NT\$37,087 thousand in April 2025, resulting in an increase of equity from 33.56% to 88.63%. There is no this kind of transaction in 2024.

Effects on equity attributable to owners of the parent company from the changes in ownership interests in CHASER INNOVATION CO., LTD. in 2025 are as follows:

Item	Amount
Carrying amount of additional equity acquired	\$ 36,582
Consideration paid	<u>(37,087)</u>
Capital surplus-difference between consideration and carrying amount of equity acquired	<u><u>\$ (505)</u></u>

3. Acquisition of subsidiary – MENG HUI CONSTRUCTION CO., LTD.

The Company acquired a majority of voting rights of the board of directors of MENG HUI CONSTRUCTION CO., LTD. in November 2025, and has the right to direct the personnel, financial, and operating policies. Therefore, the Company obtained control over it, and included MENG HUI CONSTRUCTION CO., LTD. into the consolidated entities since the day obtaining control. MENG HUI CONSTRUCTION CO., LTD. is primarily engaged in Civil and construction project contracting.

(1) Identifiable net assets acquired

Details of fair value of identifiable assets acquired and liabilities assumed from MENG HUI CONSTRUCTION CO., LTD.. are as follows:

Item	Amount
Cash and cash equivalents	\$ 634,639
Notes receivables	2,508
Accounts receivables	84,600
Other receivables	300
Prepayments	62,654
Other current assets	28,044
Contract assets	123,968
Financial assets at amortized cost - current	123,667
Property, plant and equipment	81,120
Intangible assets	327,517
Guaranteed deposits paid	7,532
Other non-current assets	1,558
Financial assets at amortized cost – non-current	143,170
Deferred tax assets	9,502
Short-term borrowings	(10,000)
Notes payables	(3,880)
Accounts payables	(111,490)
Other payables	(32,464)
Current tax liabilities	(4,383)
Contract liabilities	(311,479)
Other current liabilities	(13,899)
Guaranteed deposits received	(8,232)
Deferred tax liabilities	(75,604)
Other non-current liabilities	(25,393)
Fair value of identifiable net assets	<u><u>\$ 795,476</u></u>

(2) Goodwill recognized for obtaining control is as follows:

Item	Amount
Fair value of original equity of investee company	\$ 664,403
Add: non-controlling interests (identifiable net assets measured in proportion to ratio of non-controlling interests)	417,964
Less: fair value of identifiable net assets	<u>(795,476)</u>
Goodwill	<u><u>\$ 286,891</u></u>

Goodwill primarily arises from the profitability of future market development of MENG HUI CONSTRUCTION CO., LTD. As the benefit does not meet the recognition criteria of identifiable intangible assets, it is not recognized separately outside goodwill. Goodwill recognized is expected without income tax effect.

(3) Impairment test of goodwill

Concerning the goodwill arising from acquisition of the subsidiary, MENG HUI CONSTRUCTION CO., LTD. in November 2025, in accordance with the regulations in IAS 36, goodwill acquired in business combination shall be tested for impairment at least annually. Goodwill in impairment test is allocated to each of the cash-generating units that is expected to benefit from the synergies of the combination. As MENG HUI CONSTRUCTION CO., LTD. itself is a cash generating unit which can generate independent cash flows, whether impairment of goodwill shall be appropriated is evaluated by calculating the recoverable amount and carrying amount of MENG HUI CONSTRUCTION CO., LTD.

A cash-generating unit to which goodwill is allocated shall be the lowest level at which the goodwill is monitored for internal management purposes. Based on the result of impairment test of goodwill of MENG HUI CONSTRUCTION CO., LTD. in 2025, no impairment loss shall be appropriated.

Key assumptions used in estimating value in use are as follows:

	December 31, 2025
Discount rate	<u>12.02%</u>

(a) Future cash flow projections are based on the 5-year financial budget estimated in future operating plan by the management. Cash flows after 5 years are extrapolated by the growth rate of 2%.

(b) Discount rate used in determining value in use is measured based on the weighted average cost of capital.

4. The Company acquired 100% of the shares of the subsidiary, Hsuan-Yung Energy Technology Co., Ltd., by injecting cash of NT\$15,000 thousand in August 2024.

5. The Company participated in the cash capital increase of the subsidiary, Chia Her International Co., Ltd, by cash of NT\$11,726 thousand (USD370 thousand) and NT\$14,222 thousand (USD450 thousand), respectively, for the years ended December 31, 2025 and 2024. As of December 31, 2025 and 2024, the prepayments for investments paid to Chia Her International Co., Ltd amounted to NT\$0 thousand and NT\$8,019 thousand, respectively, which were recognized under non-current assets.

6. Associates

The associates invested by the Company December 31, 2025 and 2024 have no public quotation.

The consolidated financial information of associates of the Company using equity method, which are individually insignificant, is as follows. These financial

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

information are based on the amounts included in the Company's Parent Company Only Financial statements:

	December 31, 2025	December 31, 2024
Closing summary carrying amount of equity of individual insignificant subsidiaries and associates	\$ -	70,990
	2025	2024
Share attributable to the Company:		
Net income for the period from continuing operations	\$ 10,745	3,189
Other comprehensive income	619	6,545
Total comprehensive income	\$ 11,364	9,734

7. Guarantee

Please refer to Note 8 for the pledge of the Company's investments accounted for using equity method

(VII) Property, Plant, and Equipment

The changes in the cost of property, plant and equipment, accumulated depreciation and impairment losses were as follows:

	Land	Buildings and structures	Machinery equipment	Transportation equipment	Office and other equipment	Unfinished construction and equipment pending acceptance	Total
Cost or deemed cost:							
Beginning balance as of January 1, 2025	\$ 936,728	-	1,150,353	45,318	547,739	31,374	2,711,512
Additions	-	-	21,276	705	16,279	189,921	228,181
Disposals	-	-	(79,380)	(1,042)	(16,180)	-	(96,602)
Reclassifications	563,719	15,516	2,752	-	12,968	(15,720)	579,235 (Note)
Balance of December 31, 2025	\$ 1,500,447	15,516	1,095,001	44,981	560,806	205,575	3,422,326
Beginning balance as of January 1, 2024	\$ -	-	1,215,379	49,620	532,075	15,000	1,812,074
Additions	-	-	125,946	192	15,688	24,314	166,140
Disposals	-	-	(198,912)	(4,494)	(24)	-	(203,430)
Reclassifications	936,728	-	7,940	-	-	(7,940)	936,728 (Note)
Balance of December 31, 2024	\$ 936,728	-	1,150,353	45,318	547,739	31,374	2,711,512
Accumulated depreciation and impairment losses:							
Beginning balance as of January 1, 2025	\$ -	-	696,542	42,808	508,487	-	1,247,837
Depreciation	-	228	76,396	889	8,722	-	86,235
Disposals	-	-	(79,378)	(1,042)	(16,161)	-	(96,581)

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

Balance of December 31, 2025	\$	-	228	693,560	42,655	501,048	-	1,237,491
Beginning balance as of January 1, 2024	\$	-	-	828,927	46,479	502,599	-	1,378,005
Depreciation		-	-	66,039	820	5,912	-	72,771
Disposals		-	-	(198,424)	(4,491)	(24)	-	(202,939)
Balance of December 31, 2024	\$	-	-	696,542	42,808	508,487	-	1,247,837
Carrying amount:								
December 31, 2025	\$	1,500,447	15,288	401,441	2,326	59,758	205,575	2,184,835
January 1, 2024	\$	-	-	386,452	3,141	29,476	15,000	434,069
December 31, 2024	\$	936,728	-	453,811	2,510	39,252	31,374	1,463,675

Note: transferred from investment properties.

Capitalized borrowings costs associated with building new plants amounted to NT\$649 thousand in 2025, which is calculated by the capitalized interest rate of 2.572%. There is no this kind of transaction in 2024.

Please refer to Note 8 for the pledge of the Company's property, plant and equipment.

(VIII) Right-of-use assets The changes in the cost and accumulated depreciation of the Company's leased premises and land, buildings, transportation equipment and other equipment are as follows:

		Land	Buildings and structures	Transportation equipment	Other equipment	Total
Cost of right-of-use assets:						
Beginning balance as of January 1, 2025	\$	-	632,693	2,806	323,350	958,849
Additions		789	-	-	658	1,447
Reductions		-	-	(2,806)	-	(2,806)
Remeasurement arising from changes in lease payments		-	17,212	-	-	17,212
Balance of December 31, 2025	\$	789	649,905	-	324,008	974,702
Beginning balance as of January 1, 2024	\$	-	632,609	2,806	323,350	958,765
Additions		-	2,203	-	-	2,203
Reductions		-	(2,119)	-	-	(2,119)
Balance of December 31, 2024	\$	-	632,693	2,806	323,350	958,849
Accumulated depreciation of right-of-use assets:						
Beginning balance as of January 1, 2025	\$	-	435,055	2,600	217,412	655,067
Depreciation		158	65,647	206	36,571	102,582
Reductions		-	-	(2,806)	-	(2,806)
Balance of December 31, 2025	\$	158	500,702	-	253,983	754,843
Beginning balance as of January 1, 2024	\$	-	372,278	1,900	181,091	555,269
Depreciation		-	64,896	700	36,321	101,917
Reductions		-	(2,119)	-	-	(2,119)
Balance of December 31, 2024	\$	-	435,055	2,600	217,412	655,067

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

Carrying amount:

December 31, 2025	<u>\$</u>	<u>631</u>	<u>149,203</u>	<u>-</u>	<u>70,025</u>	<u>219,859</u>
January 1, 2024	<u>\$</u>	<u>-</u>	<u>260,331</u>	<u>906</u>	<u>142,259</u>	<u>403,496</u>
December 31, 2024	<u>\$</u>	<u>-</u>	<u>197,638</u>	<u>206</u>	<u>105,938</u>	<u>303,782</u>

(IX) Investment property

- Investment property includes plants leased to third parties under operating leases and standard plants held by the Company. The original noncancelable period for investment properties leased out is from six months to five years, and the rental income is a fixed amount.
- The Company measures the following investment properties at fair value on a recurring basis, and the input values used in the fair value valuation technique are in Level 3. There were no transfers to or from Level 3 of the fair value hierarchy in 2025 and 2024, and the reconciliation between the opening and closing carrying amounts of Level 3 was as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Beginning balance at January 1, 2025	\$ 1,418,144	64,482	1,482,626
Addition	-	687	687
Reclassification	(417,157)	(1,737)	(418,894) (Note)
Net gains (losses) resulting from fair value adjustments	87,324	(363)	86,961
Balance of December 31, 2025	<u>\$ 1,088,311</u>	<u>63,069</u>	<u>1,151,380</u>
Beginning balance at January 1, 2024	\$ 2,221,494	99,139	2,320,633
Addition	-	4,476	4,476
Reclassification	(936,728)	-	(936,728) (Note 1)
Net gains (losses) resulting from fair value adjustments	133,378	(39,133)	94,245
Balance of December 31, 2024	<u>\$ 1,418,144</u>	<u>64,482</u>	<u>1,482,626</u>

Note: Those transferred to property, plant and equipment amounted to \$579,235 thousand, and those transferred from inventories amounted to \$160,341 thousand.

Note 1: self-use transferred to property, plant and equipment.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

3. The following investment properties are subsequently measured using the income method, and the significant terms of the relevant contracts and valuation information are as follows:

	December 31, 2025	December 31, 2024
Valuation date	December 31, 2025	December 31, 2024
Marked	Land and buildings, as well as agricultural and pastoral land in the new urban area of Sanshe Vil., Xinshi Dist., Tainan City	Land and buildings, as well as agricultural and pastoral land in the new urban area of Sanshe Vil., Xinshi Dist., Tainan City
Important contracts:	1. NT\$96~1,009/ping/month (Note) 2. Lease term: 9~67 months 3. Deposit: NT\$460 thousand 4. The lessor shall bear the total amount of taxes and fees annually: NT\$5,459 thousand	1. NT\$349~635/ping/month (Note) 2. Lease term: 3~12 months 3. Deposit: NT\$514 thousand 4. The lessor shall bear the total amount of taxes and fees annually: NT\$14,936 thousand
Local rental market	NT\$240~904/ping/month (Note)	NT\$506~524/ping/month (Note)
Rental prices for similar targets	NT\$240~904/ping/month (Note)	NT\$506~524/ping/month (Note)
Current status	Normal use	Normal use
Past revenue amount	NT\$96~1,009/ping/month (Note)	NT\$349~635/ping/month (Note)
Capitalization rate of income	1.22%~2.5%	2.5%
Discount rate	2.47%~3.625%	3.625%
Valuation of outsourcing appraiser or self-valuation	Valuation of outsourcing appraiser and self-valuation	Valuation of outsourcing appraiser and self-valuation
Appraisal firm	Chang Hsing Property Appraisers Joint Firm	Chang Hsing Property Appraisers Joint Firm
Names of appraiser	Wu Kuo Shih, Huang Chien Chih	Wu Kuo Shih, Huang Chien Chih
Fair value of outsourcing appraiser	NT\$1,115,026 thousand	NT\$1,446,272 thousand
Fair value of self-valuation	NT\$36,354 thousand	NT\$36,354 thousand

Note: The selection of the land and building rent comparison cases in the appraisal report was based on the land use of the surveyed subject land and the selection of three appropriate comparison cases within a similar area in Tainan City, and after analysis, comparison, and adjustment, the reasonable market rents of the subject land and buildings were determined.

