

China Electric Mfg. Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Electric Mfg. Corporation

Opinion

We have audited the accompanying parent company only financial statements of China Electric Mfg. Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion based on our audits the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Items

As stated in Notes 9 and 25 to the financial statements, the warehousing and logistics contractor of China Electric Mfg. Corporation refused to permit inventory counting and transfer upon termination of the contract. The Company's management has disclosed the contractual disputes and corresponding countermeasures in Note 25. As of December 31, 2025, China Electric Mfg. Corporation has recognized a loss of NT\$96,682 thousand in relation to the aforementioned assets. The related legal proceedings are ongoing, and the final outcome cannot be determined at this stage. Our audit opinion has not been modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter in the audit of the Company's parent company only financial statements for the year ended December 31, 2025 is stated below:

Revenue Recognition of Product Sales

The Company is mainly engaged in the production and sales of lighting products. As product orders are based on customers' credit limits, the creation of fictitious revenue and manipulation of financial data could only be achieved through adding new customers or increasing the credit limits of existing customers. Therefore, the aforementioned sales revenue from newly added customers or existing customers with significant increase in credit limits was identified as a key audit matter.

Our main audit procedures performed in response to the key audit matter described above were as follows:

1. We understood the design and implementation of internal controls and tested the operating effectiveness of relevant controls over revenue recognition.
2. We obtained the credit limits of newly added customers, tested the approved credit limits, and verified the consistency of customers' credit limits in the system.
3. We obtained the credit limits of existing customers that had increased significantly, tested the temporary credit limit adjustment, and verified the consistency of customers' credit limits in the system.
4. We performed test of details on sales revenue from newly added customers or existing customers with significant increase in credit limits (included obtaining shipping receipts and invoices signed by customers and confirmed that the recipients and amounts were consistent with those of original transactions).
5. For sales revenue generated from newly added customers or existing customers with significant increase in credit limits, we verified that the unit price of products was higher than the listed price and tested its reasonableness.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tung Ju Hsieh and Chao Yu Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2026

Notice 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 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

CHINA ELECTRIC MFG. CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 284,027	6	\$ 185,217	4
Financial assets at amortized cost - current (Notes 4 and 6)	451,504	10	635,029	13
Notes receivable and trade receivables (Notes 4 and 8)	185,584	4	240,366	5
Notes receivable and trade receivables from related parties (Notes 4, 8 and 23)	14	-	54	-
Inventories (Notes 4, 9 and 25)	269,589	6	456,541	9
Other current assets (Notes 19 and 23)	<u>28,571</u>	<u>1</u>	<u>20,126</u>	<u>-</u>
Total current assets	<u>1,219,289</u>	<u>27</u>	<u>1,537,333</u>	<u>31</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	39,559	1	45,374	1
Investments accounted for using the equity method (Notes 4 and 10)	1,858,478	41	1,915,351	39
Property, plant and equipment (Notes 4 and 11)	588,597	13	579,392	12
Right-of-use assets (Notes 4, 12 and 23)	8,105	-	37,403	1
Investment properties (Notes 4 and 13)	622,696	14	615,312	13
Deferred tax assets (Notes 4 and 19)	177,731	4	158,837	3
Other non-current assets (Notes 4, 14, 23, 24 and 25)	<u>20,317</u>	<u>-</u>	<u>22,609</u>	<u>-</u>
Total non-current assets	<u>3,315,483</u>	<u>73</u>	<u>3,374,278</u>	<u>69</u>
TOTAL	<u>\$ 4,534,772</u>	<u>100</u>	<u>\$ 4,911,611</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 17)	\$ 14,376	-	\$ 13,880	-
Trade payables	123,828	3	121,031	3
Trade payables to related parties (Note 23)	2,886	-	3,112	-
Lease liabilities - current (Notes 4, 12 and 23)	6,536	-	31,385	1
Other payables (Note 23)	24,773	1	54,479	1
Other current liabilities	<u>424</u>	<u>-</u>	<u>467</u>	<u>-</u>
Total current liabilities	<u>172,823</u>	<u>4</u>	<u>224,354</u>	<u>5</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 19)	131,041	3	134,309	3
Lease liabilities - non-current (Notes 4, 12 and 23)	1,109	-	5,755	-
Guarantee deposits received	<u>26,404</u>	<u>-</u>	<u>26,384</u>	<u>-</u>
Total non-current liabilities	<u>158,554</u>	<u>3</u>	<u>166,448</u>	<u>3</u>
Total liabilities	<u>331,377</u>	<u>7</u>	<u>390,802</u>	<u>8</u>
EQUITY (Note 16)				
Ordinary shares	<u>3,227,358</u>	<u>71</u>	<u>3,227,358</u>	<u>66</u>
Capital surplus	<u>8,681</u>	<u>1</u>	<u>5,840</u>	<u>-</u>
Retained earnings				
Legal reserve	214,189	5	198,132	4
Special reserve	311,389	7	311,389	6
Unappropriated earnings	<u>298,373</u>	<u>6</u>	<u>563,411</u>	<u>12</u>
Total retained earnings	<u>823,951</u>	<u>18</u>	<u>1,072,932</u>	<u>22</u>
Other equity	<u>143,405</u>	<u>3</u>	<u>214,679</u>	<u>4</u>
Total equity	<u>4,203,395</u>	<u>93</u>	<u>4,520,809</u>	<u>92</u>
TOTAL	<u>\$ 4,534,772</u>	<u>100</u>	<u>\$ 4,911,611</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 31, 2026)

