

CHYANG SHENG TEXING CO., LTD.

**(formerly known as CHYANG SHENG DYEING &
FINISHING CO., LTD.)**

PARENT COMPANY ONLY FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

Address: No. 126, Dagong Rd., Dayuan Dist, Taoyuan City
Telephone: (03)386-7661

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Chyang Sheng Texing Co., Ltd.:

Opinion

We have audited the financial statements of Chyang Sheng Texing Co., Ltd. ("the Company"), which comprise the balance sheet as of December 31, 2025 and 2024, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying 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 in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Investments accounted for using equity method

Refer to Note 4(h) "Investment in associates" and 4(i) "Investment in subsidiaries" to the financial statements.

Description of key audit matter:

The real estate development business of Progiat Construction & Development Corporation, a subsidiary accounted for using the equity method, was completed this year and reclassified as properties held for sale. Revenue was recognized this period from the sale of these properties held for sale, which has a significant impact on the subsidiary's operating results, therefore, the accountant recorded it as the key audit matter.

For the above key audit matter, specifically regarding the recognition of revenue from the handover of real estate by the real estate development business, our principal audit procedures included: understanding the handover process and obtaining the handover checklist; verifying the transaction parties and prices against the sales contracts, and sampling receipt proofs; reviewing the transfer certificates or handover certificates.

2. Impairment of non-financial assets

Please refer to Note 4(m) for “Impairment– nonderivative financial assets”; note 5 for “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”; and note 6(g) for impairment assessment of property, plant and equipment.

Description of key audit matter:

The Company has long been engaged in fabric dyeing and finishing operations. As market conditions continue to change, certain existing equipment may no longer generate sufficient future economic benefits or recoverable amounts due to possible obsolescence or idle production capacity. Therefore, the assessment of long-term non-financial asset impairment is particularly important because it involves significant management judgment and is subject to a high degree of estimation uncertainty. Thus, we have considered it as one of our key audit matters.

Our principal audit procedures included: assessing whether the management had appropriately identified indicators of possible impairment for existing production facilities and other internal or external impairment factors, and whether all assets requiring impairment testing had been comprehensively evaluated; understanding whether the assumptions used by the management in estimating the recoverable amounts and fair values were consistent with the applicable IASs; analyzing the valuation methods used and whether they were appropriately applied; reviewing the valuation reports prepared by external experts engaged by management; as well as evaluating whether the valuation methods, data sources, and key assumptions used in those reports were reasonable.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2026

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Balance Sheets

December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024				December 31, 2025		December 31, 2024	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 55,843	2	97,799	3	2181	Notes and accounts payable	\$ 16,222	1	26,467	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	111,362	4	191,866	7	2280	Current lease liabilities (note 6(j))	3,255	-	1,541	-
1140	Current contract assets (notes 6(p))	7,937	-	7,034	-	2399	Other current liabilities	41,314	1	48,225	2
1170	Notes and accounts receivable, net (notes 6(d) and 7)	38,656	2	64,596	2			60,791	2	76,233	3
130X	Inventories (note 6(e))	6,163	-	10,621	-		Non-Current liabilities:				
1476	Other financial assets (note 7)	44,730	2	15,069	1	2570	Deferred income tax liabilities (note 6(m))	77,030	3	77,030	3
1479	Other current assets	2,536	-	5,497	-	2580	Non-current lease liabilities (note 6(j))	2,630	-	1,446	-
		267,227	10	392,482	13	2600	Other non-current liabilities	10,118	-	17,687	-
Non-current assets:								89,778	3	96,163	3
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	496	-	496	-		Total liabilities	150,569	5	172,396	6
1550	Investments accounted for using equity method (note 6(f))	1,984,190	72	1,918,360	66		Equity (notes 6(c), (f), and (n)):				
1600	Property, plant and equipment (notes 6(g) and 8)	349,890	13	446,346	16	3110	Ordinary shares	1,732,684	63	1,732,684	59
1755	Right-of-use assets (note 6(h))	5,821	-	2,948	-	3200	Capital surplus	414,531	15	281,912	10
1760	Investment property, net (notes 6(i) and 8)	116,822	4	123,908	4		Retained earnings:				
1995	Other non-current assets (notes 6(l) and (m))	29,791	1	36,722	1	3310	Legal reserve	262,055	10	210,743	7
		2,487,010	90	2,528,780	87	3320	Special reserve	56,835	2	56,835	2
						3350	Unappropriated retained earnings	134,221	5	524,894	18
								453,111	17	792,472	27
							Other equity:				
						3411	Exchange differences on translation of foreign financial statements	(33,402)	(1)	(8,562)	-
						3420	Unrealized gains or losses from financial assets at fair value through other comprehensive income	59,458	2	59,151	2
						3500	Treasury shares	(22,714)	(1)	(108,791)	(4)
								3,342	-	(58,202)	(2)
							Total equity	2,603,668	95	2,748,866	94
Total assets		\$ 2,754,237	100	2,921,262	100		Total liabilities and equity	\$ 2,754,237	100	2,921,262	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHYANG SHENG TEXING CO., LTD.

(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		2025		2024	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Operating revenues (notes 6(p) and 7)	\$ 197,148	100	279,632	100
5000	Operating costs (notes 6(e), (g), (l) and 12)	<u>304,813</u>	<u>155</u>	<u>286,435</u>	<u>102</u>
	Gross loss from operations	<u>(107,665)</u>	<u>(55)</u>	<u>(6,803)</u>	<u>(2)</u>
	Operating expenses (notes 6(d), (g), (l), (q) and 12):				
6100	Selling expenses	4,756	2	8,225	3
6200	Administrative expenses	57,975	29	53,744	19
6300	Research and development expenses	5,403	3	9,419	4
6450	Impairment loss (reversal of impairment loss)	<u>(46)</u>	<u>-</u>	<u>6</u>	<u>-</u>
		<u>68,088</u>	<u>34</u>	<u>71,394</u>	<u>26</u>
	Net operating loss	<u>(175,753)</u>	<u>(89)</u>	<u>(78,197)</u>	<u>(28)</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(r))	1,275	1	1,406	-
7010	Other income (notes 6(k), (r) and 7)	55,125	28	51,800	19
7020	Other gains and losses (note 6(s))	(3,753)	(2)	(9,101)	(3)
7375	Share of profit of subsidiaries and associates accounted for using equity method (note 6(f))	150,294	76	573,521	205
7510	Interest expense (note 6(j))	<u>(118)</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
		<u>202,823</u>	<u>103</u>	<u>617,532</u>	<u>221</u>
	Profit before income tax	27,070	14	539,335	193
7951	Less: income tax expenses (note 6(m))	<u>4,193</u>	<u>2</u>	<u>196</u>	<u>-</u>
	Profit	<u>22,877</u>	<u>12</u>	<u>539,139</u>	<u>193</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains on remeasurements of defined benefit plans (note 6(l))	2,277	1	4,032	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(1,260)	-
8330	Share of other comprehensive income of subsidiaries, associates, and joint venture accounted for using equity method	<u>(745)</u>	<u>-</u>	<u>(4,500)</u>	<u>(2)</u>
	Items that may not be reclassified subsequently to profit or loss	<u>1,532</u>	<u>1</u>	<u>(1,728)</u>	<u>(1)</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation	<u>(24,840)</u>	<u>(13)</u>	<u>20,388</u>	<u>7</u>
	Items that may be reclassified subsequently to profit or loss	<u>(24,840)</u>	<u>(13)</u>	<u>20,388</u>	<u>7</u>
8300	Other comprehensive income (after tax)	<u>(23,308)</u>	<u>(12)</u>	<u>18,660</u>	<u>6</u>
	Comprehensive (loss) income	<u>\$ (431)</u>	<u>-</u>	<u>557,799</u>	<u>199</u>
	Basic earnings per share (NT dollars) (note 6(o))	<u>\$ 0.13</u>		<u>3.28</u>	
	Diluted earnings per share (NT dollars) (note 6(o))	<u>\$ 0.13</u>		<u>3.27</u>	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHYANG SHENG TEXING CO., LTD.**(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)****Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollars)**