In accordance with Article 28 of the Technical Rules Governing the Valuation of Property, the income method may be used to estimate the income price by direct capitalization and discounted cash flow analysis. In accordance with Rule 34 of the same Regulations, the valuation procedures are to derive effective gross income, derive total expenses, calculate net income, determine the capitalization rate or discount rate of income and calculate the price of income. The above parameters were estimated by collecting the relevant data of the subject of the survey and the comparative subject with the same or similar characteristics for the last three years, and adjusting them by considering their continuity, stability and growth to confirm the availability and reasonableness of the data. The changes in income (cash inflows) and expenses (cash outflows) in future periods are determined based on the historical income and expenses (cash flows) of the subject of the survey, income and expenses (cash flows) of the same industry or alternative comparable subjects, idle or loss ratios, and current or probable future planned income and expenses. The objective net income after deducting the total expenses is based on the objective net income from the most efficient use of the subject property and the income from the most efficient use of similar property in the vicinity. In accordance with Article 9 of the Regulations Governing the Preparation of Financial statements by Securities Issuers, the discount rate under the income method is limited to the risk premium method, which is based on a certain interest rate plus the individual characteristics of the investment property. The stated interest rate shall not be less than the two-year postal time deposit rate plus three cents.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

A description of the foregoing fair value valuation techniques and significant unobservable inputs is presented in the following table:

Fair Value Valuation Techniques	Significant Unobservable Inputs	Relationship between significant unobservable inputs and fair value measurements
Management evaluates the income approach valuation technique and measures the impact of the estimates used in the valuation technique. These estimates were evaluated by the Company and it was determined that these estimates were consistent with those used by market participants. The income approach uses the discounted cash flow method, which takes into account the present value of the estimated net cash flows generated from the facility, which is calculated using a risk-adjusted discount rate. The discounted cash flow method takes into account the net income (total effective revenue less total expenses), expected market rental growth rate, idle period and income capitalization rate for each period that the subject of the survey can generate cash flow. The discount rate should take into account the quality and location of the building, the credit standing of the lessee and the lease term.	· The expected market rental growth rates were 1.38% and 1.24% as of December 31, 2025 and 2024, respectively · The idle period is 0.6~3.6 months and 2.4 months as of December 31, 2025 and 2024, respectively. · The earnings capitalization rates were 1.22%~2.50% and 2.50% as of December 31, 2025 and 2024, respectively. · The risk-adjusted discount rates of December 31, 2025 and 2024 were 2.47%~3.625% and 3.625%, respectively.	The estimated fair value would increase (or decrease) if: · Expected increase (decrease) in market rental growth rate. · Shortened (extended) idle period. · Increase (decrease) in revenue capitalization rate. · Decrease (increase) in risk-adjusted discount rate.

Some of the land acquired by the Company for business purposes cannot be transferred in the name of the Company because the land is agricultural and livestock land, and is temporarily registered in the name of the main management with farming status, the land has been secured and pledged to the Company. The amount of the aforementioned land is both NT\$30,722 thousand as of December 31, 2025 and 2024. Please refer to Note 8 for the pledge of the Company's investment properties as collateral.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(XI) Short-term bills payables, notes payables and long-term and short-term borrowings

The details, terms and conditions of the Company's long-term and short-terms loans are as follows:

	December 31, 2025	December 31, 2024
Unsecured bank loans - USD	\$ 81,279	147,946
Unsecured bank loans - NTD	282,391	325,735
Guaranteed Bank Loans - NTD	637,534	643,662
Other short-term guaranteed bank loans - NTD	20,651	-
Unsecured short-term bills payables - NTD	30,000	30,000
Long-term unsecured bank loans - NTD	8,427	55,975
Long-term guaranteed bank loans - NTD	1,494,929	1,561,650
Other long-term secured loans - NTD	196,902	184,563
Total	<u>\$ 2,752,113</u>	<u>2,949,531</u>
Current	\$ 1,331,385	1,519,140
Non-current	1,420,728	1,430,391
Total	<u>\$ 2,752,113</u>	<u>2,949,531</u>
Unused short-term borrowings	<u>\$ 812,767</u>	<u>224,296</u>
Unused short-term bills payables	<u>\$ -</u>	<u>-</u>
Unused long-term borrowings	<u>\$ 2,700,018</u>	<u>1,910,006</u>
Short-term borrowing rate range	<u>2.66%-6.11%</u>	<u>2.825%-7.4643%</u>
Short-term bills payable rate range	<u>1.55%</u>	<u>1.66%</u>
Long-term borrowing rate range	<u>2.22%-5.96%</u>	<u>2.22%-5.82%</u>
Year of maturity of long-term borrowings	<u>2026~2029</u>	<u>2025~2029</u>

In order for establishment of plants, procurement of machinery equipment, and operating turnover, the Company applied Root in Taiwan Speeding Up Investment loan to the Ministry of Economic Affairs, and signed a credit contract with the bank providing the loan, Taiwan Business Bank, for a period of 5~10 years, amounting to NT\$1.75 billion. The buildings built up and acquiring the licenses, the machinery equipment procured, and the self-owned land, buildings and structures are pledged as collateral. In accordance with the contract, the grace period of the principal is three years since drawing down (July 2025) (the expiration dates of the grace periods of each loan are the same as the first drawn-down.) Principal shall be amortized and repaid monthly, since the month that the grace period expires.

The aforementioned short-term bills payables are guaranteed commercial papers issued. During the contract period, issue of guaranteed commercial papers may revolve for no longer than 1 year. The Company shall pay for the handling fees and interests during the period.

Please refer to Note 8 for the Company's pledged assets as collateral for bank loans.

(XI) Lease liabilities

The Company's lease liabilities are as follows:

	December 31, 2025	December 31, 2024
Current	\$ 112,315	109,981
Non-current	131,753	226,139
	<u>\$ 244,068</u>	<u>336,120</u>

Please refer to Note 6 (21) Financial Instruments for maturity analysis.

The amounts recognized in profit or loss were as follows:

	2025	2024
Interest expense on lease liabilities	<u>\$ 6,209</u>	<u>8,013</u>
Short-term lease expense	<u>\$ 1,470</u>	<u>844</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

The amounts recognized in the statement of cash flows are as follows:

	2025	2024
Total cash outflow from leases	<u>\$ 118,390</u>	<u>108,829</u>
1. Leasing of buildings and structures		
The Company leases buildings and structures as factory and office premises for a period of 10 to 15 years for the factory and 2 to 5 years for the office. The Company substantially determines that the lease contains an option to extend the lease for the same period as the original contract at the end of the lease term.		
2. Other leasing		
The Company leases transportation equipment and other equipment for a period of three to five years. In addition, the Company leases land, offices, staff quarters and parking lots under short-term leases or leases ending within 12 months after the initial application date, and the Company elects to apply the exemption from recognition and does not recognize its related right-to-use assets and liabilities.		

(XII) Operating lease

The Company leases out its investment property, which is classified as an operating lease because it does not transfer substantially all the risks and rewards incidental to the ownership of the subject assets, as described in Note 6 (10) Investment Property.

The maturity analysis of lease payments to report the total undiscounted lease payments to be received in the future is presented in the following table:

	December 31, 2025	December 31, 2024
Less than 1 year	\$ 10,408	8,404
1-2 years	7,067	-
2-3 years	7,085	-
3-4 years	7,145	-
4-5 years	6,752	-
Over 5 years	210	-
Total undiscounted lease payments	<u>\$ 38,667</u>	<u>8,404</u>

Please refer to Note 6 (18) for information on rental income generated from operating leases in 2025 and 2024. In addition, the direct operating expenses arising from the above operating leases were NT\$0 for both 2025 and 2024.

(XIII) Employee benefits

1. Defined benefit plan

A reconciliation of the present value of the Company's defined benefit obligation to the fair value of plan assets is as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 21,419	18,415
Fair value of plan assets	(7,149)	(4,052)
Net defined benefit obligation	<u>\$ 14,270</u>	<u>14,363</u>

The defined benefit plan of the Company is transferred to the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement benefit for each employee subject to the Labor Standards Law is calculated on the basis of the number of years of service and the average salary for the six months prior to retirement.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(1) Composition of plan assets

The Company's retirement fund under the Labor Standards Law is managed by the Bureau of Labor Fund Application (hereinafter referred to as the Bureau of Labor Fund) of the Ministry of Labor. According to the "Regulations Governing the Custody and Use of Labor Retirement Fund", the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

As of December 31, 2025 and 2024, the balances of the Company's Bank of Taiwan Labor Retirement Fund accounts totaled NT\$7,149 thousand and NT\$4,052 thousand, respectively. Information on the use of the Labor Pension Fund's assets, including fund yields and fund asset allocation, is available on the website of the Bureau of Labor Fund Utilization, Ministry of Labor.

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

The changes in the present value of the Company's defined benefit obligation are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations as of January 1	\$ 18,415	21,580
Current service cost and interest	798	878
Benefits paid by the plan of the Company	(561)	(3,976)
Net defined benefit liability Remeasurement		
Actuarial profit or loss arising from changes in financial assumptions	1,214	(758)
Experience Adjustment	1,553	691
Defined benefit obligations as of December 31	<u>\$ 21,419</u>	<u>18,415</u>

(3) Changes in the fair value of plan assets

The changes in the fair value of the Company's defined benefit plans were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets as of January 1	\$ 4,052	4,414
Amount contributed to the plan	3,265	3,156
Benefits paid by the plan	(561)	(3,976)
Expected return on plan assets	77	81
Remeasurement on net defined benefit assets		
Return on plan assets (excluding current interest)	316	377
Fair value of plan assets as of December 31	<u>\$ 7,149</u>	<u>4,052</u>

(4) Expenses recognized in profit or loss

The details of the Company reported profit or loss are as follows:

	<u>2025</u>	<u>2024</u>
Current service costs	\$ 441	503
Interest costs	357	375
Expected return on plan assets	(77)	(81)
	<u>\$ 721</u>	<u>797</u>
	<u>2025</u>	<u>2024</u>
Operating costs	\$ 527	594
Marketing expenses	32	27
Administrative expenses	94	103
Research and development expenses	68	73
	<u>\$ 721</u>	<u>797</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(5) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of the defined benefit obligation as of the date of the financial statements are as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.75%	2.125%
Future Salary Increase Rate	1.00%	1.00%

The Company expects to pay a contribution of NT\$1,200 thousand to the defined benefit plan within one year after the reporting date in 2025. The weighted-average duration of the defined benefit plan is 15.48 years.

(6) Sensitivity analysis

The effect of changes in key actuarial assumptions on the present value of the defined benefit obligation when adopted as of December 31, 2025 and 2024 is as follows:

	Effect on defined benefit obligations	
	Increase	Decrease
December 31, 2025		
Discount rate (change by 0.25%)	(3.83)%	4.03%
Future Salary Increase Rate (change by 0.25%)	3.97%	(3.80)%
December 31, 2024		
Discount rate (change by 0.25%)	(3.92)%	4.12%
Future Salary Increase Rate (change by 0.25%)	4.08%	(3.91)%

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

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

2. Determine the allocation plan

The defined contribution plan of the Company is based on the Labor Pension Act, and the contribution rate is 6% of the employees' monthly wages to the personal pension account of the Bureau of Labor Insurance. After the Company contributes a fixed amount to the Bureau of Labor Insurance under this plan, there is no legal or constructive obligation to pay additional amounts.

The Company's pension costs under the defined contribution pension plan were NT\$18,593 thousand and NT\$18,552 thousand for 2025 and 2024, respectively, and were contributed to the Bureau of Labor Insurance.

**Notes to the Parent Company Only Financial Statements of CHIA HER
INDUSTRIAL CO., LTD. (continued)**

3. Short-term paid leave liability

	December 31, 2025	December 31, 2024
Short-term paid leave liability (included in payables on paid leave)	<u>\$ 2,100</u>	<u>5,198</u>

(XIV) Income tax

1. Income tax expense

The details of income tax expense of the Company are as follows:

	2025	2024
Current income tax expense	\$ -	-
Deferred income tax expense		
Land value increment tax	35,146	69,662
Income tax expense	<u>\$ 35,146</u>	<u>69,662</u>

The Company's income tax expense recognized directly in equity and other comprehensive income were NT\$0 in both 2025 and 2024.

A reconciliation of the Company's income tax expense to net income before income taxes is as follows:

	2025	2024
Profit before income tax	\$ 48,622	157,998
Income tax calculated at the domestic tax rate of the Company	9,724	31,600
Effects of losses (gains) on investments accounted for using equity method	(30,896)	6,962
Dividend income	(3,184)	-
Fair value adjustment benefit - investment property (land)	(17,465)	(26,676)
Tax-exempt income from land and its costs	-	(5,227)
No levy of securities transaction income tax	-	(1,368)
Change in tax effect of tax loss on unrecognized deferred income tax assets	40,567	(8,839)
Change in the tax effect of deductible temporary differences not recognized as deferred tax assets	22,469	1,379
Land value increment tax	35,146	69,662
Unrealized gains on disposal of investments	(21,868)	-
Others	653	2,169
Total	<u>\$ 35,146</u>	<u>69,662</u>

**Notes to the Parent Company Only Financial Statements of CHIA HER
INDUSTRIAL CO., LTD. (continued)**

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

The items that the Company unrecognized deferred income tax assets are as follows:

	December 31, 2025	December 31, 2024
Deductible temporary differences	\$ 414,121	270,129
Amount of tax loss	1,714,825	1,573,500
	<u>\$ 2,128,946</u>	<u>1,843,629</u>

In accordance with the Income Tax Act, losses for the previous ten years may be deducted from the net income of the year before the tax authorities approve the tax loss, and then the income tax will be assessed. These items are unrecognized as deferred income tax assets because it is not probable that sufficient taxable income will be available in the future for the Company to utilize the temporary differences.