CHINA ELECTRIC MFG. CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 17 and 23)	\$ 1,027,252	100	\$ 1,126,805	100
OPERATING COSTS (Notes 9, 17, 18 and 23)	<u>716,634</u>	<u>70</u>	<u>794,302</u>	<u>71</u>
GROSS PROFIT	<u>310,618</u>	<u>30</u>	<u>332,503</u>	<u>29</u>
OPERATING EXPENSES (Notes 8, 15, 18 and 23)				
Selling and marketing expenses	140,958	14	134,716	12
General and administrative expenses	96,668	9	115,430	10
Research and development expenses	-	-	195	-
Expected credit loss	<u>265</u>	<u>-</u>	<u>748</u>	<u>-</u>
Total operating expenses	<u>237,891</u>	<u>23</u>	<u>251,089</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>72,727</u>	<u>7</u>	<u>81,414</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Other gains and losses (Notes 18 and 25)	(108,350)	(11)	26,829	2
Finance costs (Notes 18 and 23)	(867)	-	(1,020)	-
Share of profit or loss of associates	6,168	1	32,564	3
Interest income	<u>17,367</u>	<u>2</u>	<u>24,081</u>	<u>2</u>
Total non-operating income and expenses	<u>(85,682)</u>	<u>(8)</u>	<u>82,454</u>	<u>7</u>
PROFIT (LOSS) BEFORE INCOME TAX	(12,955)	(1)	163,868	14
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 19)	<u>(22,162)</u>	<u>(2)</u>	<u>3,301</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>9,207</u>	<u>1</u>	<u>160,567</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (Note 16)				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(5,815)	(1)	374	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>(65,459)</u>	<u>(6)</u>	<u>192,611</u>	<u>17</u>
Other comprehensive income for the year, net of income tax	<u>(71,274)</u>	<u>(7)</u>	<u>192,985</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (62,067)</u>	<u>(6)</u>	<u>\$ 353,552</u>	<u>31</u>

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CHINA ELECTRIC MFG. CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 0.03</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ 0.03</u>		<u>\$ 0.50</u>	

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

(With Deloitte & Touche auditors' report dated March 31, 2026)

(Concluded)

CHINA ELECTRIC MFG. CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity		Total	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at FVTOCI		
BALANCE ON JANUARY 1, 2024	\$ 3,227,358	\$ 5,857	\$ 183,175	\$ 311,389	\$ 579,168	\$ 1,073,732	\$ (1,534)	\$ 23,228	\$ 21,694	\$ 4,328,641
Appropriation of 2023 earnings										
Legal reserve	-	-	14,957	-	(14,957)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(161,367)	(161,367)	-	-	-	(161,367)
Payment of claimed dividend	-	(17)	-	-	-	-	-	-	-	(17)
Net profit for the year ended December 31, 2024	-	-	-	-	160,567	160,567	-	-	-	160,567
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	-	192,985	192,985	192,985
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	160,567	160,567	-	192,985	192,985	353,552
BALANCE ON DECEMBER 31, 2024	3,227,358	5,840	198,132	311,389	563,411	1,072,932	(1,534)	216,213	214,679	4,520,809
Appropriation of 2024 earnings										
Legal reserve	-	-	16,057	-	(16,057)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(258,188)	(258,188)	-	-	-	(258,188)
Changes in capital surplus from investments in associates accounted for using the equity method	-	2,999	-	-	-	-	-	-	-	2,999
Payment of claimed dividend	-	(158)	-	-	-	-	-	-	-	(158)
Net profit for the year ended December 31, 2025	-	-	-	-	9,207	9,207	-	-	-	9,207
Other comprehensive loss for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	-	(71,274)	(71,274)	(71,274)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	9,207	9,207	-	(71,274)	(71,274)	(62,067)
BALANCE ON DECEMBER 31, 2025	\$ 3,227,358	\$ 8,681	\$ 214,189	\$ 311,389	\$ 298,373	\$ 823,951	\$ (1,534)	\$ 144,939	\$ 143,405	\$ 4,203,395