	Retained earnings					Other equity		Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2024	\$ 1,732,684	277,476	199,926	56,835	109,228	(28,950)	34,857	(108,791)	2,273,265
Profit for the year ended December 31, 2024	-	-	-	-	539,139	-	-	-	539,139
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	4,032	20,388	(5,760)	-	18,660
Comprehensive income for the year ended December 31, 2024	-	-	-	-	543,171	20,388	(5,760)	-	557,799
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	10,817	-	(10,817)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(86,634)	-	-	-	(86,634)
Non-proportional investment in investee's increase in capital	-	4,436	-	-	-	-	-	-	4,436
Changes in ownership interests in subsidiaries	-	-	-	-	(27,106)	-	27,106	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,948)	-	2,948	-	-
Balance on December 31, 2024	1,732,684	281,912	210,743	56,835	524,894	(8,562)	59,151	(108,791)	2,748,866
Profit for the year ended December 31, 2025	-	-	-	-	22,877	-	-	-	22,877
Other comprehensive income for the year ended December 31, 2025	-	-	-	-	2,277	(24,840)	(745)	-	(23,308)
Comprehensive income for the year ended December 31, 2025	-	-	-	-	25,154	(24,840)	(745)	-	(431)
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	51,312	-	(51,312)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(363,864)	-	-	-	(363,864)
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	129,098	-	-	-	-	-	86,077	215,175
Non-proportional investment in investee's increase in capital	-	3,521	-	-	-	-	-	-	3,521
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(651)	-	1,052	-	401
Balance on December 31, 2025	<u>\$ 1,732,684</u>	<u>414,531</u>	<u>262,055</u>	<u>56,835</u>	<u>134,221</u>	<u>(33,402)</u>	<u>59,458</u>	<u>(22,714)</u>	<u>2,603,668</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 27,070	539,335
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,154	45,470
Expected credit loss (gain)	(46)	6
Interest expense	118	94
Interest income	(1,275)	(1,406)
Dividend income	(5,374)	(6,682)
Share of profit of subsidiaries and associates for using equity method	(150,294)	(573,521)
(Loss) gain on disposal of property, plan and equipment	(313)	4,783
(Loss) gain of financial assets at fair value through profit or loss	(16,609)	17,573
Gain (loss) from disposal investments	20,650	(13,152)
Impairment loss on non-financial assets	77,094	-
Loss on inventory valuation and obsolescence	-	4,041
Total adjustments to reconcile profit (loss)	<u>(37,895)</u>	<u>(522,794)</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	76,463	(12,219)
Contract assets	(903)	6,867
Notes and accounts receivable	25,986	(3,270)
Inventories	4,458	5,440
Other financial assets and current assets	(27,546)	(4,153)
Non-current assets	9,445	(1,640)
Notes and accounts payable	(10,245)	(15,235)
Other financial liabilities and current liabilities	(10,966)	(11,268)
Other non-current liabilities	(7,353)	(7,647)
Total changes in operating assets and liabilities	<u>59,339</u>	<u>(43,125)</u>
Total adjustments	<u>21,444</u>	<u>(565,919)</u>
Cash inflow (outflow) generated from operations	48,514	(26,584)
Interest received	1,275	1,406
Dividends received	5,374	6,682
Interest paid	(118)	(94)
Income taxes paid	-	(904)
Net cash flows from (used in) operating activities	<u>55,045</u>	<u>(19,494)</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	401	-
Acquisition of investments accounted for using equity method	(1,000)	(5,200)
Dividends received from investments accounted for using equity method	278,575	107,434
Acquisition of property, plant and equipment	(8,406)	(30,902)
Proceeds from disposal of property, plant and equipment	987	5,505
Refundable deposits and other assets	(900)	1,343
Net cash flows from investing activities	<u>269,657</u>	<u>78,180</u>
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits received	(216)	-
Payment of lease liabilities	(2,578)	(1,504)
Cash dividends paid	(363,864)	(86,634)
Net cash flows used in financing activities	<u>(366,658)</u>	<u>(88,138)</u>
Net decrease in cash and cash equivalents	(41,956)	(29,452)
Cash and cash equivalents at beginning of period	97,799	127,251
Cash and cash equivalents at end of period	<u>\$ 55,843</u>	<u>97,799</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHYANG SHENG TEXING CO., LTD.

(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Chyang Sheng Texing Co., Ltd. (formerly known as Chyang Sheng Dyeing & Finishing Co., Ltd., “The Company”) was incorporated in the Republic of China on October 19, 1983. On August 7, 2024, the Ministry of Economic Affairs approved the change of the Company's name. The registered address is No. 126, Dagong Rd., Dayuan Dist, Taoyuan City. The major business activities of the Company are processing, printing, bleaching, dyeing and finishing and trading of various fiber products. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on December 5, 1996.

To carry out its organizational restructuring and business specialization, and to enhance its competitiveness and operational efficiency, the Company, through a resolution decided during the extraordinary general meeting of its shareholders held on December 1, 2025, will spin-off its dyeing business and real estate management business (including related assets, liabilities, and operations) on February 1, 2026 and transfer them to its two new fully-owned subsidiaries, CS Textile Company Limited. (“CS Textile”) and CS Asset Management (Taiwan) Company Limited (“CS Asset Management”), respectively, by means of demerger, in exchange for their shares. Thereafter, the Company will be renamed as “CS Group Investment Holding Limited”, who will be reorganized into an investment holding company whose primary business is general investment.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 13, 2026.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its 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 Accounting Standards—Volume 11

(Continued)

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Notes to the Financial Statements

- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”
- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
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 (MPMs): 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.	January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	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.	

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(4) Summary of material accounting policies

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

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- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;

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- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It is expected to be settled in the normal operating cycle;
 - (ii) It is held primarily for the purpose of trading;
 - (iii) It is due to be settled within twelve months after the reporting period; or
 - (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.
- (e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

- (f) Financial instruments

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

- (i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

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12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 180 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

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5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

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When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries. In subsidiaries which are controlled by the Company is accounted for preparing the consolidated statement by each period.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control of a subsidiary are equity transactions with owners.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings and constructions: 2~25 years
- 2) Machinery and equipment: 2~10 years
- 3) Office and other equipment: 2~10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs) . Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Service revenue

The Company provides OEM service of fabric dyeing and finishing to services customers, and the related services are gradually transferred to the control of customers in the course of contract performance. Therefore, the Company's service revenue is recognized based on the degree of completion of contract performance obligations on the reporting date. Fixed-price contracts are recognized as revenue based on the proportion of the actual OEM processes provided to all processes as of the reporting date. If circumstances change, the estimates of revenues, costs and degree of completion will be revised, and the resulting increases or decreases will be reflected in profit or loss in the period in which the management is informed of the change in circumstances.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nontaxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including employee compensation.

- (r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

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(s) Government grants

The Company recognizes an unconditional government in profit or loss as other income when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

For government grants related to depreciated assets, the Company recognized as the deduction of the assets if there is reasonable assurance that the grants will be received and the Company will comply with the conditions associated with the grant; and through the decrease in depreciation expenses, the grants are then recognized in profit or loss during the useful lives of the depreciated assets.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these financial statements, management has made judgments and estimates about the 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

- (a) For the judgment regarding control of subsidiaries, please refer to the 2025 consolidated financial statements.
- (b) Judgment of whether the Company has substantive control over its investees

The Company holds 33.61% of the outstanding voting shares of Treasure Star and Chyang Sheng Vietnam. Although the remaining company's shares are not concentrated within specific shareholders, the Company still cannot obtain more than half of the total number of company's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence on its investees.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible assets, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

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The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's finance department personnel responsible for independent fair value validation, by independent sources of information to make the evaluation results close to the market status, confirm the source of independent, reliable, consistent with other resources. It also on behalf of the executable price, regularly update calibration evaluation model, evaluation of the required input value and the fair value of data and any necessary adjustment, ensure that the evaluation results are reasonable.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(t) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash and demand deposits	\$ 18,143	22,399
Time deposits	37,700	75,400
Cash and cash equivalents in the statement of cash flows	\$ 55,843	97,799

- (i) Please refer to note 6(t) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.
- (ii) Time deposits with original maturity within one year are used to meet short-term cash commitments rather than investment or other purposes, and can be converted into fixed cash at any time with little risk of value changes, so presented in cash and cash equivalents.