As of December 31, 2025, the Company has not recognized tax losses as deferred income tax assets, which are deductible over the following periods:

<u>Year of incurring loss</u>	<u>Loss carryforwards not yet deducted</u>	<u>Last valid year</u>
Approved in 2016	\$ 225,449	2026
Approved in 2017	255,135	2027
Approved in 2018	179,407	2028
Approved in 2019	158,825	2029
Approved in 2020	189,762	2030
Approved in 2021	117,608	2031
Approved in 2022	141,911	2032
Approved in 2023	181,731	2033
Expected to declare in 2025	264,997	2035
	<u>\$ 1,714,825</u>	

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(2) Deferred income tax assets and liabilities recognized
The changes in deferred income tax assets and liabilities were as follows :

	<u>Loss carryforwards</u>
Deferred income tax assets:	
Beginning balance as of January 1, 2025	\$ 6,368
Credited in profit or loss	6,065
Balance as of December 31, 2025	<u>\$ 12,433</u>
Beginning balance as of January 1, 2024	\$ 3,235
Credited in profit or loss	3,133
Balance as of December 31, 2024	<u>\$ 6,368</u>

	<u>Land value increment tax</u>	<u>Unrealized gains on sales</u>	<u>Total</u>
Deferred income tax liabilities:			
Beginning balance as of January 1, 2025	\$ 435,895	6,368	442,263
Debited in profit or loss	35,146	6,065	41,211
Balance as of December 31, 2025	<u>\$ 471,041</u>	<u>12,433</u>	<u>483,474</u>
Beginning balance as of January 1, 2024	\$ 387,024	3,235	390,259
Payment for sale of land	(20,791)	-	(20,791)
Debited in profit or loss	69,662	3,133	72,795
Balance as of December 31, 2024	<u>\$ 435,895</u>	<u>6,368</u>	<u>442,263</u>

3. Income tax approved situation:

The Company's income tax returns have been approved by the tax authorities until 2023.

(XV) Capital and other equity

As of December 31, 2025 and 2024, the Company's total authorized share capital is NT\$7 billion and the paid-in common share capital is NT\$1,271,146 thousand and NT\$1,030,939 thousand, respectively, with a par value of NT\$10 per share.

A reconciliation of the number of outstanding shares for the years 2025 and 2024 is as follows

	Unit: Thousands of shares	
	<u>2025</u>	<u>2024</u>
Beginning balance	103,094	85,210
Cash capital increase	20,000	14,300
Capitalization of capital surplus	4,021	2,761
Employee stock option execution	-	823
Ending balance	<u>127,115</u>	<u>103,094</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

1. Share capital of ordinary share

The Company resolved by the regular board of directors on June 11, 2025 to implement cash capital increase amounting to NT\$200,000 thousand. The number of shares issued is 20,000 thousand, with a par value of NT\$10 per share. The capital increase has been approved by the Financial Supervisory Commission, and resolved by the board of directors on July 11, 2025, and the base date of the capital increase is August 18, 2025. The relevant legal registration procedures have been completed.

The Company resolved by the shareholders meeting on June 29, 2025 to issue 4,021 thousand new shares by capital increase by capital surplus amounting to NT\$40,207 thousand, with a par value of NT\$10 per share. The base date of the capital increase by earnings is October 19, 2025. The relevant legal registration procedures have been completed.

The Company resolved by the regular board of directors on April 22, 2024 to implement cash capital increase amounting to NT\$143,000 thousand. The number of shares issued is 14,300 thousand, with a par value of NT\$10 per share. The capital increase has been approved by the Financial Supervisory Commission, and resolved by the board of directors on June 11, 2024, and the base date of the capital increase is July 16, 2024. The relevant legal registration procedures have been completed.

The Company resolved by the shareholders meeting on June 27, 2024 to issue 2,761 thousand new shares by capital increase by capital surplus amounting to NT\$27,608 thousand, with a par value of NT\$10 per share. The base date of the capital increase by earnings is September 27, 2024. The relevant legal registration procedures have been completed.

The Company issued 259 thousand of ordinary shares on January 1, 2025, for the employee stock option exercised. As the relevant legal registration procedures have been completed, they are transferred from capital collected in advance to share capital. The Company issued 823 thousand of ordinary shares at NT\$14.63 and NT\$15.63 per share for the employee stock option exercised in 2024. The payment for the shares of NT\$12,041 thousand has been collected. The share capital of ordinary shares recognized amounted to NT\$8,230 thousand, the capital surplus – additional paid-in capital recognized amounted to NT\$3,811 thousand, and capital surplus – employee stock option transferred to capital surplus – additional paid-in capital amounted to NT\$1,283 thousand for the aforementioned employee stock option execution, for the years ended December 31, 2024.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

	December 31, 2025	December 31, 2024
Changes in net equity in associated companies recognized by the equity method	\$ 67,828	68,333
Lapsed employee share options	275	11,474
Share premium on issue	66,917	77,291
	<u>\$ 135,020</u>	<u>157,098</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

In accordance with the Company Law, capital surplus must be used to cover losses before new shares or cash can be issued to shareholders in proportion to the realized capital surplus. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the issuance of shares in excess of par value and the proceeds from the receipt of gifts. In accordance with the Rules Governing the Issuer's Capital Raising and Issuance of Negotiable Securities, the total amount of capital surplus that may be capitalized each year shall not exceed 10% of the paid-in capital.

The Company has resolved by the board of directors on March 13, 2026 to capitalize the capital reserve of NT\$12,711 thousand, and pending to resolution by the shareholders meeting. The related information can be accessed through the Market Observation Post System.

The Company has resolved by the shareholders meeting on June 19, 2025 to capitalized the capital surplus of NT\$40,207 thousand. The related information can be accessed through the Market Observation Post System.

The Company has resolved by the shareholders meeting on June 25, 2024 to capitalize capital surplus and distribute cash of NT\$27,068 thousand and NT\$3,068 thousand, respectively.

3. Retained earnings

According to the Articles of Incorporation, if there is any net profit after closing of a fiscal year, the Company shall first pay income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Company; and then set aside or reverse a special reserve in accordance with the laws or the regulations of competent authorities. If there is still remaining balance, the board of directors shall prepare a proposal for distribution. The Company may authorize the distributable dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

The distribution of dividends shall consider the characteristics of changes in industrial cycle, and the effects of products lifecycle on future fund demand and tax system, and implemented under the target of maintaining stable dividends. The dividends distributed shall not be less than 30% of the distributable earnings of the year, and the ratio of cash dividend shall not be less than 10% of total distribution; however, cash dividends lower than NT\$0.1 per share are not distributed, but distributed by stock dividends.

(1) Legal reserve

If the Company has no losses, it may issue new shares or cash from the legal reserve by resolution of the shareholders' meeting, but only to the extent that the reserve exceeds 25% of the paid-in capital.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(2) Special reserve

The Company has elected to adopt the fair value model for subsequent measurement of investment property. In accordance with the FSC regulations, the Company should set aside special reserve in the following order when distributing distributable earnings each year:

- (i) For the net increase in fair value arising from the continued application of the fair value model to investment property carried at fair value through subsequent periods, a special reserve of the same amount as the prior period's undistributed earnings is provided for from the current period's net profit after tax plus the amount included in the current period's undistributed earnings other than the current period's net profit after tax; if the amount is a net increase in the cumulative fair value of the prior period, a special reserve of the same amount from the undistributed earnings of the prior period shall not be distributed. If there is a subsequent decrease in the cumulative net increase in the fair value of investment property or if investment property is disposed of, the decrease may be reversed and the earnings distributed according to the circumstances of the disposal.
- (ii) A special reserve of the same amount as the difference between the market value of the parent company's shares and the carrying amount of the parent company's shares at the end of the period shall not be distributed based on the percentage of the shares held. If the market price subsequently recovers, the amount may be reversed to a special reserve in proportion to the shareholding.
- (iii) The difference between the net decrease in other shareholders' equity recorded in the current year and the balance of the special reserve provided for in the first-time adoption of IFRSs is added to the current period's unappropriated earnings from net income plus items other than current period's net income and the special reserve provided for in the prior period's unappropriated earnings; The amount of other shareholders' equity accumulated in prior periods is not distributable from the special reserve from prior periods' undistributed earnings. If there is a subsequent reversal in the amount of other shareholders' equity reduction, the reversed portion of the surplus may be distributed.

4. Earnings distribution

The Company has no accumulated earnings available for distribution in 2024 and 2023, and the related information can be accessed through the Market Observation Post System.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

5. Other equity (net of tax)

	Equity attributable to owners of the parent company			
	Exchange differences on translation of financial statements of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Gains on revaluation	Total
Beginning balance at January 1, 2024	\$ (7)	71,236	472,672	543,901
Exchange differences on translation of financial statements of foreign operations—subsidiaries	(141)	-	-	(141)
Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income:				
The Company	-	93,214	-	93,214
Subsidiaries	-	(1,165)	-	(1,165)
Associates	-	619	-	619
Disposal of equity instruments measured at fair value through other comprehensive income				
The Company	-	(18,324)	-	(18,324)
Associates	-	4,124	-	4,124
Balance of December 31, 2024	<u>\$ (148)</u>	<u>149,704</u>	<u>472,672</u>	<u>622,228</u>

	Equity attributable to owners of the parent company			
	Exchange differences on translation of financial statements of foreign operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Gains on revaluation	Total
Beginning balance at January 1, 2024	\$ 21	84,936	472,672	557,629
Exchange differences on translation of financial statements of foreign operations—subsidiaries	(28)	-	-	(28)
Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income:				
The Company	-	77,644	-	77,644
Subsidiaries	-	(90,875)	-	(90,875)
Associates	-	6,553	-	6,553
Disposal of equity instruments measured at fair value through other comprehensive income				
Subsidiaries	-	(79)	-	(79)
Associates	-	(6,943)	-	(6,943)
Balance of December 31, 2024	<u>\$ (7)</u>	<u>71,236</u>	<u>472,672</u>	<u>543,901</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(XVI) Share-based payment

There are share-based payment transactions for the years ended December 31, 2025 and 2024 as follows:

1. Cash capital increase reserved for subscription by employees

	Equity-settled	
	2025	2024
	Cash capital increase reserved for subscription by employees	Cash capital increase reserved for subscription by employees
Grant date	2025.7.30	2024.6.27
Granted number of shares	1,351,000 shares	1,157,000 shares
Recipients	Employees of the Company	Employees of the Company
Vesting condition	Vested immediately	Vested immediately

The Company adopted Black-Scholes valuation model to estimate the grant date fair value of the share-based payment. The inputs of the model are as follows:

	2025	2024
	Cash capital increase reserved for subscription by employees	Cash capital increase reserved for subscription by employees
Grant date fair value (NT\$)	1.95	4.65
Grant date stock price (NT\$)	12.75	18.65
Exercise price (NT\$)	10.80	14.00
Volatility of return on stock price (%)	35.70	44.28
Duration of the stock options (year)	0.041	0.041
Expected dividends	-	3.08
Risk-free interest rate	1.2513	1.2258

Detailed information on the capital increase reserved for subscription by employees is as follows:

	2025		2024	
	Weighted average exercise price (NT\$)	Number of stock options (share)	Weighted average exercise price (NT\$)	Number of stock options (share)
Number of shares outstanding as of January 1	\$ 10.80	1,351,000	14.00	1,157,000
Exercised quantity in the current period	10.80	(1,210,000)	14.00	(949,000)
Expired quantity in the current period	10.80	(141,000)	14.00	(208,000)
Number of shares outstanding as of December 31	-	-	-	-
Exercisable quantity as of December 31	-	-	-	-

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

The compensation costs for capital increase reserved for subscription by employees amounted to NT\$2,634 and NT\$5,380 for the year ended December 31, 2025 and 2024, respectively, recognized in operating expenses and capital reserve – employee stock options.

2. Employee share options

On November 13, 2018, the Company's Board of Directors approved a plan to grant stock options to certain employees. The total number of stock options approved for employees under the plan is 18,000 thousand units, and 18,000 thousand units will be issued for one share of the Company's ordinary shares per unit of share option.

In November 2017, the Company established a compensation employee stock option plan and used the fair value method to estimate the compensation cost and a binary tree valuation model to estimate the fair value of the grant date stock options to give the number, performance price and vesting conditions and the information of each assumption is presented below:

Giving Day	2018.11.30
Number of Giving	18,000 thousand shares
Contract price	NT\$ 5.02 per share
Vested Conditions	The cumulative percentage of stock options exercised by employees is 50%, 80% and 100% upon the expiration of 2, 3 and 4 years from the date of stock option grant, respectively.
Expected price volatility	46.35%
Risk-free interest rate	0.8215%
Expected duration	6 years

Details of the above employee share options are as follows:

	2024	
	Weighted average exercise price (NT\$)	Number of stock options
Number of shares outstanding as of January 1	15.44	6,822,800
Number of executions in the period	14.63	(823,000)
Number of expired overdue shares	14.63	<u>(5,999,800)</u>
Number of shares outstanding as of December 31	-	<u><u>-</u></u>
Exercisable quantity as of December 31	-	<u><u>-</u></u>

As the Company implemented cash capital increase and capitalization of capital surplus in 2024, the subscription price of employee stock options has been adjusted from NT\$15.44 per share to NT\$14.63 per share.