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

(With Deloitte & Touche auditors’ report dated March 31, 2026)

CHINA ELECTRIC MFG. CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (12,955)	\$ 163,868
Adjustments for:		
Depreciation expense	42,702	42,416
Amortization expense	1,635	2,505
Expected credit loss	265	748
Finance costs	867	1,020
Interest income	(17,367)	(24,081)
Dividend income	(756)	-
Share of profit of associates	(6,168)	(32,564)
Gain on disposal of property, plant and equipment	(23)	-
(Reversal of) write-downs of inventories	(3,023)	27,501
Impairment loss recognized on assets	96,682	-
Unrealized exchange loss (gain) on foreign currency	16,341	(17,445)
Gain on lease modification	(63)	-
Changes in operating assets and liabilities		
Notes receivable and trade receivables	54,517	19,539
Notes receivable and trade receivables from related parties	40	(46)
Inventories	93,293	(5,211)
Other current assets	(11,270)	(5,129)
Contract liabilities	496	(38,201)
Trade payables	2,820	(90,855)
Trade payables to related parties	(226)	(8,278)
Other payables	(30,161)	(12,277)
Other current liabilities	(44)	23
Cash generated from operations	227,602	23,533
Interest received	20,304	32,224
Interest paid	(414)	(611)
Income tax paid	(1,992)	(2,459)
Income tax received	1,880	-
Net cash generated from operating activities	247,380	52,687
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(45,000)
Purchase of financial assets at amortized cost	(200,000)	(640,614)
Proceeds from repayments of financial assets at amortized cost	368,310	738,110
Payments for property, plant and equipment	(21,992)	(756)
Proceeds from disposal of property, plant and equipment	23	-
Payments for investment properties	(7,085)	(21,000)
Increase in other non-current assets	(10,858)	(143)
Decrease in other non-current assets	11,514	8,904

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CHINA ELECTRIC MFG. CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Dividend received from associates	\$ 581	\$ -
Dividends received	<u>756</u>	<u>-</u>
Net cash generated from investing activities	<u>141,249</u>	<u>39,501</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	140	2,490
Repayments of guarantee deposits received	(120)	(2,860)
Repayment of the principal portion of lease liabilities	(30,345)	(29,122)
Cash dividends	(258,188)	(161,367)
Payment of claimed dividend	<u>(158)</u>	<u>(17)</u>
Net cash used in financing activities	<u>(288,671)</u>	<u>(190,876)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,148)</u>	<u>2,276</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	98,810	(96,412)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>185,217</u>	<u>281,629</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 284,027</u>	<u>\$ 185,217</u>

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

(With Deloitte & Touche auditors' report dated March 31, 2026)

(Concluded)

CHINA ELECTRIC MFG. CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Electric Mfg. Corporation (the “Company”) is a manufacturing enterprise incorporated on June 11, 1955 according to the Company Act and related laws in the Republic of China (ROC). On January 16, 1990, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE). The Company’s main businesses are as follows:

- a. Manufacture and sell electrical appliances, lighting products and related accessories.
- b. Import and export trade of aforementioned products.
- c. As an agent for domestic and foreign firm’s quotation, distribution, and tendering business.
- d. Authorize the domestic and foreign firms to process and sell electrical appliances.

The parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 9, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New IFRS Accounting Standards	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026

(Continued)

New IFRS Accounting Standards	Effective Date Announced by IASB
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

(Concluded)

As of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRS Accounting Standards	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take starting from January 1, 2028. Domestic entities may elect to apply IFRS 18 earlier, after it has been endorsed by FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities, including investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 "Statement of Cash Flows":

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified within a single category in the statement of cash flows.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and applications on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the company basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Company (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of the subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control of the subsidiaries are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of associates and joint ventures accounted for using the equity method and investments accounted for using the equity method. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

- j. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

- 1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories are financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 22: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost - current, notes receivable and trade receivables, trade receivables from related parties and part of other current or non-current assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred.

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and operating lease receivable.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, operating lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs./For financial instruments and contract assets, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

1. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of lighting products and other supplementary products. Sales of lighting products and other supplementary products are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 1,186	\$ 1,975
Checking accounts and demand deposits	219,965	150,461
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>62,876</u>	<u>32,781</u>
	<u>\$ 284,027</u>	<u>\$ 185,217</u>

As of December 31, 2025 and 2024, time deposits with original maturities of more than 3 months amounted to \$451,504 thousand and \$635,029 thousand, respectively, and were classified as financial assets at amortized cost. The annual interest rates for time deposits were 1.45%-3.99% and 1.45%-4.50%, respectively.

The market interest rates for cash in banks at the end of the reporting period were as follows:

	December 31	
	2025	2024
Cash equivalents		
Time deposits with original maturities of less than 3 months	4.20%-4.35%	4.80%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2025	2024
<u>Non-current</u>		
<u>Domestic investments</u>		
Unlisted shares	\$ 39,559	\$ 45,374

The Company invested in the aforementioned equities for long-term strategic purposes, with the intention of generating returns through long-term holdings rather than for trading purposes. Management believes that recognizing short-term fair value fluctuations of such investments in profit or loss would not align with the Company's long-term investment strategy. Accordingly, the Company has elected to designate these investments as measured at fair value through other comprehensive income.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2025	2024
<u>Notes receivable and trade receivables</u>		
Operating	\$ 195,074	\$ 249,587
Less: Allowance for impairment loss	<u>(9,490)</u>	<u>(9,221)</u>
	<u>\$ 185,584</u>	<u>\$ 240,366</u>
<u>Notes receivable and trade receivables - related parties</u>		
Operating	\$ 14	\$ 54
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 14</u>	<u>\$ 54</u>

Notes Receivable and Trade Receivables

The Company's average credit period of sales of goods for general distributors is 2 to 3 months after invoice date, and for project contractors is 3 to 6 months after invoice date. No interest is charged on trade receivables. In order to minimize credit risk, the management has delegated a team responsible for monitoring overdue trade receivables to ensure that follow-up action is taken on overdue debts. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the management believes that the Company's credit risk is significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix. Under the provision matrix, if the past due days of accounts receivable exceed the credit period of each customer segments, 100% of loss allowance shall be recognized. For the past due days of accounts receivable that did not exceed the credit period, the Company determines the expected credit loss by reference to the different customer segment's historical average recovery rate, the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, the GDP forecasts, and a possible loss rate is used to recognize a fixed portion of loss allowance.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2025

a. General distributors

	Not Overdue	Overdue	Total
Expected loss rate	0.00%-0.85%	100%	
Carrying amount	\$ 134,963	\$ 4,059	\$ 139,022
Allowance for impairment loss (Lifetime ECLs)	<u>(957)</u>	<u>(4,059)</u>	<u>(5,016)</u>
Amortized cost	<u>\$ 134,006</u>	<u>\$ -</u>	<u>\$ 134,006</u>

b. Project contractors

	Not Overdue	Overdue	Total
Expected loss rate	0.00%-4.89%	100%	
Carrying amount	\$ 54,168	\$ 1,898	\$ 56,066
Allowance for impairment loss (Lifetime ECLs)	<u>(2,576)</u>	<u>(1,898)</u>	<u>(4,474)</u>
Amortized cost	<u>\$ 51,592</u>	<u>\$ -</u>	<u>\$ 51,592</u>