- (b) Current financial assets at fair value through profit or loss

	December 31, 2025	December 31, 2024
Mandatorily measured at fair value through profit or loss		
Stocks listed on domestic markets	\$ 2,097	120,060
Open-end funds	109,265	71,806
Total	\$ 111,362	191,866

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Notes to the Financial Statements

(c) Financial assets at fair value through other comprehensive income

	December 31, 2025	December 31, 2024
Equity investments at fair value through other comprehensive income:		
Stocks listed on domestic markets	\$ 496	496
Total	<u>\$ 496</u>	<u>496</u>

(i) Equity investments at fair value through other comprehensive income.

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long term strategic purposes.

(ii) Yong Cheng Environmental Tech have carried out a capital reduction to offset its losses of \$861 thousand and \$2,948 thousand in 2025 and 2024, respectively. In the 4th quarter of 2025, the Company disposed of the entire shares of Yong Cheng Environmental Tech at the fair value of \$401 thousand. All of the accumulated disposal losses above had been reclassified from other equity to retained earnings.

(iii) For credit risk and market risk, please refer to note 6(t).

(iv) As of December 31, 2025 and 2024, none of the financial assets mentioned above had been pledged as collateral.

(d) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 23,076	37,127
Accounts receivable	15,591	27,526
Less: Loss allowance	<u>(11)</u>	<u>(57)</u>
	<u>\$ 38,656</u>	<u>64,596</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

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Notes to the Financial Statements

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 38,634	0%	-
0 to 90 days past due	23	0%~5%	1
More than 181 days past due	10	0%~100%	10
Total	<u>\$ 38,667</u>		<u>11</u>

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 63,714	0%	-
0 to 90 days past due	928	0%~5%	46
More than 181 days past due	11	0%~100%	11
Total	<u>\$ 64,653</u>		<u>57</u>

The movement in the allowance for notes and accounts receivable were as follows:

	2025	2024
Balance at January 1	\$ 57	51
Impairment (gains)/losses recognized	(46)	6
Balance at December 31	<u>\$ 11</u>	<u>57</u>

The aforementioned notes and accounts receivable of the Company had not been pledged as collateral as of December 31, 2025 and 2024.

(e) Inventories

	December 31, 2025	December 31, 2024
Raw material	<u>\$ 6,163</u>	<u>10,621</u>

As of December 31, 2025 and 2024, inventory as cost of sales amounted to \$304,813 thousand and \$286,435 thousand. The loss (gain) relevant to inventories included in cost of sales were as follows:

	2025	2024
Unallocated production overheads	\$ 46,806	49,641
Write-down of inventories	1,268	4,041
Revenue from sale of scraps	(2,641)	(3,590)
	<u>\$ 45,433</u>	<u>50,092</u>

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As of December 31, 2025 and 2024, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2025	December 31, 2024
Subsidiaries	\$ 1,879,403	1,805,160
Associates	104,787	113,200
	<u>\$ 1,984,190</u>	<u>1,918,360</u>

(i) Please refer to 2025 annual consolidated financial statements for other related information of subsidiaries.

(ii) Associates which are material to the Company consisted of the followings:

Name of associates	Nature of relationship with the Company	Main operating location/Registered country of the company	Proportion of shareholding and voting rights	
			December 31, 2025	December 31, 2024
Chyang Sheng Vietnam	Dyeing and printing business	Vietnam	18.69 %	18.69 %

The Company's financial information on investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

1) Chyang Sheng Vietnam's Summary financial information

	December 31, 2025	December 31, 2024
Current assets	\$ 440,650	460,371
Non-current assets	288,491	353,686
Current liabilities	(116,739)	(154,421)
Non-current liabilities	(51,758)	(53,978)
Net assets	<u>\$ 560,644</u>	<u>605,658</u>
Net assets attributable to the Company	<u>\$ 560,644</u>	<u>605,658</u>

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	2025	2024
Operating revenue	<u><u>\$ 960,469</u></u>	<u><u>810,714</u></u>
Net profit (loss)	\$ (1,928)	55,008
Other comprehensive income (loss)	(43,086)	8,835
Total comprehensive income (loss)	<u><u>\$ (45,014)</u></u>	<u><u>63,843</u></u>
Comprehensive income (loss) attributable to the Company	<u><u>\$ (45,014)</u></u>	<u><u>63,843</u></u>
	2025	2024
Share of net assets of associates as of January 1	\$ 113,200	101,267
Comprehensive income (loss) attributable to the Company	(8,413)	11,933
Balance of equity of associates attributable to the Company as of December 31	<u><u>\$ 104,787</u></u>	<u><u>113,200</u></u>

(iii) The subsidiary Worthy Textile designated Hope Vision to be measured at fair value through other comprehensive income. In the year 2024, Hope Vision carried out a capital reduction to offset losses. Upon disposal, the accumulated disposal loss amounted to \$27,106 thousand, which was fully transferred from other equity to retained earnings. Consequently, the Company recognized an adjustment to retained earnings of \$27,106 thousand based on its shareholding ratio due to changes in the subsidiary's ownership equity.

(iv) As of December 31, 2025 and 2024, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(v) None of the associates invested by the Company has a public market quotation.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2025 and 2024 were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost:						
Balance on January 1, 2025	\$ 294,727	271,124	311,701	434,220	-	1,311,772
Additions	-	5,852	232	2,403	444	8,931
Disposal	-	-	(18,867)	(5,490)	-	(24,357)
Reclassity from investment property	6,634	8,399	-	-	-	15,033
Transfer from	-	-	390	456	-	846
Balance on December 31, 2025	<u><u>\$ 301,361</u></u>	<u><u>285,375</u></u>	<u><u>293,456</u></u>	<u><u>431,589</u></u>	<u><u>444</u></u>	<u><u>1,312,225</u></u>

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	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Balance on January 1, 2024	\$ 294,727	268,273	490,574	435,872	23,501	1,512,947
Additions	-	2,851	3,231	4,758	20,062	30,902
Disposal	-	-	(225,049)	(12,144)	-	(237,193)
Transfer from (to)	-	-	42,945	5,734	(43,563)	5,116
Balance on December 31, 2024	<u>\$ 294,727</u>	<u>271,124</u>	<u>311,701</u>	<u>434,220</u>	<u>-</u>	<u>1,311,772</u>
Accumulated depreciation and impairment losses:						
Balance on January 1, 2025	\$ -	250,404	218,051	396,971	-	865,426
Depreciation	-	6,062	18,987	10,322	-	35,371
Impairment loss	-	-	57,174	19,920	-	77,094
Disposal	-	-	(18,867)	(4,816)	-	(23,683)
Reclassify from investment property	-	8,127	-	-	-	8,127
Balance on December 31, 2025	<u>\$ -</u>	<u>264,593</u>	<u>275,345</u>	<u>422,397</u>	<u>-</u>	<u>962,335</u>
Balance on January 1, 2024	\$ -	242,078	413,408	393,895	-	1,049,381
Depreciation	-	8,801	21,298	13,326	-	43,425
Disposal	-	-	(216,655)	(10,250)	-	(226,905)
Reclassify to investment property	-	(475)	-	-	-	(475)
Balance on December 31, 2024	<u>\$ -</u>	<u>250,404</u>	<u>218,051</u>	<u>396,971</u>	<u>-</u>	<u>865,426</u>
Carrying amounts:						
Balance on December 31, 2025	<u>\$ 301,361</u>	<u>20,782</u>	<u>18,111</u>	<u>9,192</u>	<u>444</u>	<u>349,890</u>
Balance on December 31, 2024	<u>\$ 294,727</u>	<u>20,720</u>	<u>93,650</u>	<u>37,249</u>	<u>-</u>	<u>446,346</u>
Balance on January 1, 2024	<u>\$ 294,727</u>	<u>26,195</u>	<u>77,166</u>	<u>41,977</u>	<u>23,501</u>	<u>463,566</u>

Due to changes in market conditions and the relocation of industries overseas, the Company assessed that its existing equipment may no longer be able to generate sufficient future economic benefits to recover their carrying amounts.