The compensation costs amounted to both NT\$0 thousand for the years ended December 31, 2025 and 2024.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(XVII) Earnings per share

The calculation of basic earnings per share and diluted earnings per share is as follows:

	2025	2024
Net income attributable to equity holders of the Company's ordinary shares	\$ 13,476	88,336
Weighted-average number of ordinary shares outstanding (in thousands)	115,036	97,618
Basic earnings per share (NT\$)	\$ 0.12	0.90
Net income attributable to equity holders of the Company's ordinary shares	\$ 13,476	88,336
Weighted-average number of ordinary shares outstanding (in thousands)	115,036	97,618
Effect of dilutive potential ordinary shares:		
Employees' compensation (in thousands)	279	279
Weighted average number of ordinary shares outstanding (after adjusting for the effect of dilutive potential ordinary shares) (thousand shares)	115,315	97,897
Diluted earnings per share (NT\$)	\$ 0.12	0.90

(XVIII) Revenue from contracts with customers

1. Breakdown of income

	2025						
	First Dyeing Business	Long Fiber Business	Spinning Business	Constructio n Business	Investment Business	Other Businesses	Total
Major regional markets:							
Taiwan	\$ 283,698	64,173	150,318	160,341	15,208	3,237	676,975
Bangladesh	62,821	288,385	-	-	-	-	351,206
Vietnam	308,027	334,733	-	-	-	-	642,760
Other Asian aria	99,380	240,355	14,049	-	-	-	353,784
Other regions (less than 10%)	28,131	223,736	1,039	-	-	-	252,906
Total	<u>\$ 782,057</u>	<u>1,151,382</u>	<u>165,406</u>	<u>160,341</u>	<u>15,208</u>	<u>3,237</u>	<u>2,277,631</u>
Main Products:							
Sales of goods	\$ 782,057	1,151,382	165,406	-	-	3,237	2,102,082
Sales of buildings and land	-	-	-	160,341	-	-	160,341
Rental income from investment properties	-	-	-	-	15,208	-	15,208
Total	<u>\$ 782,057</u>	<u>1,151,382</u>	<u>165,406</u>	<u>160,341</u>	<u>15,208</u>	<u>3,237</u>	<u>2,277,631</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

2024							
	First Dyeing Business	Long Fiber Business	Spinning Business	Constructio n Business	Investment Business	Other Businesses	Total
Major regional markets:							
Taiwan	\$ 303,312	58,362	131,764	208,972	27,577	3,861	733,848
Bangladesh	187,033	386,792	-	-	-	-	573,825
Vietnam	294,308	288,225	-	-	-	-	582,533
Other Asian aria	246,917	296,013	38,522	-	-	-	581,452
Other regions (less than 10%)	46,039	382,868	6,109	-	-	-	435,016
Total	<u>\$ 1,077,609</u>	<u>1,412,260</u>	<u>176,395</u>	<u>208,972</u>	<u>27,577</u>	<u>3,861</u>	<u>2,906,674</u>
Main Products:							
Sales of goods	\$ 1,077,609	1,412,260	176,395	-	-	3,861	2,670,125
Sales of buildings and land	-	-	-	208,972	-	-	208,972
Rental income from investment properties	-	-	-	-	27,577	-	27,577
Total	<u>\$ 1,077,609</u>	<u>1,412,260</u>	<u>176,395</u>	<u>208,972</u>	<u>27,577</u>	<u>3,861</u>	<u>2,906,674</u>

2. Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable, accounts receivable, and overdue receivable (including related parties)	\$ 423,900	517,489	313,900
Less: Allowance for losses	144,943	129,440	102,865
Total	<u>\$ 278,957</u>	<u>388,049</u>	<u>211,035</u>
Contract Liabilities - Commodities	\$ 53,122	95,173	66,446
Contract Liabilities - Premises	-	-	39,798
Total	<u>\$ 53,122</u>	<u>95,173</u>	<u>106,244</u>

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

The beginning balances of contract liabilities as of January 1, 2025 and 2024 were recognized as income of NT\$81,181 thousand and NT\$82,636 thousand in 2025 and 2024, respectively.

The change in contract liabilities mainly arises from the difference between the point at which the Company transfers goods or services to customers to satisfy its performance obligations and the point at which customers pay.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(XIX) Employees' and directors' remuneration

The Company revised the Articles of Incorporation by the shareholders' meeting's resolution on June 19, 2025. According to the revised Articles of Incorporation, the Company shall allocate remuneration to employees at the rate of 2%~10% of annual profits (including no lower than 1% as non-executive employees' remuneration), and to directors at the rate of no higher than 4% of annual profits during the period; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' remuneration may be distributed in stock or cash, which may include specific employees of affiliated companies who meet certain conditions. and the "conditions" and "specific employees" shall be resolved by the Board of Directors.

Employees' remunerations amounted to NT\$2,500 thousand and NT\$5,230 thousand, and directors' remuneration amounted to NT\$2,000 thousand and NT\$4,760 thousand for the years ended December 31, 2025 and 2024, respectively, which were accrued by the amount of net income before tax in the period before deducting employees' and directors' remunerations multiplying the distribution ratios indicated in the Company's Articles of Incorporation, and recognized as the operating costs or operating expenses in the period. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors resolves to pay compensation to employees in shares, the number of shares is calculated based on the closing price of the shares on the day before the Board of Directors' resolution.

The aforementioned amounts of employees' and directors' remuneration resolved by the board of directors are not different from the amounts accrued in the financial statements for the years ended December 31, 2025 and 2024. The related information can be accessed through the Market Observation Post System.

(XXI) Non-operating income and expenses

1. Other income

	2025	2024
Dividend income	\$ 15,920	1

2. Other gains and losses

Other gains and losses of the Company are summarized as follows:

	2025	2024
Net gains (losses) on foreign currency exchange	\$ (10,513)	16,280
Net gains (losses) on disposal of property, plant, and equipment	(21)	10,723
Gains on disposal of investments	-	7,222
Net gains on valuation of financial assets at fair value through profit or loss	109,370	-
Revenue from sales of samples	8,625	5,482
Government grant revenue	2,158	9,658
Compensation Income	24,466	3,152
Liabilities with expired statute of limitations transferred to revenue	10,974	3,537
Others	815	1,370
	<u>\$ 145,874</u>	<u>57,424</u>

3. Financial Costs

The financial cost breakdown of the Company is as follows:

	2025	2024
Interest expense - bank loans	\$ 78,626	86,680
Interest expense - lease liabilities	6,209	8,013
Interest expense - others	12,609	7,083
	<u>\$ 97,444</u>	<u>101,776</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(XX) Financial instruments

1. Credit risk

(1) Exchange rate risk of the risk of violence

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

(2) Concentration of credit risk

The Company has a large customer base and does not concentrate its sales to a single customer. Therefore, there is no significant concentration of credit risk in accounts receivable. The Company strictly monitors the creditworthiness of its customers and has not suffered significant credit risk losses. All sales are made to large companies with good credit ratings, while sales to smaller companies require prepayment or guarantees as necessary.

(3) Credit risk of receivables

Please refer to Notes 6 (3) and 6 (4) for information on credit risk exposures and allowance for impairment for notes receivable, accounts receivable and overdue receivables.

2. Liquidity risk

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

	Carrying amount	Contract Cash Flow	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2025						
Non-derivative financial liabilities						
Variable rate instrument	\$ 2,504,560	2,567,467	1,198,925	1,275,158	93,384	-
Fixed rate instrument	247,553	256,574	193,359	63,215	-	-
No interest-bearing liabilities	750,180	750,180	750,180	-	-	-
Lease liabilities	244,068	251,781	116,469	107,209	18,956	9,147
	\$ 3,746,361	3,826,002	2,258,933	1,445,582	112,340	9,147
December 31, 2024						
Non-derivative financial liabilities						
Variable rate instrument	\$ 2,734,968	2,792,978	1,360,729	1,350,449	81,800	-
Fixed rate instrument	214,563	249,189	245,518	3,671	-	-
No interest-bearing liabilities	462,393	462,393	462,393	-	-	-
Lease liabilities	336,120	347,361	115,856	114,592	114,920	1,993
	\$ 3,748,044	3,851,921	2,184,496	1,468,712	196,720	1,993

The Company does not expect the timing of cash flows for the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

3. Exchange rate risk

(1) Exchange rate risk of the risk of violence

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

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

	December 31, 2025			December 31, 2024		
	Foreign Currency	Exchange rate	Taiwan Dollar	Foreign Currency	Exchange rate	Taiwan Dollar
<u>Financial assets</u>						
<u>Monetary</u>						
<u>items</u>						
USD	\$ 12,194	31.43	383,266	13,715	32.785	449,653
(thousand)						
<u>Financial</u>						
<u>liabilities</u>						
<u>Monetary</u>						
<u>items</u>						
USD	2,700	31.43	84,868	3,698	32.785	121,237
(thousand)						

(2) Sensitivity analysis

The exchange rate risk of the Company mainly arises from cash and cash equivalents denominated in foreign currencies, accounts receivable, loans and other payables, which result in foreign currency exchange profit or loss upon translation. As of December 31, 2025 and 2024, when the New Taiwan dollar depreciates or strengthens by 1% against the U.S. dollar, with all other factors held constant, net income before tax would decrease or increase by NT\$2,984 thousand and NT\$3,284 thousand in 2025 and 2024, respectively. The same basis was used for the analysis in both periods.

Information on the translation of monetary items of the Company (both realized and unrealized) into the exchange rate of functional currency of the New Taiwan dollar of the Company is as follows:

	2025	2024
	Gains (losses) on exchange	Gains (losses) on exchange
NTD	\$ (10,513)	16,280

4. Interest rate analysis

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

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

If interest rates had increased or decreased by 1%, the Company's net income before tax would have increased or decreased by NT\$25,046 thousand and NT\$27,350 thousand in 2025 and 2024, respectively, with all other variables held constant, primarily due to the Company's variable-rate borrowings.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

5. Other price risks

If the prices of equity securities had changed at the reporting date (the same basis was used for the analysis of both periods and other changes were assumed to remain unchanged), the effect on the consolidated profit and loss items would have been as follows:

	2025	2024
	Other	Other
Price of securities on the reporting date	comprehensive	comprehensive
Increase by 5%	income after tax	income after tax
	\$ 16,155	12,426
Decrease by 5%	\$ (16,155)	(12,426)

6. Fair value

(1) Types of financial instruments and fair values

The Company's financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair value hierarchy information of each type of financial assets and financial liabilities, except for financial instruments not carried at fair value, whose carrying amounts are a reasonable approximation of fair value, and lease liabilities, for which disclosure of fair value information is not required, are presented below:

December 31, 2025					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income (including current and non-current)					
Domestic and overseas listed companies' shares	\$ 403,871	403,871	-	-	403,871
Financial assets at amortized cost					
Cash and cash equivalents	\$ 39,247	-	-	-	-
Notes and accounts receivable (including related parties)	278,957	-	-	-	-
Other receivables (including related parties)	117,489	-	-	-	-
Other financial assets	51,799	-	-	-	-
Guaranteed deposits paid	20,052	-	-	-	-
Subtotal	\$ 507,544				
Financial liabilities at amortized cost					
Long-term and short-term bank borrowing	\$ 2,504,560	-	-	-	-
Other short-term borrowings	20,651	-	-	-	-
Other long-term borrowings	196,902	-	-	-	-
Short-term bills payables	30,000	-	-	-	-
Notes payable and accounts payable (including related parties)	226,269	-	-	-	-
Other notes payables (including related parties)	90,700	-	-	-	-
Other payables (including related parties)	433,211	-	-	-	-
Lease liabilities	244,068	-	-	-	-
Subtotal	\$ 3,746,361				

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

		December 31, 2024				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income (including current and non-current)						
Domestic and overseas listed companies' shares	\$	<u>310,657</u>	310,657	-	-	310,657
Financial assets at amortized cost						
Cash and cash equivalents	\$	90,872	-	-	-	-
Notes and accounts receivable (including related parties)		388,049	-	-	-	-
Other receivables (including related parties)		68,094	-	-	-	-
Other financial assets		67,671	-	-	-	-
Guaranteed deposits paid		130,610	-	-	-	-
Subtotal		<u>\$ 745,296</u>				
Financial liabilities at amortized cost						
Long-term and short-term bank borrowing	\$	2,734,968	-	-	-	-
Other long-term borrowings		184,563	-	-	-	-
Short-term bills payables		30,000	-	-	-	-
Notes payable and accounts payable (including related parties)		289,872	-	-	-	-
Other payables (including related parties)		172,521	-	-	-	-
Lease liabilities		336,120	-	-	-	-
Subtotal		<u>\$ 3,748,044</u>				

- (2) Fair value valuation techniques for financial instruments not measured at fair value
Financial liabilities at amortized cost :

If there is any transaction or quotation information from the market maker, the most recent transaction price and quotation information are used as the basis for assessing the fair value. If no market value is available, the valuation method is used to estimate the value. The estimates and assumptions used in the valuation method were the discounted cash flows to estimate the fair value.