December 31, 2024

a. General distributors

	Not Overdue	Overdue	Total
Expected loss rate	0.00%-0.88%	100%	
Carrying amount	\$ 162,271	\$ 1,136	\$ 163,407
Allowance for impairment loss (Lifetime ECLs)	<u>(1,097)</u>	<u>(1,136)</u>	<u>(2,233)</u>
Amortized cost	<u>\$ 161,174</u>	<u>\$ -</u>	<u>\$ 161,174</u>

b. Project contractors

	Not Overdue	Overdue	Total
Expected loss rate	0.00%-5.23%	100%	
Carrying amount	\$ 83,527	\$ 2,707	\$ 86,234
Allowance for impairment loss (Lifetime ECLs)	<u>(4,281)</u>	<u>(2,707)</u>	<u>(6,988)</u>
Amortized cost	<u>\$ 79,246</u>	<u>\$ -</u>	<u>\$ 79,246</u>

Allowance for notes receivable, trade receivables and overdue receivables:

	December 31	
	2025	2024
Balance on January 1	\$ 74,304	\$ 73,556
Add: Net remeasurement of loss allowance	<u>265</u>	<u>748</u>
Balance on December 31	<u>\$ 74,569</u>	<u>\$ 74,304</u>

9. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$ 34,717	\$ 37,839
Work in progress	1,937	3,656
Finished goods	<u>232,935</u>	<u>415,046</u>
	<u>\$ 269,589</u>	<u>\$ 456,541</u>

The allowance for impairment loss of inventories for the years ended December 31, 2025 and 2024 was \$443,605 thousand and \$446,628 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 was \$705,744 thousand and \$784,722 thousand, respectively. The cost of goods sold for the years ended December 31, 2025 and 2024, included reversal of inventory write-downs of \$3,023 thousand and write-downs of \$27,501 thousand, respectively. The reversals of inventory write-downs were mainly due to the changes in net realizable value of inventories and disposal of obsolete inventory.

Considering that certain inventories could not be physically counted or transferred due to the refusal by the logistics contractor, the Company assessed the recoverable amounts of such inventories and recognized an impairment loss of \$96,682 thousand, which was recorded under other gains and losses, as of December 31, 2025. Please refer to Note 25.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in subsidiaries	\$ 1,831,043	\$ 1,888,155
Investments in associates	<u>27,435</u>	<u>27,196</u>
	<u>\$ 1,858,478</u>	<u>\$ 1,915,351</u>

a. Investments in subsidiaries

	December 31			
	2025		2024	
Subsidiary	Carrying Amount	Proportion of Ownership (%)	Carrying Amount	Proportion of Ownership (%)
Hwa Chih Glass Corp.	\$ 58,442	100.00	\$ 57,738	100.00
FullMind Digital Co., Ltd.	434,577	100.00	450,831	100.00
Asia Union Technology CORP.	<u>1,338,024</u>	100.00	<u>1,379,586</u>	100.00
	<u>\$ 1,831,043</u>		<u>\$ 1,888,155</u>	

b. Investment in associates

Associates that are not individually material

	December 31			
	2025		2024	
Investee	Carrying Amount	Proportion of Ownership (%)	Carrying Amount	Proportion of Ownership (%)
D&D Lighting Co., Ltd.	\$ 19,013	45.00	\$ 18,829	45.00
Chong Yong Electric Vehicle Co., Ltd.	8,422	45.45	8,367	45.45
Golden Crown Green Energy Ltd.	-	43.10	-	43.10
GLi Energy Co., Ltd.	-	40.00	-	40.00
Toalux Electric Co., Ltd.	<u>-</u>	31.29	<u>-</u>	31.29
	<u>\$ 27,435</u>		<u>\$ 27,196</u>	

Aggregate information of associates that are not individually material

	December 31	
	2025	2024
The Company's share of:		
Net profit in current year	\$ 820	\$ 282
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 820</u>	<u>\$ 282</u>