The Company currently has several pieces of equipment with multiple or single functions. These machines must operate in coordination with the entire production line; standalone machines cannot independently generate output, nor can they be individually evaluated using separate cash-generating unit models or fair value estimates. Therefore, the Company engaged an independent expert to assess the recoverable amounts of the existing equipment and to estimate the impairment loss based on the lower of fair value, less costs of disposal or value in use. In accordance with IAS 36 and relevant guidance issued by the government, as well as the Company's internal inventory count and physical inspection results, the Company determined an impairment loss of \$77,094 thousand, recognized as operating costs in the consolidated comprehensive income statement.

As of December 31, 2025 and 2024, the property, plant and equipment of the Company had been pledged as collateral; please refer to note 8.

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(h) Right-of-use assets

Information about vehicles leases for which the Company is a lessee was presented below:

	<u>Vehicles</u>
Cost:	
Balance at January 1, 2025	\$ 4,614
Additions	<u>5,476</u>
Balance at December 31, 2025	<u>\$ 10,090</u>
Balance at December 31, 2024 (the same as beginning balance)	<u>\$ 4,614</u>
Accumulated depreciation and impairment losses:	
Balance at January 1, 2025	\$ 1,666
Depreciation for the year	<u>2,603</u>
Balance at December 31, 2025	<u>\$ 4,269</u>
Balance at January 1, 2024	\$ 128
Depreciation for the year	<u>1,538</u>
Balance at December 31, 2024	<u>\$ 1,666</u>
Carrying amount:	
Balance at December 31, 2025	<u>\$ 5,821</u>
Balance at December 31, 2024	<u>\$ 2,948</u>
Balance at January 1, 2024	<u>\$ 4,486</u>

(i) Investment property

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost:			
Balance at January 1, 2025	\$ 122,753	187,786	310,539
Reclassification	<u>(6,634)</u>	<u>(8,399)</u>	<u>(15,033)</u>
Balance at December 31, 2025	<u>\$ 116,119</u>	<u>179,387</u>	<u>295,506</u>
Balance at December 31, 2024 (the same as beginning balance)	<u>\$ 122,753</u>	<u>187,786</u>	<u>310,539</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2025	\$ -	186,631	186,631
Depreciation for the year	-	180	180
Reclassification	<u>-</u>	<u>(8,127)</u>	<u>(8,127)</u>
Balance at December 31, 2025	<u>\$ -</u>	<u>178,684</u>	<u>178,684</u>

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	Owened property		Total
	Land	Buildings	
Balance at January 1, 2024	\$ -	185,649	185,649
Depreciation for the year	-	507	507
Reclassification	-	475	475
Balance at December 31, 2024	<u>\$ -</u>	<u>186,631</u>	<u>186,631</u>
Carrying amount:			
Balance at December 31, 2025	<u>\$ 116,119</u>	<u>703</u>	<u>116,822</u>
Balance at December 31, 2024	<u>\$ 122,753</u>	<u>1,155</u>	<u>123,908</u>
Balance at January 1, 2024	<u>\$ 122,753</u>	<u>2,137</u>	<u>124,890</u>
Fair value:			
Balance at December 31, 2025			<u>\$ 1,341,696</u>
Balance at December 31, 2024			<u>\$ 1,914,777</u>

- (i) Investment property comprises office buildings that are leased to third parties under operating leases. The leases of investment properties contain an initial non-cancellable lease term of 1 to 3 years. The subsequent lease term will be negotiated with the lessee, and no contingent rent will be charged. Please refer to note 6(k).
- (ii) The fair value of investment properties aforementioned was evaluated based on third-party quotation information, classified to Level 3 fair values.
- (iii) As of December 31, 2025 and 2024, the investment property of the Company had been pledged as collateral; please refer to note 8.

(j) Lease liabilities

The lease liabilities were as follows:

	December 31, 2025	December 31, 2024
Current	<u>\$ 3,255</u>	<u>1,541</u>
Non-current	<u>\$ 2,630</u>	<u>1,446</u>

For the maturity analysis, please refer to note 6(t) financial instruments.

The amounts recognized in profit or loss was as follows:

	2025	2024
Interest on lease liabilities	<u>\$ 118</u>	<u>94</u>
Expenses relating to short-term leases	<u>\$ 2,143</u>	<u>3,272</u>

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The amounts recognized in the statement of cash flows by the Company were as follows:

	2025	2024
Total cash outflow for leases	\$ 4,839	4,870

(k) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) investment property that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2025	December 31, 2024
Less than one year	\$ 42,854	36,235
One to five years	31,555	66,275
Total undiscounted lease payments	\$ 74,409	102,510

Rental income from investment properties in 2025 and 2024 were \$42,904 thousand and \$42,696 thousand, respectively.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	\$ (24,475)	(30,024)
Fair value of plan assets	44,217	45,727
Net defined benefit assets	\$ 19,742	15,703

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

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1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$44,217 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligations on January 1	\$ 30,024	33,318
Benefits paid	(7,025)	(3,723)
Current service costs and interest income		
Remeasurements loss (gain)	514	480
- Experience loss	523	468
- Actuarial gain arising from financial assumptions	439	(519)
Defined benefit obligations on December 31	<u>\$ 24,475</u>	<u>30,024</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets on January 1	\$ 45,727	43,349
Contributions paid by the employer	1,560	1,560
Benefits paid	(7,025)	(3,723)
Interest income	716	560
Remeasurements loss - Return on plan asstes (excluding interest income)	3,239	3,981
Fair value of plan assets on December 31	<u>\$ 44,217</u>	<u>45,727</u>

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Current service costs	\$ 62	61
Net interest of net assets for defined benefit obligations	(264)	(141)
	<u>\$ (202)</u>	<u>(80)</u>
Operating cost	\$ (136)	(53)
Selling expenses	(6)	(3)
Administrative expenses	(51)	(20)
Research and development expenses	(9)	(4)
	<u>\$ (202)</u>	<u>(80)</u>

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	1.300 %	1.600 %
Future salary increase rate	1.125 %	1.125 %

Expected long-term return on assets was based on the portfolio as a whole, not the sum of individual asset class returns. This rate of return was purely based on historical rates of return without adjustments.

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,560 thousand.

The weighted-average lifetime of the defined benefits plans is 7 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Impact on defined benefit obligations</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2025		
Discount rate	\$ (376)	385
Future salary increasing rate	\$ 375	(368)
December 31, 2024		
Discount rate	\$ (444)	455
Future salary increasing rate	\$ 444	(435)

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Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of Labour Insurance amounted to \$2,765 thousand and \$3,254 thousand for the years ended December 31, 2025 and 2024, respectively.

(m) Income taxes

(i) Income tax expense

The components of income tax in the years 2025 and 2024 were as follows:

	2025	2024
Current tax expense (benefit)	\$ 3,530	(200)
Deferred tax expense	663	396
Income tax expense	<u><u>\$ 4,193</u></u>	<u><u>196</u></u>

(ii) The Company has no income tax recognized directly in equity nor other comprehensive income for 2025 and 2024.

(iii) Reconciliation of income tax and profit before tax for 2025 and 2024 is as follows:

	2025	2024
Profit excluding income tax	\$ 27,070	539,335
Income tax using the Company's domestic tax rate	5,414	107,867
Change in unrecognized deferred tax assest	16,861	(1,248)
Tax effect of permanent differences	(26,488)	(114,416)
Change in provision in prior periods and others	8,406	7,993
	<u><u>\$ 4,193</u></u>	<u><u>196</u></u>

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(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2025	December 31, 2024
Tax effect of deductible temporary differences	<u><u>\$ 44,386</u></u>	<u><u>27,525</u></u>

2) Recognized deferred tax assets

Changes in the amount of deferred tax assets for 2025 and 2024 were as follows:

	Pension costs
Balance on January 1, 2025	\$ 1,594
Recognized in profit or loss	(663)
Balance on December 31, 2025	<u><u>\$ 931</u></u>
Balance on January 1, 2024	\$ 1,990
Recognized in profit or loss	(396)
Balance on December 31, 2024	<u><u>\$ 1,594</u></u>

3) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2025 and 2024 were as follows:

	Land revaluation appreciation allowance	Others	Total
Balance on December 31, 2025 (the same as beginning balance)	<u><u>\$ 67,994</u></u>	<u><u>9,036</u></u>	<u><u>77,030</u></u>

	Land revaluation appreciation allowance	Others	Total
Balance on December 31, 2024 (the same as beginning balance)	<u><u>\$ 67,994</u></u>	<u><u>9,036</u></u>	<u><u>77,030</u></u>

(v) The Company's tax returns for the years through 2023 were assessed by the tax authority.