- (3) Fair value valuation techniques for financial instruments not measured at fair value
Non-derivative financial instruments:

If there is an active market in which the financial instruments are publicly quoted, the fair value is based on the quoted prices in the active market. The market prices announced by Major Exchanges and Taipei Exchange Announcement are the basis for the fair value of listed equity instruments.

- (4) The Company had no transfer of any fair value hierarchy in 2025 and 2024.

(XXII) Financial risk management

1. Summary

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

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

The Note presents the risk information of the Company for each of the above risks, and the Company's objectives, policies and procedures for measuring and managing the risks. For further quantitative disclosures, please refer to the respective notes to the parent company only financial statements.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

2. Risk Management Framework

The Board of Directors is solely responsible for establishing and overseeing the risk management structure of the Company. The Chairman of the Board of Directors is responsible for developing and controlling the risk management policies of the Company and reporting its operations to the Board of Directors on a regular basis.

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

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

3. Credit risk

Credit risk is the risk of financial loss arising from the Company's failure to meet contractual obligations with customers or counterparties to financial instruments, and arises primarily from the Company's accounts receivable from customers and investments in securities.

(1) Accounts receivable and other receivables

The Company's credit risk exposures are primarily affected by each customer's individual circumstances. However, management also considers the statistics of the Company's customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk.

Construction: The Company has established a credit policy under which the Company is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. The review of the Company includes, if available, external ratings and, in some cases, bank notes. Sales quotas are established on a customer-by-customer basis and are reviewed periodically. Customers who do not meet the Company's benchmark credit rating may only transact with the Company on a pre-revenue basis.

Construction: The Company's customers are concentrated in the large demand group of factories. In order to reduce the credit risk of accounts receivable, the Company requires customers' bank borrowing funds to be paid directly from their lending banks to the Company, so that its credit risk can be effectively controlled.

The Company maintains an allowance for doubtful accounts to reflect the estimate of losses incurred on accounts receivable and other receivables. The primary components of the allowance account consist of specific loss components related to individual significant exposures and portfolio loss components established for incurred but unidentified losses of similar asset groups. The Company loss allowance account is determined based on historical payment statistics and forward-looking information for similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's trading objects and performance parties are financial institutions and securities companies with good credit, there is no significant performance doubt, so there is no significant credit risk.

(3) Guarantee

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries or companies with which it has business dealings. Please refer to Note 17 for endorsement guarantee provided for subsidiaries as of December 31, 2025. The Company has not provided any endorsement guarantee as of December 31, 2024.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

4. Liquidity risk

By managing and maintaining sufficient portions of cash and cash equivalents to support the company's operations and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of bank financing quotas and ensures that the terms of the loan contract are followed. Bank loan is an important source of liquidity for the Company. As of December 31, 2025 and 2024, the unused credit lines of long-term and short-term bank borrowings were NT\$3,512,785 thousand and NT\$2,134,302 thousand, respectively.

5. Market risk

Market risk refers to the risk of affecting the Company's earnings or the value of financial instruments held by the Company due to market price changes, such as exchange rate, interest rate, equity instrument price changes. The objective of market risk management is to control the risk of violence of market risk within the acceptable range and optimize the return on investment.

(1) Exchange rate risk

The Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in a functional currency. The functional currency of the Company is the New Taiwan dollar and the primary foreign currency denominated currency for these transactions is the U.S. dollar.

Interest on borrowings is denominated in the currency of the principal amount borrowed. In general, borrowings are denominated in the same currency as the cash flows from the Company's operations, primarily in New Taiwan dollars, but also in USD. In such cases, economic hedges are provided without the need to enter into derivative instruments and therefore hedge accounting is not used.

With respect to other monetary assets and liabilities denominated in foreign currencies, when short-term imbalances occur, the Company purchases or sells foreign currencies at prevailing exchange rates to ensure that net risk exposure is maintained at an acceptable level.

(2) Interest rate risk

The Company's short-term borrowings and long-term borrowings are floating-rate debt. Therefore, changes in market interest rates will cause the interest rates of short-term borrowings and long-term borrowings to change accordingly, resulting in fluctuations in their future cash flows.

(3) Other market risks

The equity securities held by the Company are classified as financial assets at fair value through other comprehensive income, therefore, such assets are measured at fair value and therefore the Company will be exposed to the risk of changes in the market value of equity securities.

(XXIII) Capital management

It is the Board of Directors' policy to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Company's share capital, capital surplus, retained earnings, other equity items and treasury shares.

The Company's capital management objectives are to safeguard the ability to continue to operate in order to continue to provide shareholder compensation and other stakeholder benefits, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to settle liabilities.

The Company manages capital on the basis of the debt-to-capital ratio. The ratio is calculated by dividing net debt by total capital. Net liabilities are total liabilities as shown in the balance sheet less cash and cash equivalents. Total capital is the entire component of equity plus net liability.

The debt-to-capital ratios at the reporting date were as follows:

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

	December 31, 2025	December 31, 2024
Total liabilities	\$ 4,429,830	4,388,412
Less: Cash and cash equivalents	39,247	90,872
Net liability	4,390,583	4,297,540
Total equity	2,267,589	1,945,900
Total capital	<u>\$ 6,658,172</u>	<u>6,243,440</u>
Debt-to-capital ratio	<u>65.94%</u>	<u>68.83%</u>

The company's capital management in 2025 is as the same as that in 2024.

(XXIV) Investing and financing activities of non-cash transactions

The Company acquired right-of-use assets under lease in 2025 and 2024, please refer to Note 6 (8).

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

	Non-cash changes				
	January 1, 2025	Cash flows	Changes in lease payments	Others	December 31, 2025
Short-term borrowings	\$ 1,117,344	(97,785)	-	2,296	1,021,855
Short-term bills payables	30,000	-	-	-	30,000
Other notes payables – related parties	-	90,700	-	-	90,700
Other payables - related parties	-	123,364	-	-	123,364
Long-term borrowings (including current portion)	1,802,187	(101,929)	-	-	1,700,258
Lease liabilities	336,120	(110,711)	18,659	-	244,068
Guaranteed deposits received	565	219	-	-	784
Total liabilities arising from financing activities	<u>\$ 3,286,216</u>	<u>(96,142)</u>	<u>18,659</u>	<u>2,296</u>	<u>3,211,029</u>

	<u>Non-cash changes</u>				
	January 1, 2024	Cash flows	Changes in lease payments	Others	December 31, 2024
Short-term borrowings	\$ 1,023,944	91,864	-	1,536	1,117,344
Short-term bills payables	-	30,000	-	-	30,000
Notes payables	30,000	(30,000)	-	-	-
Other payables - related parties	20,000	(20,000)	-	-	-
Long-term borrowings (including current portion)	1,787,777	14,410	-	-	1,802,187
Lease liabilities	433,889	(99,972)	2,203	-	336,120
Guaranteed deposits received	412	153	-	-	565
Total liabilities arising from financing activities	<u>\$ 3,296,022</u>	<u>(13,545)</u>	<u>2,203</u>	<u>1,536</u>	<u>3,286,216</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

VII. Related party transactions

(I) Name and relationship of related parties

The Company's subsidiaries and other stakeholders with whom the Company had transactions during the period covered by these parent company only financial statements are as follows:

<u>Name of related parties</u>	<u>Relationship with the Company</u>
CHIA YUEN PROPERTY DEVELOPMENT CO., LTD. (CHIA YUEN PROPERTY DEVELOPMENT)	Subsidiary of the Company
I-GENE INTERNATIONAL CO., LTD. (I-GENE INTERNATIONAL)	Subsidiary of the Company
I-YU INVESTMENT CO., LTD. (I-YU INVESTMENT)	Subsidiary of the Company
JETEX INVESTMENT CO., LTD. (JETEX INVESTMENT)	Subsidiary of the Company
CHIA HSING INVESTMENT CO., LTD. (CHIA HSING INVESTMENT)	Subsidiary of the Company
E-PLUS TECHNOLOGY CO., LTD. (E-PLUS TECHNOLOGY)	Subsidiary of the Company
Hsuan-Yung Energy Technology Co., Ltd. (Hsuan-Yung Energy)	Subsidiary of the Company
CHASER INNOVATION CO., LTD. (CHASER INNOVATION) (former CHADTEX INDUSTRIAL CO., LTD.)	Subsidiary of the Company (Note)
MENG HUI CONSTRUCTION CO., LTD. (MENG HUI CONSTRUCTION)	Subsidiary of the Company (Note 1)
CHIA HER MEXICO, S. DE R.L DE C.V. (Chia Her Mexico)	Sub-subsidiary of the Company
CHASER INNOVATION)	Associate of the Company (Note)
MENG HUI CONSTRUCTION	Associate of the Company (Note 1)
JUICY INVESTMENT CO., LTD. (JUICY INVESTMENT)	Substantive related party of the Company
Weng, Mao-Chung	Key management personnel of the Company
Weng, Mao-Chin	Key management personnel of the Company
Weng, Chuan-Hui	Key management personnel of the Company
Weng, Wei-Hsiang	Key management personnel of the Company
Weng, Chuan-Hui	Key management personnel of the Company
Weng, Jung-Chuan	Key management personnel of the Company

Note: CHASER INNOVATION became subsidiary of the Company since the second quarter of 2025.

Note 1: MENG HUI CONSTRUCTION became subsidiary of the Company since the fourth quarter of 2025.

(II) Significant transactions with related parties

1. Sales of goods to related parties

The significant sales to related parties and their outstanding balances are as follows:

	<u>Sales of goods</u>		<u>Accounts receivable - related parties</u>	
	<u>2025</u>	<u>2024</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	\$ 1,882	2,462	-	158
Sub-subsidiaries	16,354	190,438	151,866	210,664
Associates	3	-	-	-
	<u>\$ 18,239</u>	<u>192,900</u>	<u>151,866</u>	<u>210,822</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

As of December 31, 2025 and 2024, the unrealized gross profit from sales of goods amounted to NT\$30,160 thousand and NT\$31,844 thousand, respectively, which are recognized as non-current liabilities – adjustments in credit elements of investments accounted for using equity method.

The prices of the Company's sales were not significantly different from those of non-associates, except for some sales to related parties whose prices were not comparable to those of similar products.

The collection period for related parties of the Company is 30 ~ 180 days from the date of the transaction and is not significantly different from that of regular sales customers. The receivables from related parties are not covered by collateral and need not be included in bad debt expenses after evaluation.

2. Purchase of products from related parties and commissioning processing

The amounts of purchases and commissions of the Company from related parties and their outstanding balances are as follows:

	Purchase and processing outsourced		Payables to related parties	
	2025	2024	December 31, 2025	December 31, 2024
Associate - CHASER INNOVATION	\$ 59,457	154,456	-	35,123
Subsidiary - CHASER INNOVATION	62,935	-	41,266	-
Subsidiaries	1,052	924	-	-
	\$ 123,444	155,380	41,772	35,123
	Balance included in:			
			Notes payable \$ 8,691	5,014
			Accounts payable 33,081	30,109
			\$ 41,772	35,123

The Company's purchase prices are not significantly different from those of non-associates, except for some of the purchase prices to related parties that are not comparable to similar products.

The payment term for the purchase from general manufacturers is 30 days for original silk and 60 days for original yarn, and the processing expenses is 60 days per month. The payment period for the Company's related parties is 60 days from the transaction date, which is not significantly different from that of manufacturers.

The interest expense and outstanding balance of the aforementioned notes payable extended by the Company to related parties are as follows:

	Interest expenses		Other payables - related parties	
	2025	2024	December 31, 2025	December 31, 2024
Associate - CHASER INNOVATION	\$ -	24	-	-

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

3. funds accommodation

The Company provides financial access to related parties in the following circumstances:

	Maximum balance		Other payables - related parties	
	2025	2024	December 31, 2025	December 31, 2024
Subsidiary - CHASER INNOVATION	\$ 6,464	-	6,464	-
Subsidiary - JETEX INVESTMENT	35,900	-	29,900	-
Subsidiary - JHsuan-Yung Energy	6,800	-	5,850	-
Subsidiary - JI-YU INVESTMENT	1,800	-	-	-
Subsidiary - CHIA HSING INVESTMENT	11,300	-	6,150	-
Associate - CHASER INNOVATION	-	20,000	-	-
Other related party - JUICY INVESTMENT	200,350	-	165,700	-
	\$ 262,614	20,000	214,064	-
Balance included in:				
Other notes payables	\$ 90,700	-	-	-
Other payables	123,364	-	-	-
	\$ 214,064	-	-	-

The company loans from subsidiaries and associates at an interest rate of 3.6% and 7%, respectively, and are all unsecured.