Refer to Table 2 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

Investments accounted for using the equity method and the Company's share of profit or loss and other comprehensive income were based on the audited financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Rental Equipment	Machinery and Equipment	Transportation	Office Equipment	Other Equipment	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 536,178	\$ 209,932	\$ 1,014,270	\$ 896,430	\$ 2,532	\$ 96,628	\$ 35,384	\$ 2,791,354
Additions	-	233	-	-	-	523	-	756
Disposals	-	-	-	(793)	(40)	-	(84)	(917)
Reclassified	65,120	29,100	-	-	-	-	-	94,220
Balance on December 31, 2024	<u>601,298</u>	<u>239,265</u>	<u>1,014,270</u>	<u>895,637</u>	<u>2,492</u>	<u>97,151</u>	<u>35,300</u>	<u>2,885,413</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2024	54,318	194,396	1,014,270	885,604	2,532	73,808	34,053	2,258,981
Disposals	-	-	-	(793)	(40)	-	(84)	(917)
Depreciation expense	-	2,657	-	3,764	-	3,336	1,005	10,762
Reclassified	-	37,195	-	-	-	-	-	37,195
Balance on December 31, 2024	<u>54,318</u>	<u>234,248</u>	<u>1,014,270</u>	<u>888,575</u>	<u>2,492</u>	<u>77,144</u>	<u>34,974</u>	<u>2,306,021</u>
Carrying amounts at December 31, 2024	<u>\$ 546,980</u>	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ 7,062</u>	<u>\$ -</u>	<u>\$ 20,007</u>	<u>\$ 326</u>	<u>\$ 579,392</u>
<u>Cost</u>								
Balance on January 1, 2025	\$ 601,298	\$ 239,265	\$ 1,014,270	\$ 895,637	\$ 2,492	\$ 97,151	\$ 35,300	\$ 2,885,413
Additions	-	1,432	-	110	9,698	10,752	-	21,992
Disposals	-	-	-	(1,355)	-	-	-	(1,355)
Reclassified	(5,632)	(64,561)	-	-	-	-	-	(70,193)
Balance on December 31, 2025	<u>595,666</u>	<u>176,136</u>	<u>1,014,270</u>	<u>894,392</u>	<u>12,190</u>	<u>107,903</u>	<u>35,300</u>	<u>2,835,857</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2025	54,318	234,248	1,014,270	888,575	2,492	77,144	34,974	2,306,021
Disposals	-	-	-	(1,355)	-	-	-	(1,355)
Depreciation expense	-	1,925	-	1,910	81	3,206	33	7,155
Reclassified	-	(64,561)	-	-	-	-	-	(64,561)
Balance on December 31, 2025	<u>54,318</u>	<u>171,612</u>	<u>1,014,270</u>	<u>889,130</u>	<u>2,573</u>	<u>80,350</u>	<u>35,007</u>	<u>2,247,260</u>
Carrying amounts at December 31, 2025	<u>\$ 541,348</u>	<u>\$ 4,524</u>	<u>\$ -</u>	<u>\$ 5,262</u>	<u>\$ 9,617</u>	<u>\$ 27,553</u>	<u>\$ 293</u>	<u>\$ 588,597</u>

Apart from recognizing depreciation expenses, the Company reclassified \$107,169 thousand for the year ended December 31, 2024 from investment property to property, plant and equipment due to a change in the intended use of certain real estate from rental to own use. Furthermore, for the years ended December 31, 2025 and 2024, the Company reclassified \$5,632 thousand and \$50,144 thousand, respectively, from property, plant and equipment to investment property as a result of changes in the intended use of certain real estate from own use to rental.

Except for the aforementioned situations, there were no significant additions, disposal and impairments in the property, plant and equipment of the Group for the years ended December 31, 2025 and 2024. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plant and warehouse	8-45 years
Office	10-28 years
Others	8-30 years
Machinery and equipment	3-10 years
Office equipment	2-15 years
Other equipment	2-15 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amounts		
Buildings	\$ 5,582	\$ 35,061
Transportation equipment	<u>2,523</u>	<u>2,342</u>
	<u>\$ 8,105</u>	<u>\$ 37,403</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 2,887</u>	<u>\$ 21,023</u>
Disposal of right-of-use assets	<u>\$ 1,971</u>	<u>\$ -</u>
Depreciation in right-of-use assets		
Buildings	\$ 28,310	\$ 25,310
Transportation equipment	<u>1,904</u>	<u>2,270</u>
	<u>\$ 30,214</u>	<u>\$ 27,580</u>

b. Lease liabilities

	December 31	
	2025	2024
Carrying amounts		
Current	<u>\$ 6,536</u>	<u>\$ 31,385</u>
Non-current	<u>\$ 1,109</u>	<u>\$ 5,755</u>
Range of discount rate for lease liabilities (%)	1.15-2.23	1.15-2.23

c. Other lease information

	December 31	
	2025	2024
Expenses relating to short-term leases	\$ 711	\$ 3,327
Expenses relating to low-value asset leases	\$ 438	\$ 232
Total cash outflow for leases	<u>\$ (31,906)</u>	<u>\$ (33,257)</u>