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Notes to the Financial Statements

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the number of authorized ordinary shares were 300,000 shares with par value of \$10 per share. The total value of authorized ordinary shares were amounted to \$3,000,000 thousand. The total issued shares were 173,268 thousand shares. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2025 and 2024, were as follows:

	December 31, 2025	December 31, 2024
Share capital	\$ 2,141	2,141
Treasury share transactions	352,104	219,485
Difference arising from subsidiary's share price and its carrying value	31,124	31,124
Changes in proportion of shareholding of associates	<u>29,162</u>	<u>29,162</u>
	<u>\$ 414,531</u>	<u>281,912</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. Among them, if the capital reserve transferred in from the share capital is used to capitalize, the capital reserve transferred in shall be capitalized in the year following the approval and registration of the capital reserve by the competent authority.

For the year ended December 31, 2025, the subsidiary, Worthy Textile, sold 7,198 thousand treasury shares for \$86,077 thousand, resulting in a sales premium of \$129,098 thousand, recorded as capital surplus—treasury share transactions.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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Dividends shall be distributed in accordance with the rates set forth in the Company's Articles of Incorporation, taking into account the changing nature of the business and the future capital requirements of the life cycle of each product or service and the impact of the tax system, and with the goal of maintaining a stable dividend. Dividends shall be paid at a rate of not less than 20% of the net income after deducting the amount of loss recovery, legal reserve and special reserve for the current year, and the cash dividends shall not be less than 10% of the total dividends for the current year, except for the purpose of improving the financial structure and meeting capital requirements for reinvestment, capacity expansion or other major capital.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRS Accounting Standards. Including accumulated translation adjustment incurred reset, adoption of deemed cost waiver and lump-sum recognition of pension actuarial benefits are classified to retained earnings at the amount of \$143,305 thousand. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. However, in the financial statements prepared by the company in accordance with IFRS on January 1, 2012, the retained earnings was \$56,835 thousand, so the full amount is listed as special reserve.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The amounts of special reserve as of December 31, 2025 and 2024 both were \$56,835 thousand.

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Notes to the Financial Statements

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2024 and 2023 had been approved during the shareholders' meeting on May 27, 2025 and June 25, 2024, respectively. The relevant dividend distributions to shareholders were as follows, and the relevant information can be inquired at the Market Observation Post System.

	2024		2023	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders				
Cash Dividends	\$ 2.1	<u><u>363,864</u></u>	0.5	<u><u>86,634</u></u>

(iv) Treasury shares

The subsidiary, Worthy Textile, disposed of 7,198 thousand treasury shares in 2025. As of December 31, 2025 and 2024, the Company's treasury shares amounted to 1,677 thousand shares and 8,875 thousand shares, with the carrying amounts of \$22,714 thousand and \$108,791 thousand, and market prices of \$18.55 and \$24.90, respectively.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(o) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	2025	2024
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 22,877</u></u>	<u><u>539,139</u></u>
Weighted average number of ordinary shares at 31 December (in thousands)	<u><u>169,908</u></u>	<u><u>164,393</u></u>
Basic earnings per share	<u><u>\$ 0.13</u></u>	<u><u>3.28</u></u>
Weighted average number of ordinary shares (in thousands)		
	2025	2024
Issued ordinary shares at 1 January	<u>173,268</u>	<u>173,268</u>
Effect of treasury shares held	<u>(3,360)</u>	<u>(8,875)</u>
Weighted average number of ordinary shares at 31 December	<u><u>169,908</u></u>	<u><u>164,393</u></u>

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Notes to the Financial Statements

(ii) Diluted earnings per share

	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>22,877</u>	<u>539,139</u>
Weighted average number of ordinary shares at 31 December (diluted/ in thousands)	<u>169,963</u>	<u>164,628</u>
Diluted earnings per share	\$ <u>0.13</u>	<u>3.27</u>
Weighted average number of ordinary shares (Diluted) (in thousands)		

	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares (basic)	173,268	173,268
Effect of treasury shares held	(3,360)	(8,875)
Effect of estimated employee share bonus	55	235
Weighted average number of ordinary shares (diluted) at December 31	<u>169,963</u>	<u>164,628</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2025</u>	<u>2024</u>
<u>Primary geographical markets</u>		
Taiwan	\$ <u>197,148</u>	<u>279,632</u>
<u>Major products/services lines</u>		
Cloth processing	\$ 197,133	279,617
Other	15	15
Total	\$ <u>197,148</u>	<u>279,632</u>

(ii) Contract balances

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Notes and accounts receivable	\$ 38,667	64,653	61,383
Less: allowance for impairment	(11)	(57)	(51)
Total	\$ <u>38,656</u>	<u>64,596</u>	<u>61,332</u>
Contract asset-OEM	\$ 7,937	7,034	13,901
Less: allowance for impairment	-	-	-
Total	\$ <u>7,937</u>	<u>7,034</u>	<u>13,901</u>

For details of accounts receivables and allowance for impairment, please refer to note 6(d).

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Notes to the Financial Statements

(q) Employee compensation and directors' remuneration

On May 27, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 1% shall be allocated as employee remuneration (including a minimum of 20% to those base-level employees) and a maximum of 3% as remunerations for directors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 1% should be allocated as employee remuneration and no more than 3% as remunerations for directors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

For the years ended December 31, 2025 and 2024 the Company estimated its employee remuneration amounting to \$282 thousand and \$5,532 thousand, and directors' remuneration amounting to \$845 thousand and \$8,297 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2025 and 2024. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2025 and 2024.

(r) Interest income and other income

The details of interest income and other income for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	<u>\$ 1,275</u>	<u>1,406</u>
	<u>2025</u>	<u>2024</u>
Rental income	\$ 42,904	42,696
Dividend income	5,374	6,682
Others	6,847	2,422
	<u>\$ 55,125</u>	<u>51,800</u>

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CHYANG SHENG TEXING CO., LTD.
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Notes to the Financial Statements

(s) Other gains and losses

The details of other gains and losses for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Gains (losses) on disposal of investments	\$ (20,650)	13,152
Gains (losses) on financial assets at fair value through profit or loss	16,609	(17,573)
Others	<u>288</u>	<u>(4,680)</u>
	<u>\$ (3,753)</u>	<u>(9,101)</u>

(t) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Company's accounts receivable and investments.

1) Accounts receivable and other receivables

The Company has adopted a policy that only trading with the parties with good credit standing and the Company shall secure a collateral to lighten the risk of financial loss arising from arrears when it is necessary. The major customers are rated by the Company, using public financial information and their transaction histories. The Company keeps monitoring the credit exposure and the customers' creditworthiness, and then distributes total transaction amounts into the qualified customers. The credit limit of the customers is reviewed and approved annually to control the credit exposure.

2) Investment

The credit risk exposure of bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Company's finance department. As the Company deals with banks and other external parties with good credit standing and with financial institutions which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

3) Exposure to credit risk

As of December 31, 2025 and 2024, the carrying amount of financial assets, which represents the maximum exposure to credit risk, amounting to \$260,205 thousand and \$378,044 thousand, respectively.

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Notes to the Financial Statements

4) Concentration of credit risk

The Company's credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2025 and 2024, 96% and 96%, respectively, of accounts receivable arose from sales to individual customers constituting the top five customers.