The Company's interest expenses on loans from related parties and their outstanding balances are as follows:

	Interest expenses		Other payables - related parties	
	2025	2024	December 31, 2025	December 31, 2024
Subsidiary - CHASER INNOVATION	\$ 1	-	1	-
Subsidiary - JETEX INVESTMENT	681	-	451	-
Subsidiary - Hsuan-Yung Energy	1	-	1	-
Subsidiary - I-YU INVESTMENT	11	-	-	-
Subsidiary - CHIA HSING INVESTMENT	111	-	111	-
Associate - CHASER INNOVATION	-	836	-	-
Other related party - JUICY INVESTMENT	1,111	-	1,019	-
	\$ 1,916	836	1,583	-

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

4. Contract construction

The Company contracted the following works to its subsidiary, MENG HUI CONSTRUCTION:

<u>Name of construction</u>	<u>December 31, 2025</u>		
	<u>Total contract price (before tax)</u>	<u>Amount charged</u>	<u>Amount not yet charged</u>
Sanshe plant and office	<u>\$ 824,898</u>	<u>168,533</u>	<u>656,365</u>

<u>Name of construction</u>	<u>December 31, 2024</u>		
	<u>Total contract price (before tax)</u>	<u>Amount charged</u>	<u>Amount not yet charged</u>
Sanshe plant and office	<u>\$ 554,686</u>	<u>-</u>	<u>554,686</u>

Construction costs charged for building Sanshe plant and office in 2025 amounted to NT\$168,533 thousand, recognized under property, plant and equipment. As of December 31, 2025, payables arising from the aforementioned transaction amounted to NT\$90,346 thousand, recognized under other payables – related parties.

As of December 31, 2025 and 2024, the balance of the unrealized gains arising from the aforementioned transactions amounted to NT\$2,184 thousand and NT\$2,059 thousand, respectively, included in the adjustments to investments accounted for using equity method in the balance sheets.

The project cost for the construction of standard plants at December 31, 2023 are included in the inventories. As of December 31, 2023, the Company had outstanding payments of NT\$14,634 thousand, which were included in notes payables – related parties, and accounts payable - related parties, respectively. As of December 31, 2024, the aforementioned amount has been paid in full.

The construction costs charged arising from the maintenance construction of the plant in Kingkong Smart Park are recognized under inventories, which amounted to NT\$25 thousand in 2024. As of December 31, 2024, the accounts payables arising from the aforementioned transactions amounted to NT\$27 thousand. There is no this kind of transaction in 2025.

The Company pays for the projects contracted to related parties in accordance with the contract and the project progress on an installment basis.

5. Property transactions

- (1) In September 2002, the Company sold 2,825 thousand shares of CHIA YUEN PROPERTY DEVELOPMENT to a subsidiary for a total consideration of NT\$20,001 thousand, which has been received. For the years ended December 31, 2025 and 2024, the deferred gain on sale was NT\$3,347 thousand, which was included in the decrease in investment accounted for using equity method.
- (2) In the first quarter of 2013 and the fourth quarter of 2012, the Company sold 13,510,579 shares and 14,604 thousand shares of CHIA YUEN PROPERTY DEVELOPMENT to subsidiaries. The transaction price is based on the net value of the latest financial report of the invested company. The prices were NT\$22,091 thousand and NT\$23,969 thousand, respectively. For the years ended December 31, 2025 and 2024, the balance of deferred sales losses arising from the transaction is NT\$3,708 thousand, which was included in the increase in investment accounted for using equity method.
- (3) In the third quarter of 2013, the Company sold 49,788 thousand shares of CHIA HSING INVESTMENT to subsidiaries. The transaction price is based on the net value of the latest financial report of the invested company. The price was NT\$22,433 thousand. For the years ended December 31, 2025 and 2024, the balance of deferred sales profits arising from the transaction is NT\$7,600 thousand, which was included in the decrease in investment accounted for using equity method.
- (4) In the fourth quarter of 2013, the Company sold 3,500 thousand shares of I-YU INVESTMENT to subsidiaries. The transaction price is based on the net value of the latest financial report of the invested company. The price was NT\$15,002 thousand. For the years ended December 31, 2025 and 2024, the balance of deferred sales profits arising from the transaction is NT\$1,711 thousand,

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

which was included in the decrease in investment accounted for using equity method.

- (5) The Company sold machinery equipment to Chia Her Mexico in 2024, with total amount of NT\$598 thousand. As of December 31, 2024, the receivables arising from the aforementioned transaction have been collected in full. There is no this kind of transaction in 2025.

6. Lease

The rental income received by the Company from the lease of land and plant to related parties is as follows:

	Rental income	
	2025	2024
Subsidiaries - JETEX INVESTMENT	\$ -	1,444
Subsidiaries - Hsuan-Yung Energy	118	6
Associate - CHASER INNOVATION	4,900	20,352
Subsidiary - CHASER INNOVATION	4,561	-
	\$ 9,579	21,802

As of December 31, 2025 and 2024, the rentals collected in advance arising from the aforementioned transactions amounted to NT\$6,082 thousand and NT\$3,283 thousand, respectively, which were included under other current liabilities.

As of December 31, 2025 and 2024, the guaranteed deposits received for the aforementioned transactions amounted to both NT\$4 thousand, which were included under other non-current liabilities.

7. Endorsement guarantee

As of December 31, 2025, the amount guaranteed for the subsidiary, CHASER INNOVATION's bank borrowings was NT\$30,000 thousand. There is no this kind of transaction in 2024.

8. Others

- (1) The outstanding balances of miscellaneous expenses, rentals, decoration project, management fees, utilities, transportation costs, support staff salaries and discounts on construction costs incurred by the Company on behalf of its related parties in connection with its operations are as follows:

	Other receivables - related parties	
	December 31, 2025	December 31, 2024
Associate	\$ -	1,517
Subsidiary	709	-
	\$ 709	1,517

- (2) The unsettled balances details of miscellaneous expenses, rent discounts and support staff salaries and customer service payments incurred by related parties in connection with the Company's operations are as follows:

	Other payables - related parties	
	December 31, 2025	December 31, 2024
Associate - CHASER INNOVATION	\$ -	227
Subsidiaries	558	237
	\$ 558	464

- (3) The amount of cash dividends receivables is as follows:

	Other receivables - related parties	
	December 31, 2025	December 31, 2024
Associate - CHASER INNOVATION	\$ -	50,347

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

(4) The cash dividends received from related parties are as follows:

	2025	2024
Associate—MENG HUI CONSTRUCTION	\$ 3,547	4,731
Associate—CHASER INNOVATION	-	10,279
Subsidiary—CHASER INNOVATION	5,438	-
	<u>\$ 8,985</u>	<u>15,010</u>

(5) The Company's loans from financial institutions as of December 31, 2025 and 2024 are guaranteed jointly and severally by key management personnel of the Company in accordance with the requirements of certain loan contracts. The guarantee handling fees paid to key management personnel for the provision of joint and several guarantees amounted to NT\$5,607 thousand and NT\$5,567 thousand in 2025 and 2024, respectively, and have been fully paid.

(6) Revenue arising from providing technical and consulting services to the subsidiary, CHASER INNOVATION in 2025 amounted to NT\$1,667 thousand, recognized under other gains and losses. As of December 31, 2025, unearned receipts for the aforementioned transaction amounted to NT\$15,476 thousand, recognized under other current liabilities. There is no this kind of transaction in 2024.

(III) Key management personnel compensation

	2025	2024
Short-term employee benefits	\$ 11,862	13,255
Post-employment benefits	65	53
	<u>\$ 11,927</u>	<u>13,308</u>

On December 31, 2025 and 2024, the Company provided vehicles at a cost of both NT\$1,027 thousand each for the key management to use.

VIII. Pledged assets

The details of the carrying amount of the pledged assets by the Company are as follows:

Name of assets	Marked of pledge guarantee	December 31, 2025	December 31, 2024
Restricted cash and bank deposits (included in other financial assets - current)	Short-term borrowings and pre-sale buildings price trust	\$ 51,799	67,671
Financial assets at fair value through other comprehensive income - current	Short-term borrowings	128,969	99,197
Financial assets at fair value through other comprehensive income - non-current	Long-term borrowings (including current portion)	274,840	211,394
Investments accounted for using equity method	Purchase performance guarantee	-	21,834
Land, machinery equipment, transportation equipment and other equipment	Short-term and long-term borrowings (including current portion)	1,852,089	1,313,267
Inventories - Buildings and land held for sale	Short-term borrowings	-	97,621
Investment properties - Land, buildings and structures	Short-term and long-term borrowings (including current portion)	1,151,380	1,482,626
Guaranteed deposits paid	Provisional attachment by the court, and long-term borrowings (including current portion)	10,500	122,802
		<u>\$ 3,469,577</u>	<u>3,416,412</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

IX Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments

1. The Company's unrecognized contractual commitments are as follows:

	December 31, 2025	December 31, 2024
Deposit guarantee notes opened for the performance of purchase transactions and industrial consulting plans	<u>\$ 89,980</u>	<u>104,425</u>

2. Letters of credit issued but not used by the Company:

	December 31, 2025	December 31, 2024
Unused letters of credit issued	<u>\$ 28,041</u>	<u>44,975</u>

3. As of December 31, 2025 and 2024, the total contracted price for the equipment ordered for operation and construction of Shanshe plant and office was NT\$870,804 thousand and NT\$610,545 thousand, respectively, with payments of NT\$196,273 thousand and NT\$40,868 thousand, respectively, and unaccrued amounts of NT\$674,531 thousand and NT\$569,868 thousand, respectively.

X. Major disaster losses: None.

XI. Significant subsequent events: None.

XII. Others

The employee benefit, depreciation and amortization expense functions are summarized as follows:

Function Nature	2025			2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	281,958	145,481	427,439	301,973	146,696	448,669
Labor and health insurance expenses	27,864	15,382	43,246	25,845	14,245	40,090
Pension expenses	11,893	7,421	19,314	12,209	7,140	19,349
Directors' and supervisors' remuneration	-	4,584	4,584	-	7,346	7,346
Other employee benefit expenses	14,752	9,949	24,701	15,548	10,557	26,105
Depreciation expenses	159,963	28,854	188,817	149,084	25,604	174,688
Amortization expenses	-	-	-	-	-	-

The Company's additional information on the number of employees and employee welfare expenses for fiscal 2025 and 2024 is as follows:

	2025	2024
Number of employees	<u>849</u>	<u>800</u>
Number of directors who are not also employees	<u>10</u>	<u>7</u>
Average employee welfares expenses	<u>\$ 614</u>	<u>673</u>
Average employee salaries expenses	<u>\$ 510</u>	<u>566</u>
Adjustments to average employee salary expenses	<u>(9.89)%</u>	<u>10.33%</u>
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

The information of the Company's remuneration policies (including directors, managerial employees, etc.) is as follows:

- (I) Description of employee compensation policy
Based on stable operations, the Company reviews its existing salary structure annually and compares it with external information, including salary information of non-executive employees published by the Stock Exchange and salary survey reports of consulting firms. The Company conducts salary surveys with the local manufacturing industry in Tainan for all levels of employees to understand the difference between the salaries of existing employees and the starting salaries of external employees, and appropriately adjusts the salaries of existing employees and the starting salaries of new employees to increase the competitiveness of talent retention and talent recruitment.
- (II) Description of the remuneration policy for directors and managerial officers
The Company's directors and managers are evaluated in accordance with the Board of Directors' Performance Evaluation Regulations (for directors) and the CHIA HER INDUSTRIAL Appraisal Regulations (for managerial officers) for setting annual work objectives and achieving performance targets, and then set appropriate individual compensation amounts based on their personal performance, the Company's operating performance and the reasonableness of the risks involved, the limit is based on industry support levels and risk considerations.

XIII. Other disclosures

- (I) Information on significant transactions

In accordance with the Guidelines Governing the Preparation of Financial statements by Securities Issuers, the Company should disclose the following information about major transactions in fiscal 2025:

1. Loans to others:

Expressed in thousands of NTD

No.	Creditor	Borrower	Account (Note 5)	Related party	Max. amount during the period	Ending balance	Actual usage amount	Interest rate interval	Nature of fund financing	Business transaction amount	Reason for short-term fund financing	Amount of loss allowance provided	Collateral		Limitation on fund financed to a single entity	Limitation on total fund financing
													Name	Value		
1	JETEX INVESTMENT	The Company	Other receivables – related parties	Y	35,900	29,900	29,900	3.6%	Short-term fund financing	-	Operating turnover	-	None	-	61,697 (Note 1)	123,394 (Note 1)
2	CHIA HSING INVESTMENT	The Company	Other receivables – related parties	Y	6,150	6,150	6,150	3.6%	Short-term fund financing	-	Operating turnover	-	None	-	5,686 (Note 2)	5,686 (Note 2)
3	CHASER INNOVATION	The Company	Other receivables – related parties	Y	6,464	6,464	6,464	3.6%	Short-term fund financing	-	Operating turnover	-	None	-	6,059 (Note 3)	24,236 (Note 3)
4	Hsuan-Yung Energy	The Company	Other receivables – related parties	Y	5,850	5,850	5,850	3.6%	Short-term fund financing	-	Operating turnover	-	None	-	5,604 (Note 2)	5,604 (Note 2)
5	I-YU INVESTMENT	The Company	Other receivables – related parties	Y	1,800	-	-	3.6%	Short-term fund financing	-	Operating turnover	-	None	-	32,955 (Note 1)	65,910 (Note 1)

Note 1: In accordance with the operational procedures of loans to others of JETEX INVESTMENT and I-YU INVESTMENT, limitation on total fund financing is 40% of net worth, and limitation on fund financed to a single entity is 20% of net worth, and the period shall not exceed 1 year.

Note 2: In accordance with the operational procedures of loans to others of CHIA HSING INVESTMENT, limitation on total fund financing and limitation on fund financed to a single entity are both 40% of net worth, and the period shall not exceed 1 year.

Note 3: In accordance with the operational procedures of loans to others of CHASER INNOVATION, limitation on total fund financing is 40% of net worth, and limitation on fund financed to a single entity is 10% of net worth, and the period shall not exceed 1 year.

Note 4: The aforementioned net worth is the amount in the financial statements audited by CPA in the most recent period.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

2. Endorsement for others:

No.	Name of the endorsement guarantor	Endorsement guarantee		Limitation on endorsement guarantee provided to a single entity	Max. balance of endorsement guarantee in current period	Ending balance of endorsement guarantee	Actual usage amount	Amount of endorsement guarantee secured by properties	Ratio of accumulated endorsement guaranteed amount accounting for net worth of the financial statements in the most recent period	Limitation on max. endorsement guarantee amount	Endorsement guarantee provided by parent company to subsidiary	Endorsement guarantee provided by subsidiary to parent company	Endorsement guarantee provided to Mainland China
		Company name	Relationship										
1	The Company	CHASER INNOVATION	(Note)	127,115 (10% of the Company's paid-in capital)	30,000	30,000	30,000	-	1.32 %	254,229 (20% of the Company's paid-in capital)	Y	-	-

Note: subsidiary directly held by over 50% of the equity.

3. Significant marketable securities held at end of period (excluding investment subsidiaries, associates and joint venture equity):

Companies held	Type and name of marketable securities	Relationship with the issuer of negotiable securities	Account	End of the period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair Value	
The Company	Shares of TS Financial Holding Co., Ltd.- ordinary shares	-	Financial assets at fair value through other comprehensive income - current	5,649,955	115,259	-	115,259	The number of pledged shares is 5,679 thousand.
The Company	Shares of TS Financial Holding Co., Ltd.- ordinary shares	-	Financial assets at fair value through other comprehensive income – non-current	12,038,710	245,590	-	245,590	The number of pledged shares is 12,039 thousand.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

4. Purchase and sale with stakeholders amounting to at least NT\$100 million or 20% of the paid-in capital:

Purchase (sales) companies	Trading objects	Relationship	Transaction situation				Situation and reasons for the difference between transaction conditions and general transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sales)	Amount	Ratio of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio of total notes and accounts receivable (payable)	
The Company	CHASER INNOVATION	Subsidiary	Purchase	122,392	11 %	Monthly settlement of 90 days	None	None	(41,266)	18 %	

5. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Company with receivables	Name of counterparty	Relationship	Balance of receivables from related party (Note)	Turnover	Overdue receivables from related party		Receivables from related party collected in subsequent period	Amount of loss allowance
					Amount	Treatment		
The Company	CHIA HER MEXICO	Sub-subsidiary	151,866	0.09%	151,866	Keep tracking	2,010	-

(II) Information on investees:

Information on the Company's re-invested enterprises in fiscal 2025 are as follows (excluding Mainland China invested companies):

1. Name of invested company, location... and other related information:

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

Investment Company Name	Name of invested company	Location	Main business items	Original investment amount		Holding at the end of the period			Profit (loss) of invested company for the period	Investment profit (loss) recognized in the period	Remarks
				End of the period	End of last year	No. of shares	Ratio	Carrying amount			
The Company	CHIA YUEN PROPERTY DEVELOPMENT	9F, No. 1-43, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Entrust construction companies to build public housing and business building for sale and rental, indoor decoration, and manufacturing and sale of building materials	8,978	8,978	1,000,000	1.15%	161,806	29,498	160,150	
The Company	I-GENE INTERNATIONAL	No. 1-43, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Wholesale and retail sale, trading, import and export of food, merchandise, textiles, chemical materials, machinery; monitoring and communication equipment business.	11,030	11,030	2,382,350	79.41%	(2,707)	232	184	)
The Company	I-YU INVESTMENT	No. 1-43, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	78,678	78,678	11,738,588	57.31%	117,336	2,655	24,002	
The Company	JETEX INVESTMENT	No. 1-43, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Investment.	604,523	604,523	41,456,745	97.47%	303,464	1,885	13,993	
The Company	MENG HUI CONSTRUCTION	21F, No. 1-145, Zhonghua Road, Shengli Vil., Yong-Kang District, Tainan City, Taiwan	Civil and construction project contracting	27,925	27,925	4,257,457	11.83%	165,858	103,756	10,902	
The Company	CHASER INNOVATION	No. 207 Sanshe, Sanshe Vil., Xinshi Dist., Tainan City	Textile, chemical Materials, property business	37,967	879	3,883,905	88.63%	55,052	(730)	1,002	
The Company	Chia Her International Co., Ltd	B.V.I.	General investment	37,184 (USD 1,170 thousand)	25,458 (USD 800 thousand)	50,000	100.00%	(83,139)	(54,960)	(54,960)	
The Company	Hsuan-Yung Energy	1 F., No. 533, Fuxing Rd., Shanshe Li, Xinshi Dist., Tainan City	Contraction and technology services of energy power generation equipment engineering	15,000	15,000	1,500,000	100.00%	14,078	(830)	(795)	

(III) Information on investees in Mainland China: None.

Notes to the Parent Company Only Financial Statements of CHIA HER INDUSTRIAL CO., LTD. (continued)

XIV. Segment information

Please refer to the 2025 Consolidated Financial statements for detailed information on the operating department.

CHIA HER INDUSTRIAL CO., LTD.

Cash and cash equivalents statement

December 31, 2025

Unit: NT\$ thousand

<u>Item</u>	<u>Abstract</u>	<u>Amount</u>
Cash	Cash in hand (Note)	\$ 593
	Petty cash	614
		<u>1,207</u>
Bank deposits	Check deposits	7
	Current deposits (Note)	<u>38,033</u>
		<u>38,040</u>
		<u><u>\$ 39,247</u></u>

Note: Foreign currency cash on hand and bank deposits have been translated at the exchange rate as of December 31, 2025:

US\$1 = NT\$31.430

Financial assets at fair value through other comprehensive income - current statement

<u>Name of financial Commodity</u>	<u>Abstract</u>	<u>Number of shares or sheets</u>	<u>Face value</u>	<u>Total amount</u>	<u>Acquisition cost</u>	<u>Unit price</u>	<u>Fair Value Total amount</u>	<u>Remarks</u>
Shares:								
TAITA CHEMICAL	Listed	1,176	\$10	12	4	11.15	13	None
TS Holdings – ordinary shares	Listed	5,649,955	10	56,500	92,094	20.40	115,259	Note 1
TS Holdings – preferred shares	Listed	1,471,342	10	<u>14,713</u>	<u>13,242</u>	9.33	<u>13,728</u>	Note 2
Total				<u><u>\$ 71,225</u></u>	<u><u>105,340</u></u>		<u><u>129,000</u></u>	

Note 1: The number of pledged shares is 5,649 thousand.

Note 2: The number of pledged shares is 1,471 thousand.

CHIA HER INDUSTRIAL CO., LTD.

Notes receivable statement

December 31, 2025

Unit: NT\$ thousand

<u>Name of customers</u>	<u>Abstract</u>	<u>Amount</u>
LIFE TOWEL INDUSTRIAL CORPORATION	Notes received for sales	\$ 1,922
YI TIAN NIAN BAI CAO TANG CO., LTD.	"	233
HORNG CHE ENTERPRISE CO., LTD.	"	150
Others (the balance of each account does not exceed 5% of the balance of this item)	"	<u>204</u>
		<u><u>\$ 2,509</u></u>

Accounts receivable statement

<u>Name of customers</u>	<u>Abstract</u>	<u>Amount</u>
Accounts receivable - related parties:		
Chia Her Mexico, S. De R.L DE C.V.	Receivables arising from sales	<u><u>\$ 151,866</u></u>
Accounts receivable - non-related parties:		
Company A	Receivables arising from sales	45,619
Company B	"	29,528
Company C	"	18,367
Company D	"	12,540
Company E	"	10,926
Company F	"	9,565
Others (the balance of each account does not exceed 5% of the balance of this item)	"	<u>57,056</u>
		183,601
Less: Allowance for losses		<u>59,019</u>
		<u><u>\$ 124,582</u></u>

CHIA HER INDUSTRIAL CO., LTD.

Inventory statement

December 31, 2025

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>	
	<u>Cost</u>	<u>Net realizable value</u>
Finished products	\$ 811,408	651,837
Work-in-process products	537,773	456,033
Raw material	208,020	206,937
Material	15,147	15,137
	1,572,348	
Less: Allowance for decline in value and doubtful loss	242,404	
	<u>\$ 1,329,944</u>	

CHIA HER INDUSTRIAL CO., LTD.

Financial assets at fair value through other comprehensive income - non-current statement

January 1 to December 31, 2025

Unit: NT\$ thousand

Name of invested company	Beginning balance		Increase in the current period		Decrease in the current period		Valuation profits or losses on financial assets at fair value through other comprehensive income	Ending balance		Providing guarantee or pledge
	No. of shares	Carrying amount	No. of shares	Amount	No. of shares	Amount		No. of shares	Amount	
Shares:										
I-HWA INDUSTRIAL CO., LTD.	2,375	\$ 36	-	-	-	-	(5)	2,375	31	None
Shin Kong Financial Holding Co., Ltd.	17,914,746	211,394	-	-	17,914,746	(211,394)	-	-	-	None
TS Financial Holding Co., Ltd. – ordinary shares	-	-	12,038,7	196,231	-	-	49,359	12,038,710	245,590	Note 1
TS Financial Holding Co., Ltd. – preferred shares	-	-	3,135,0	28,216	-	-	1,034	3,135,081	29,250	Note 2
HONG CHUNG CONSTRUCTION CO., LTD.	64,289	-	-	-	-	-	-	64,289	-	None
CHUNG SHING TEXTILE CO, LTD.	32,100	-	-	-	-	-	-	32,100	-	None
Ho Chi Tong Investment Co.	8,052	-	-	-	-	-	-	8,052	-	None
P.P. CREATIVE LIFE COMPANY LIMITED	1,000,000	-	-	-	-	-	-	1,000,000	-	None
EVER BRIGHT OPTOELECTRONICS CO., LTD.	547,826	-	-	-	-	-	-	547,826	-	None
Techgains Pan-Pacific Corp.	300,000	-	-	-	-	-	-	300,000	-	None
		<u>\$ 211,430</u>		<u>224,447</u>		<u>(211,394)</u>	<u>50,388</u>		<u>274,871</u>	

Note 1: The number of pledged shares is 12,039 thousand.

Note 2: The number of pledged shares is 3,135 thousand.

CHIA HER INDUSTRIAL CO., LTD.

Changes in Investment Accounted for Using equity method

January 1 to December 31, 2025

Unit: NT\$ thousand

Invested company	Beginning balance			Additions (Note 1)		Reductions (Note 2)		Ending balance			Market price or net equity		Providing guarantee or pledge
	Number of shares	Shareholding ratio	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total value	
Investments accounted for using equity method:													
CHIA YUEN PROPERTY DEVELOPMENT CO., LTD.	1,000,000	1.15 %	\$ 1,656	-	160,150	-	-	1,000,000	1.15%	161,806	161.81	161,806	None
I-YU INVESTMENT CO., LTD.	11,738,588	57.31 %	93,392	-	24,002	-	(480)	11,738,588	57.31%	116,914	9.96	116,914	None
JETEX INVESTMENT CO., LTD.	41,456,745	97.47%	299,950	-	13,993	-	(1,107)	41,456,745	97.47%	312,836	7.55	312,836	None
MENG HUI CONSTRUCTION CO., LTD.	3,547,881	11.83 %	51,215	709,576	120,368	-	(3,541)	4,257,457	11.83%	168,042	39.47	168,042	None
CHASER INNOVATION CO., LTD.	1,470,937	33.56%	21,834	2,412,968	38,118	-	(4,900)	3,883,905	88.63%	55,052	14.17	55,052	None
Hsuan-Yung Energy Technology Co., Ltd.	1,500,000	100.00 %	<u>14,873</u>	-	<u>(795)</u>	-	<u>-</u>	1,500,000	100.00%	<u>14,078</u>	9.39	14,078	None
Subtotal			<u>482,920</u>		<u>355,836</u>		<u>(10,028)</u>			<u>828,728</u>			
Less: Net deferred gains on disposal			8,950	-	-	-	-			8,950	-	-	
Unrealized profits - MENG HUI			<u>2,059</u>	-	<u>125</u>	-	<u>-</u>			<u>2,184</u>	-	-	None
			<u>\$ 471,911</u>		<u>355,711</u>		<u>(10,028)</u>			<u>\$ 817,594</u>			
Credit element of investments accounted for using equity method:													
I-GENE INTERNATIONAL CO., LTD.	2,382,350	79.41 %	\$ (2,891)	-	184	-	-	2,382,350	79.41%	\$ (2,707)	(1.14)	(2,707)	None
Chia Her International Co., LTD	50,000	100.00%	<u>(17,622)</u>	-	<u>(35,216)</u>	-	<u>(141)</u>	50,000	100.00%	<u>(52,979)</u>	(1,059.58)	(52,979)	None
Subtotal			<u>(20,513)</u>		<u>(35,032)</u>		<u>(141)</u>			<u>(55,686)</u>			
Less: unrealized sales gross profit			<u>31,844</u>		<u>(1,684)</u>		<u>-</u>			<u>30,160</u>			
			<u>\$ (52,357)</u>		<u>(33,348)</u>		<u>(141)</u>			<u>(85,846)</u>	(Note 3)		

Note 1:

Additions of long-term equity investments include net gains on investments of NT\$154,478 thousand, acquisition of subsidiaries by cash investments of NT\$56,831 thousand (including prepayments for investments of NT\$8,019 thousand transferred to investment accounted for using equity method), remeasurement of gains on disposal of investments of NT\$109,370 thousand, and unrealized gross profit from sales of NT\$1,684 thousand.