(ii) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table shows the contractual maturities of financial liabilities, including the impact of estimated interest payments. It is prepared as the undiscounted cash flow of financial liabilities based on the earliest date on which the Company can be required to repay:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~2 years</u>	<u>2 ~ 5 years</u>
December 31, 2025					
Notes and accounts payable	\$ 16,222	16,222	16,222	-	-
Lease liabilities	5,885	6,020	3,349	2,671	-
Other financial liabilities	36,389	36,389	36,389	-	-
Deposit guarantee received	10,118	10,118	-	-	10,118
	<u>\$ 68,614</u>	<u>68,749</u>	<u>55,960</u>	<u>2,671</u>	<u>10,118</u>
December 31, 2024					
Notes and accounts payable	\$ 26,467	26,467	26,467	-	-
Lease liabilities	2,987	3,061	1,597	1,464	-
Other financial liabilities	46,143	46,143	46,143	-	-
Deposit guarantee received	10,334	10,334	-	-	10,334
	<u>\$ 85,931</u>	<u>86,005</u>	<u>74,207</u>	<u>1,464</u>	<u>10,334</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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Notes to the Financial Statements

1) Currency risk

The Company is not exposed to significant foreign exchange risk arising from its financial assets or liabilities denominated in foreign currencies, and the fluctuations in its foreign exchange rates have no material impact on its financial statements.

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2025	December 31, 2024
Variable-rate instruments:		
Financial assets	\$ 55,843	97,799

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. If the interest rate had increased / decreased by 1 basis point, the Company's profit before income taxes would have increased / decreased by \$140 thousand and \$244 thousand for the year December 31, 2025 and 2024, with all other variable factors remaining constant. This is mainly due to the Company's savings at variable rates.

3) Other market price risk

For the years ended December 31, 2025 and 2024, the sensitivity analysis for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2025		2024	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 10%	\$ 50	11,136	50	19,187
Decreasing 10%	(50)	(11,136)	(50)	(19,187)

(iv) Fair value of financial instruments

1) Fair value value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

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December 31, 2025					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Open-end funds and stocks in listed companies	\$ <u>111,362</u>	<u>111,362</u>	<u>-</u>	<u>-</u>	<u>111,362</u>
Financial assets at fair value through other comprehensive income:					
Stocks in listed companies	\$ <u>496</u>	<u>496</u>	<u>-</u>	<u>-</u>	<u>496</u>
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 55,843				
Notes and accounts receivable	38,656				
Other current financial assets	44,730				
Refundable deposits	<u>9,118</u>				
	<u>\$ 148,347</u>				
Financial liabilities measured at amortized cost:					
Notes and accounts payables	\$ 16,222				
Lease liabilities	5,885				
Other financial liabilities	36,389				
Deposit guarantee received	<u>10,118</u>				
	<u>\$ 68,614</u>				

December 31, 2024					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:					
Open-end funds and stocks in listed companies	\$ <u>191,866</u>	<u>191,866</u>	<u>-</u>	<u>-</u>	<u>191,866</u>
Financial assets at fair value through other comprehensive income:					
Stocks in listed companies	\$ <u>496</u>	<u>496</u>	<u>-</u>	<u>-</u>	<u>496</u>

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		December 31, 2024				
		Book value	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at						
amortized cost:						
Cash and cash equivalents	\$	97,799				
Notes and accounts receivable		64,596				
Other current financial assets		15,069				
Refundable deposits		<u>8,218</u>				
	\$	<u>185,682</u>				
Financial liabilities measured at						
amortized cost:						
Notes and accounts payable	\$	26,467				
Lease liabilities		2,987				
Other financial liabilities		46,143				
Deposit guarantee received		<u>10,334</u>				
	\$	<u>85,931</u>				

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The financial instruments held by the Company were classified as follows:

- Financial instruments with active markets: including listed stock. The market price is established as the fair value.
- Financial instruments without active markets: Measurements of fair value are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

3) The Company has no transfer of the fair value hierarchy in year 2025 and 2024.

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Notes to the Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Non quoted equity instrument
Opening balance, January 1, 2024	\$ 1,260
Recognized in other comprehensive income	(1,260)
Ending Balance, December 31, 2024	<u>\$ -</u>

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

There are multiple significant unobservable inputs for the equity instrument investment of the Company without active market. Significant unobservable inputs for the equity instrument investment without active market are independent of each other, so there is no mutual correlation.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Market approach	·P/B ratio multiplie (Not held at December 31, 2025; 3.36 at December 31, 2024) ·Lack-of-marketability Discount (Not held at December 31, 2025; 20% at December 31, 2024)	·The higher the ratio, the higher the fair value ·The higher the Lack-of-marketability discount, the lower the fair value

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Notes to the Financial Statements

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable, but if different evaluation models or evaluation parameters are used, the evaluation results may be different. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	<u>Inputs</u>	<u>Variation</u>	<u>Other comprehensive income</u>	
			<u>Favour-able</u>	<u>Unfavour-able</u>
December 31, 2025(Not Held)				
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/B and EV ratio	5%	46	(46)
	Lack of marketability discount	5%	58	(58)

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

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

The objectives, policies and processes for measuring, managing the above mentioned risks and more disclosures about the quantitative effects of these risks exposures, please refer to Note 6(t).

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(v) Capital management

The Company's objectives for managing capital to safeguard the necessary financial resources to meet the needs of working capital, capital expenditure and debt repayment in the next twelve months. The management uses the debt ratio to manage capital. As of December 31, 2025 and 2024, the Company's debt ratio were 5% and 6% respectively. As of December 31, 2025, the Company's capital management strategy is consistent with the prior year.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(h).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Others	December 31, 2025
Lease liabilities	\$ 2,987	(2,578)	5,476	5,885
	January 1, 2024	Cash flows	Others	December 31, 2024
Lease liabilities	\$ 4,491	(1,504)	-	2,987

(7) Related-party transactions:

(a) Names and relationship with the Company

Name of related party	Relationship with the Company
Progiant Construction & Development Corporation	Subsidiary
NICSing Tex CO., LTD (NICSing Tex) (Note)	"
Shinkong Textile Co., Ltd.(Shinkong Textile)	Major shareholders

(Note) NICSing Tex obtained approval for dissolution on January 16, 2025.

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Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Sales

The amounts of sales and accounts receivable by the Company to related parties were as follows:

	Sales		Accounts receivable	
	2025	2024	December 31, 2025	December 31, 2024
Subsidiaries	\$ -	2,714	-	-
Shinkong Textile	135,532	133,149	32,780	27,946
Total	<u>\$ 135,532</u>	<u>135,863</u>	<u>32,780</u>	<u>27,946</u>

The selling price and payment terms for related parties approximated general customers.

(ii) Lease

The Company rented plant to other related parties and recognized the amount of rental revenue were as follows:

	Amount		Other receivables	
	2025	2024	December 31, 2025	December 31, 2024
Shinkong Textile	<u>\$ 17,693</u>	<u>15,498</u>	<u>9,066</u>	<u>8,568</u>

The other receivables include rent receivables and collections and payments at the end of the period, and the rental income is calculated using the number of pings with reference to market conditions and collected on a monthly basis.

(iii) Guarantee

As of December 31, 2025 and 2024, the Company has provided a guarantee for loans taken out by subsidiary. The credit limit of the guarantee were \$1,380,000 thousand and \$950,000 thousand, respectively, and the actual usage amount was both \$0 thousand.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2025	2024
Short-term employee benefits	\$ 10,222	22,695
Post-employment benefits	8,877	7,647
	<u>\$ 19,099</u>	<u>30,342</u>

(Continued)

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Notes to the Financial Statements

(8) Pledged assets:

The carrying values of assets pledged as security were as follows:

Pledged assets	Object	December 31, 2025	December 31, 2024
Land	Short-term and long-term borrowings	\$ 417,480	417,480
Buildings	"	<u>21,485</u>	<u>21,875</u>
		<u>\$ 438,965</u>	<u>439,355</u>

Property, plant and equipment, and investment property are separately accounted for.