Note 2:

Reductions of long-term equity investments include adjustments for capital surplus of NT\$505 thousand, cash dividend of NT\$8,985 thousand, , and other comprehensive loss recognized by equity method of NT\$679 thousand.

Note 3:

Recognized under other non-current liabilities.

CHIA HER INDUSTRIAL CO., LTD.

Short-term borrowings statement

December 31, 2025

Unit: NT\$ thousand

Types of borrowing	Specify details	Ending balance	Contract period	Annual interest rate range	Financing limit	Collateral or guarantee
Secured loans	Taiwan Business Bank	\$ 350,000	Within 1 year	3.125%	350,000	Land and buildings
"	First Business Bank, Tainan Branch	85,938	Within 1 year	3.225%~3.245%	178,000	7,120 thousand shares of TS Holdings
"	Chang Hwa Business Bank, West Tainan Branch	30,000	Within 1 year	2.825%~3.185%	30,000	Land
Unsecured loans	Bank SinoPac	20,000	Within 1 year	2.945%	20,000	None
"	Hua Nan Bank	50,000	Within 1 year	2.951%	50,000	None
"	Taishin Bank	30,000	Within 1 year	2.66%	50,000	None
Purchase of material for borrowing	First Business Bank, Tainan Branch	57,503	Within 1 year	5.095%~5.603%	62,860	None
"	Taiwan Business Bank	171,596	Within 1 year	3.225%	300,000	Land and buildings
"	Taiwan Business Bank	23,776	Within 1 year	5.739%~6.109%	300,000	None
"	TAICHUNG COMMERCIAL BANK, Yongkang Branch	78,431	Within 1 year	3.13%	400,000	None
PO borrowing	TAICHUNG COMMERCIAL BANK, Yongkang Branch	103,960	Within 1 year	3.13%	165,000	None
Non-financial borrowing	Chailease Finance Co., Ltd.	<u>20,651</u>	Within 1 year	5.495%	35,000	Guaranteed deposits paid of NT\$1,000 thousand
		<u>\$1,021,855</u>				

Short-term bills payables statement

Types of borrowing	Specify details	Ending balance	Contract period	Annual interest rate range	Financing limit	Collateral or guarantee
Credit loan	China Bills Finance Corporation	<u>\$ 30,000</u>	Within 1 year	1.55%	30,000	None

CHIA HER INDUSTRIAL CO., LTD.**Notes payables statement****December 31, 2025****Unit: NT\$ thousand**

Name of suppliers	Abstract	Amount
Related party:		
CHASER INNOVATION CO., LTD.	Notes issued for purchase and processing expenses	<u><u>\$ 8,691</u></u>
Non-related party:		
FWU CHI ENTERPRISE CO., LTD.	Notes issued for purchases and expenses	\$ 1,800
Rui Xin Motor Freight Co., Ltd.	Notes issued for expenses	1,704
Others (the balance of each account does not exceed 5% of the balance of this item)	Bills issued for purchase and expenses	<u>23,636</u>
		<u><u>\$ 27,140</u></u>

Accounts payable statement

Name of suppliers	Abstract	Amount
Stakeholders:		
CHASER INNOVATION CO., LTD.	Payables arising from purchases and processing expenses	\$ 32,576
I-GENE INTERNATIONAL CO., LTD.	Payables arising from purchases	505
		<u><u>\$ 33,081</u></u>
Non-related party:		
HSIN JUNG FIBER INDUSTRY CO., LTD.	Payables arising from purchase	\$ 14,224
YEONG HSUENN ENTERPRISE CO., LTD.	"	12,778
JINTEX CORPORATION LTD.	"	10,493
GOLDEN-KING DYE CO., LTD.	"	8,713
Tung Ho Textile Co., Ltd.	"	8,277
Others (the balance of each account does not exceed 5% of the balance of this item)	"	<u>102,872</u>
		<u><u>\$ 157,357</u></u>

CHIA HER INDUSTRIAL CO., LTD.

Other payable statement

December 31, 2025

Unit: NT\$ thousand

Item	Abstract	Amount
Other payables - related parties:		
MENG HUI CONSTRUCTION CO., LTD.	Expenditures, including construction expenses, etc.	\$ 90,346
CHASER INNOVATION CO., LTD.	Fund financing, interests, and payment on behalf of others	7,006
JETEX INVESTMENT CO., LTD.	Fund financing and interests	30,351
Hsuan-Yung Energy Technology Co., Ltd.	//	5,851
CHIA HSING INVESTMENT CO., LTD.	//	6,261
JUICY INVESTMENT CO., LTD.	//	76,019
I-GENE INTERNATIONAL CO., LTD.	Payment on behalf of others	17
		\$ 215,851
Other payables:		
Service expenses		\$ 70,000
Payroll expenses	Salary, year-end bonuses and non-vacation bonuses	49,348
Fuel expenses		19,955
Freight		15,737
Water and electricity expenses		62,320
Others (not exceed 5% of the balance of this item)		\$ 217,360

Leasing liability statements

Item	Abstract	Lease period	Discount rate	Amount
Land	National land	2025.07.01-2027.12.31	2.82%	\$ 636
Buildings and structures	Offices and plants	2012.12.01-2032.05.31	2.00%~3.3%	168,612
Other equipment	Waste water treatment equipment	2017.12.01-2027.11.30	2.00%~4.50%	74,820
				\$ 244,068

CHIA HER INDUSTRIAL CO., LTD.

Long-term loans and long-term liability due within one year or one business cycle statement

December 31, 2025

Unit: NT\$ thousand

		<u>Borrowing amount</u>				
Loan bank	Abstract	Due within one year	Due in more than one year	Term of contract	Annual interest rate	Collaterals
Taiwan Business Bank	Chattel mortgage loans Interest is paid monthly and the principal is repayable in 59 installments of NT\$2,000 thousand from November 2021, and the remaining balance of the loan is fully repaid at the end of the loan period.	\$ 30,000	45,500	115.10.8	3.225%	15,174 thousand shares of TS Holdings
Taiwan Business Bank	Property mortgage loans Interest is paid monthly and the principal is repaid monthly from the date of appropriation. The remaining balance of the loan is repaid in full at the end of the loan period.	27,465	1,160,895	118.06.15	2.2%~2.825%	Land and buildings
Taiwan Business Bank	Property mortgage loans Interest is paid monthly and the principal is repaid monthly from the date of appropriation. The remaining balance of the loan is repaid in full at the end of the loan period.	-	69,292	124.07.15	2.22%	Land and buildings
Taiwan Business Bank	Chattel mortgage loans Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	72,864	59,912	116.11.15	2.2%~3.225%	Machinery equipment
TAICHUNG COMMERCIAL BANK, Tainan Branch	Chattel mortgage loans Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	6,376	19,185	118.10.29	3.13%	-
First Business Bank, Tainan Branch	The loan from the Credit Insurance Fund bears monthly interest and the principal is repayable in 48 monthly installments starting from the year following the grant date.	7,567	-	115.6.29	3.175%	-
Bank of Kaohsiung	Chattel mortgage loan Interest is paid monthly and the principal is repaid monthly from the date of appropriation. The remaining balance of the loan is repaid in full at the end of the loan period.	240	3,200	121.4.18	2.8%	Machinery equipment
Bank of Kaohsiung	Credit loan Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	60	800	121.4.18	4.05%	-
Risheng International Leasing Co.	Financed loans for sale and repurchase of finished fabrics Interest is paid monthly and the principal is repaid in 18 monthly installments beginning in January 2024.	15,884	4,116	116.3.1	5.918%	-
Shinshin Credit Corporation	Financed loans for sale and repurchase of finished fabrics Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	29,674	15,326	116.6.5	5.25%~5.49%	Guaranteed deposits paid of NT\$6,500 thousand
Taichung Bank Leasing Corporation Limited	Financed loans for sale and repurchase of finished fabrics Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	3,658	-	115.1.1	4.443%	-
IBF Financial Holdings Co., Ltd.	Financed loans for sale and repurchase of finished fabrics Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	51,995	29,764	116.8.5	5.6%	-
CTBC Finance Co., Ltd.	Financed loans for sale and repurchase of finished fabrics Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	9,804	8,618	116.10.27	5.956%	-
SinoPac Leasing Corporation	Financed loans for sale and repurchase of finished fabrics Interest is paid monthly and the principal is repaid monthly from the date of appropriation.	23,943	4,120	116.2.17	5.492%	-
		\$ 279,530	1,420,728			

CHIA HER INDUSTRIAL CO., LTD.

Operating revenue statement

January 1 to December 31, 2025

Item	Abstract	Amount
Yarn dyed fabric	6,169,878.5 yards	\$ 740,976
Filament fabric	6,582,515.5 yards	1,177,466
Woolen yarn	395,535.3 yards	67,333
Cotton yarn	636.0 yards	38,931
Finished fabric	958,94.0 pcs	3,240
OEM income		<u>105,283</u>
Sales income		2,133,229
Less : Sales discount		25,481
Sales return	33,737.0 yards	5,515
OEM discount		<u>151</u>
Net sales income		<u>2,102,082</u>
Lease income		<u>15,208</u>
Revenue from buildings and land		<u>160,341</u>
		<u><u>\$ 2,277,631</u></u>

CHIA HER INDUSTRIAL CO., LTD.

Statement of operating costs

January 1 to December 31, 2025

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u>
Manufacturing:	
Beginning raw materials	\$ 199,669
Add: Net purchase for this period	530,072
Processing expenses	10,314
Net inventory physical gains	2
Less: Ending raw materials	208,020
Sales	11,096
Transferred to expenses	640
Direct raw material consumption	520,301
Beginning materials	16,794
Add: Net purchase for this period	329,037
Less: Ending materials	15,147
Sales	7
Transferred to expenses	85,750
Material consumption	244,927
Direct labor	226,638
Manufacturing expenses	684,303
Manufacturing costs	1,676,169
Add: Work-in-process products at the beginning of the period	553,629
Purchased in this period	142,967
Processing expenses	122,432
Less: Work-in-process products at the end of the period	537,773
Sales	13,471
OEM costs	30,070
Transferred to expenses	603
Net inventory physical losses	345
Finished products costs	1,912,935
Add: Finished products at the beginning of the period	754,566
Purchased in this period	1,478
Processing expenses	3,210
Less: Finished products at the end of the period	811,408
Transferred to expense	22,474
Transferred to other expenses	625
Costs of self-made goods sold	1,837,682
Add: Sales of raw materials and work-in-process products	24,574
OEM costs	30,070
Inventory physical losses transferred to costs of goods sold	343
Loss for market price decline and obsolete and slow-moving inventories	94,000
Less: Income from sale of leftovers	4,039
Subtotal of costs of goods sold	1,982,630
Construction:	
Land and buildings costs	96,435
Total operating cost	\$ 2,079,065

CHIA HER INDUSTRIAL CO., LTD.**Statement of marketing expenses****January 1 to December 31, 2025****Unit: NT\$ thousand**

Item	Summary	Amount
Service expenses		\$ 66,667
Payroll	Payroll and pension, etc.	37,882
Freight	Freight for sales	22,178
Advertising expenses	Advertising expenses	24,143
Others (not exceed 5% of the balance of this item)	Exporting expenses, and insurance expenses, etc.	34,369
Total		<u><u>\$ 185,239</u></u>

Statement of administrative expenses

Item	Summary	Amount
Payroll	Payroll and pension, etc.	\$ 68,256
Service expenses	Attorney, consulting expenses, and certification expenses, etc.	21,255
Depreciation		19,352
Entertainment expenses	Entertainment expenses	11,481
Others (not exceed 5% of the balance of this item)	Taxes, and insurance expenses, etc.	72,022
Total		<u><u>\$ 192,366</u></u>

CHIA HER INDUSTRIAL CO., LTD.

Statement of research and development expenses

January 1 to December 31, 2025

Unit: NT\$ thousand

Item	Summary	Amount
Payroll	Payroll and pension, etc.	\$ 46,765
Insurance expenses	Labor and health insurance expenses, etc.	5,121
Depreciation		4,131
Others (not exceed 5% of the balance of this item)	Training expenses, labor and health insurance expenses, and meal expenses, etc.	<u>10,367</u>
Total		<u><u>\$ 66,384</u></u>

Please refer to Note 6 (7) to the financial report for a detailed statement of changes in Property, Plant, and Equipment

Please refer to Note 6 (8) to the financial report for a detailed statement of changes in right-of-use assets

Please refer to Note 6 (9) to the financial report for the detailed statement of changes in investment property

Please refer to Note 6 (14) to the financial report for the detailed statement of deferred income tax liabilities

Please refer to Note 6 (3) (4) to the financial statements for the statement of details of expected credit loss.

Please refer to Note 6 (20) to the financial report for a detailed statement of non-operating income and expenses