(9) Significant contingent liabilities and unrecognized commitments:

- (a) The Company signed a long-term steam supply contract with the supplier. Under the premise of stable and sufficient supply, the Company committed the price agreed in the contract, the agreed period and the minimum usage estimate to the supplier. The minimum payable amount by the Company in the future is as follows:

	December 31, 2025	December 31, 2024
Contract commitment	<u>\$ 77,448</u>	<u>114,384</u>

- (b) The Company have provided a guarantee for loans taken out by subsidiary, please refer to note 7(b) for relevant information.

(10) Losses due to major disasters: None

(11) Subsequent events:

To carry out its organizational restructuring and business specialization, and to enhance its competitiveness and operational efficiency, the Company, through a resolution decided during the extraordinary general meeting of its shareholders held on December 1, 2025, will spin-off its dyeing business and real estate management business (including related assets, liabilities, and operations) on February 1, 2026 and transfer them to its two new fully-owned subsidiaries, CS Textile Company Limited. ("CS Textile") and CS Asset Management (Taiwan) Company Limited ("CS Asset Management"), respectively, by mean of demerger. Thereafter, the Company will be renamed as "CS Group Investment Holding Limited", who will be reorganized into an investment holding company whose primary business is general investment.

(Continued)

CHYANG SHENG TEXING CO., LTD.
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Notes to the Financial Statements

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	2025			2024		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	49,304	21,779	71,083	66,989	30,435	97,424
Labor and health insurance	5,139	2,504	7,643	6,374	2,649	9,023
Pension	1,619	944	2,563	2,108	1,066	3,174
Remuneration of directors	-	3,350	3,350	-	10,593	10,593
Others	1,505	1,003	2,508	1,556	1,348	2,904
Depreciation (note)	35,033	2,941	37,974	43,425	1,538	44,963
Amortization	-	-	-	-	-	-

(Note) Excluding the depreciation of investment property in 2025 and 2024, which were \$180 thousand and \$507 thousand, respectively.

The additional information of headcount and employee benefit are as follows:

	2025	2024
Headcount	<u>136</u>	<u>174</u>
The number of non-employee director	<u>11</u>	<u>11</u>
Average cost of employee benefits	<u>\$ 670</u>	<u>690</u>
Average cost of salaries	<u>\$ 569</u>	<u>598</u>
Average of salaries expense variation	<u>(4.85)%</u>	<u>12.62 %</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

The salary policies of the Company (including directors, managers and employees) were as follows:

Directors

Directors do not receive fixed salaries, but only receive honorarium and board attendance fees, and the honorarium of independent directors may be higher than that of general directors. If there is a profit in the annual operation, according to the provisions of the Articles of Incorporation, no more than 3% of the pre-tax net profit shall be provided as remuneration for directors.

Managers

The remuneration of managers is based on the salary level of the position in the same industry market, and given a reasonable remuneration by considering the responsibilities and the contribution to the Company's operational goals, and then refers to the overall performance, individual performance achievement rate and contribution to the Company performance.

(Continued)

CHYANG SHENG TEXING CO., LTD.
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Notes to the Financial Statements

The aforementioned remuneration and policies of directors, and managers are discussed by the remuneration committee every year and submitted to the board of directors for approval.

Employees

Employee remuneration is in accordance with the Company's employee salary management regulations. The employee remuneration includes monthly salary, performance bonus issued according to operating performance and employee remuneration issued according to annual operating results. The actual remuneration is determined by the employee's seniority, grade and job performance.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Progiant Construction	Other receivables-related parties	Yes	200,000	-	-	2.8%	2	-	Working Capital	-	-	-	260,367	1,041,467

Note 1: The financing company's total financing amount should not exceed 40% of its net asset value and the financing for a counterparty should not exceed 10% of its net asset value. However, for a counterparty that directly or indirectly holds more than 50% of the voting rights of the reinvestment and the parent company of the reinvestment company it is still limited to 10% of the net value of the latest financial statement.

Note 2: The nature of financing purposes:

- 1) Represents entities with business transaction with the Company;
- 2) Represents where an inter-company or inter-firm short-term financing facility is necessary.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Progiant Construction	Note2	5,207,336	1,380,000	1,380,000	-	-	53.00 %	5,207,336	Y	N	N

Note 1: The ceiling for the total guaranteed amount was 200% of the Company's net asset value, and the limit on the guaranteed amount for a single party was 20% of the Company's net asset value. But for an entity that holds more than 75% shares by the Company, the limit of the guaranteed amount was 200% of the Company's net value of the latest financial statement.

Note 2: Subsidiary which owned more than 75 % by the guarantor.

(Continued)

CHYANG SHENG TEXING CO., LTD.
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Notes to the Financial Statements

(iii) Material securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Ta-Yuan Cogeneration Company Ltd.	None	Financial assets at fair value through other comprehensive income- non-current	11	\$ 496	0.01	496	
"	Linden Technologies Inc.	"	Financial assets at fair value through profit or loss-non current	36	-	1.15	-	
"	Capital Money Market Fund	"	Financial assets at fair value through profit or loss- current	5,021	85,538	-	85,538	
"	Fund-YUANTA US TREASURY 20+ YEAR BOND ETF	"	"	500	13,620	-	13,620	
"	Fund-YUANTA US 20+ YEAR BBB CORPORATE BOND ETF	"	"	300	10,107	-	10,107	
"	Stock-Good Way	"	"	107	2,097	0.17	2,097	
Worthy Textile	Hope Vision Co., Ltd.	"	Financial assets at fair value through other comprehensive income- non-current	226	-	1.09	-	
"	The Company	"	"	1,677	31,105	0.97	31,105	Note
"	Asia Pacific Federation of Industry and Commerce	"	"	22	-	0.03	-	
"	Capital Money Market Fund	"	Financial assets at fair value through profit or loss- current	10,422	177,943	-	177,943	
"	Fund-YUANTA US TREASURY 20+ YEAR BOND ETF	"	"	100	2,724	-	2,724	
"	Fund-SINOPAC 15+ YEAR INVESTMENT GRADE US BANKING ESG ETF	"	"	300	2,838	-	2,838	
"	Stock-SOFTSTAR ENTERTAINMENT	"	"	220	2,871	0.17	2,871	
"	Stock-Good Way	"	"	2,759	54,077	4.51	54,077	
"	Stock-EVEREST TEXTILE	"	"	2,000	12,760	0.29	12,760	
Progiant Construction	Le Young Construction Co., Ltd.	"	Financial assets at fair value through profit or loss-non current	506	6,824	0.51	6,824	
"	Li Jin Engineering Co., Ltd.	"	Financial assets at fair value through other comprehensive income- non-current	7,687	132,302	5.13	132,302	
"	Hong Xin Construction Co., Ltd.	"	"	2,000	24,640	3.33	24,640	
"	Le Young Construction Co., Ltd.	"	"	1,391	18,785	1.42	18,785	
"	Capital Money Market Fund	"	Financial assets at fair value through profit or loss- current	5,138	87,731	-	87,731	

Note: Shares of the Company held by its subsidiaries are accounted for as treasury shares.

(Continued)

CHYANG SHENG TEXING CO., LTD.
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Notes to the Financial Statements

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Shinkong Textile	The company's major shareholders	(Sale)	135,532	(69) %	AfterMonthl ystatement 3 0days	-	-	32,780	85%	

- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

- (b) Information on investees:

The following is the information on investees for the year 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value		
The Company	Worthy Textile	Taiwan	Investment company	778,461	778,461	99,000	100 %	1,222,855	17,074	Note 1
"	Progiant Construction	Taiwan	Entrust construction companies to build national housing, namely commercial buildings, leasing and selling business	167,200	167,200	26,235	83.68 %	655,548	163,832	
"	Chyang Sheng Vietnam	Vietnam	Printing and Dyeing and Finishing	223,523 (USD6,931 thousand dollar)	223,523 (USD6,931 thousand dollar)	-	18.69 %	104,787	(1,928)	(361)
"	CS Textile	Taiwan	Printing and Dyeing and Finishing	500	-	50	100 %	500	-	Note 2
"	CS Asset Management	Taiwan	Real estate investing	500	-	50	100 %	500	-	Note 2
Worthy Textile	Chyang Sheng Vietnam	Vietnam	Printing and Dyeing and Finishing	167,362 (USD5,776 thousand dollar)	167,362 (USD5,776 thousand dollar)	-	14.92 %	95,849	(1,928)	(288)
"	Treasure Star	Samoa	International trading business	29,795	29,795	-	33.61 %	265,087	179,463	60,374
"	Sea Some International	Taiwan	International trading business	3,000	3,000	300	100 %	3,971	(653)	(653)

Note 1: With the approval of its board on July 31, 2025, Worthy Textile conducted a cash capital increase by issuing 21,200 thousand new shares for \$212,000 thousand, wherein the relevant legal procedures had since been completed.

Note 2: CS Textile Co., Ltd. and CS Asset Management Co., Ltd. were established in September 2025 and became 100% owned subsidiaries of the Company.

- (c) Information on investment in mainland China: None

(14) Segment information:

Please see the Consolidated Financial Statements for the year ended December 31, 2025.

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CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING &
FINISHING CO., LTD.)

Statement of cash and cash equivalents

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash and demand deposits		\$ 18,143
Time deposits	in one year; interest rates 1.435% - 1.690%	<u>37,700</u>
Total		<u><u>\$ 55,843</u></u>

Statement of notes and accounts receivable

<u>Customer Name</u>	<u>Description</u>	<u>Amount</u>
Shinkong Textile Co., Ltd.	Operating	\$ 32,780
Carol Textile Co., Ltd.	"	4,489
Others (note)	"	<u>1,398</u>
		38,667
Less: Loss allowance		<u>(11)</u>
Total		<u><u>\$ 38,656</u></u>

Note: individual amount does not exceed 5%.

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING &
FINISHING CO., LTD.)

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods and commodity	\$ 392	-
Work in process	-	-
Raw materials	<u>6,884</u>	<u>6,072</u>
Subtotal	7,276	<u><u>6,072</u></u>
Less: Allowance for inventory valuation and obsolescence	<u>(1,113)</u>	
	<u><u>\$ 6,163</u></u>	

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING & FINISHING CO., LTD.)

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Investee Name	Beginning balance		Addition (notes 4 and 5)		Decrease (note 2)		Other (note 3)		Ending balance			Market value or net asset value	Guarantee or pledged
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount		
Worthy Textile Industry Co., Ltd.	77,800	\$ 1,212,511	21,200	215,174	-	(205,117)	-	287	99,000	100.00 %	1,222,855	1,253,940 (note1)	none
Progiant Construction & Development Corporation	26,235	592,649	-	-	-	(73,458)	-	136,357	26,235	83.68 %	655,548	655,548	none
Chyang Sheng Vietnam Co., Ltd.	-	113,200	-	-	-	-	-	(8,413)	-	18.69 %	104,787	104,787	none
CS Textile Company Limited	-	-	50	500	-	-	-	-	50	100.00 %	500	500	none
CS Asset Management (Taiwan) Company Limited	-	-	50	500	-	-	-	-	50	100.00 %	500	500	none
		<u>\$ 1,918,360</u>		<u>216,174</u>		<u>(278,575)</u>		<u>128,231</u>			<u>1,984,190</u>	<u>2,015,275</u>	

Note 1: The difference of Worthy Textile' s ending balance and net asset value is because Worthy Textile hold shares of the Company, and the Company processes them as treasury shares. Please refer to note 6(n) of financial statements.

Note 2: The decrease in the current period is due to the cash dividends received (recorded as a decrease in long-term equity investments).

Note 3: Other changes in the current period include the recognition of investment income, cumulative translation adjustment, unrealized gain or loss from fair value through other comprehensive income financial assets, impairment loss, and capital surplus, etc.

Note 4: CS Textile Co., Ltd. and CS Asset Management Co., Ltd. were established in September 2025 and became 100% owned subsidiaries of the Company.

Note 5: The increase for the period was due to Worthy Textile's distribution of stock dividends and the disposal of a portion of the Company's shares it held.

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING &
FINISHING CO., LTD.)

Statement of financial assets measured at fair value through
profit or loss - current

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(b) for relevant information of Current financial assets at fair value through profit or loss.

Statement of changes in property, plant and equipment

Please refer to note 6(g) for relevant information of property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to note 6(h) for relevant information of right-of-use assets.

Statement of changes in investment property

Please refer to note 6(i) for relevant information of investment property.

CHYANG SHENG TEXING CO., LTD.
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FINISHING CO., LTD.)

Statement of other non-current assets

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Non-current defined benefit assets	\$ 19,742
Refundable deposits	9,118
Deferred income tax assets	<u>931</u>
Total	<u><u>\$ 29,791</u></u>

Statement of notes and accounts payable

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Golden King DYE Co., Ltd.	Operating	\$ 1,703
Zhongxin Enterprise Co.	"	1,625
J&J Dyestuff Industry Co., Ltd.	"	1,290
Riits Trading Co., Ltd.	"	1,258
C&B Chemical Industrial Co., Ltd.	"	956
Thomas & Robert Chemical Co., Ltd.	"	817
Others (note)	"	<u>8,573</u>
Total		<u><u>\$ 16,222</u></u>

Note: individual amount does not exceed 5%.

CHYANG SHENG TEXING CO., LTD.
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FINISHING CO., LTD.)

Statement of other current liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Natural gas, steam and electricity charges	\$ 16,133
Salaries and bonus payable	12,820
Current tax liabilities	3,530
Employee compensation and directors' remuneration payable	1,127
Other (note)	<u>7,704</u>
Total	<u><u>\$ 41,314</u></u>

Note: individual amount does not exceed 5%.

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING &
FINISHING CO., LTD.)

Statement of operating revenue

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	PCS	Amount
Weaving and dyeing and finishing	10,234 thousand yards	\$ 197,133
Others		<u>15</u>
Total		<u><u>\$ 197,148</u></u>

CHYANG SHENG TEXING CO., LTD.
(formerly known as CHYANG SHENG DYEING &
FINISHING CO., LTD.)

Statement of operating costs

For the year ended December 31, 2025

(In thousands of New Taiwan Dollars)

<u>Item</u>	<u>Manufacturing cost</u>	<u>Cost of goods sold</u>	<u>Operating cost</u>
Direct material:			
Raw material and dye:			
Beginning of year	14,702	-	14,702
Add: Purchases	35,817	-	35,817
Other	380	-	380
Less: End of year	6,884	-	6,884
Transfer to manufacturing overhead	3,629	-	3,629
Transfer to research and development expense	48	-	48
Other	8,381	-	8,381
Raw materials and dye used for the year	<u>31,957</u>	<u>-</u>	<u>31,957</u>
Gray cloth:			
Direct Labor	22,676	-	22,676
Manufacturing overhead	114,086	-	114,086
Manufacturing cost	168,719	-	168,719
Add: Finished goods, beginning of the year	-	66	66
Less: Finished goods, end of the year	<u>-</u>	<u>66</u>	<u>66</u>
Cost of goods sold	168,719	-	168,719
Revenue from sale of scraps	(2,641)	-	(2,641)
Unallocated manufacturing overhead	46,806	-	46,806
Machine equipment impairment loss	77,094	-	77,094
Impairment loss on inventories and others	14,835	-	14,835
Subtotal	<u>304,813</u>	<u>-</u>	<u>304,813</u>
Commodity:			
Commodity, beginning of the year	-	326	326
Less: Commodity, end of the year	<u>-</u>	<u>326</u>	<u>326</u>
Total	<u><u>304,813</u></u>	<u><u>-</u></u>	<u><u>304,813</u></u>

CHYANG SHENG TEXING CO., LTD.
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FINISHING CO., LTD.)

Statement of operating expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries expense	\$ 1,883	16,758	3,138
Miscellaneous	34	17,808	314
Professional service fees	-	6,955	-
Freight expense	1,849	4	-
Labor insurance	317	509	441
Health insurance	293	618	326
Maintenance expense	1	862	316
Employee pension benefits	10	338	596
Others (note)	369	14,123	272
Total	<u>\$ 4,756</u>	<u>57,975</u>	<u>5,403</u>

Note: individual amount does not exceed 5%.