13. INVESTMENT PROPERTIES

	December 31	
	2025	2024
<u>Cost</u>		
Balance on January 1	\$ 849,974	\$ 912,694
Addition	7,085	21,000
Reclassification	<u>70,193</u>	<u>(83,720)</u>
Balance on December 31	<u>\$ 927,252</u>	<u>\$ 849,974</u>
<u>Accumulated depreciation and impairment</u>		
Balance on January 1	\$ 234,662	\$ 267,783
Depreciation expense	5,333	4,074
Reclassification	<u>64,561</u>	<u>(37,195)</u>
Balance on December 31	<u>\$ 304,556</u>	<u>\$ 234,662</u>
Carrying amounts at December 31	<u>\$ 622,696</u>	<u>\$ 615,312</u>

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2025 and 2024 was as follows:

	December 31	
	2025	2024
Year 1	\$ 99,519	\$ 101,809
Year 2	93,650	98,398
Year 3	89,757	92,490
Year 4	89,231	88,629
Year 5	44,167	88,071
Over 5 years	<u>-</u>	<u>43,200</u>
	<u>\$ 416,324</u>	<u>\$ 512,597</u>

Apart from recognizing depreciation expenses and the reclassifications mentioned in Note 11, there were no significant additions and impairments in the investment properties of the Company for the years ended December 31, 2025 and 2024.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Plant and warehouse	21-45 years
Office	2-50 years
Others	8-30 years

As of December 31, 2025 and 2024, the fair value of the Company's investment properties was \$4,159,410 thousand and \$2,576,764 thousand, respectively, and the valuations were conducted by independent, by the Company's management with reference and non-related appraisers to prevailing market transaction prices of comparable nearby properties for the years ended December 31, 2022 and 2021, and were classified as Level 3 inputs. The Company's management evaluated and concluded that there was no significant decrease in the fair value of the investment properties as of the financial reporting date.

14. OTHER NON-CURRENT ASSETS

	December 31	
	2025	2024
Overdue receivables	\$ 65,079	\$ 65,083
Less: Allowance loss	<u>(65,079)</u>	<u>(65,083)</u>
	-	-
Refundable deposits	5,444	14,068
Prepayments	4,248	-
Net defined benefit assets	670	670
Deferred expense	6,041	1,067
Restricted assets - time deposits (Note 24)	-	2,890
Other (Note 25)	<u>3,914</u>	<u>3,914</u>
	<u>\$ 20,317</u>	<u>\$ 22,609</u>

The Company participated in the bidding projects of the Mercury Street Light Sunset Plan of Yunlin, Chiayi and Changhua County and City Governments between 2016 and 2018. As of December 31, 2024, the balance of guarantee deposits paid of \$8,293 thousand.

15. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

For the years ended December 31, 2025 and 2024, the Company recognized expenses of \$3,730 thousand and \$3,420 thousand in the statements of comprehensive income in accordance with the defined contribution plan, respectively.

16. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	700,000	700,000
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
Number of shares issued and fully paid (in thousands)	322,736	322,736
Shares issued	<u>\$ 3,227,358</u>	<u>\$ 3,227,358</u>

A holder of issued ordinary shares with par value of NT\$10 is entitled to the proportional rights to vote and to receive dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Treasury share transactions	\$ 461	\$ 461
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates (2)	7,962	4,963
Dividends unclaimed by shareholders	203	361
Gain on disgorgement	<u>55</u>	<u>55</u>
	<u>\$ 8,681</u>	<u>\$ 5,840</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in the company resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy of the Company's Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the subtraction of the equity, which happened in the fiscal year, and adding up the undistributed retained earnings of the previous year. Then, allocate more than 50% of the calculated number mentioned above, of which the cash dividend shall not be less than 10% of the shareholders' dividend. If the cash dividend is less than \$0.1 per share, the dividend will be paid in shares instead of cash. However, the ratio of earnings to be distributed and the ratio of cash dividends to shareholders may be submitted to the Board of Directors and then adjusted by shareholders' meeting based on the Company's profitability and capital position of the year. The Company may distribute all or part of dividends, bonuses, legal reserve, or capital surplus in the form of cash by authorizing the Board of Directors, with the consent of more than two-thirds of the directors present at a meeting attended by a majority of the directors, and reporting such distribution to the shareholders' meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2024 and 2023, which were approved in the shareholders' meetings on May 26, 2025 and May 30, 2024, respectively, were as follows:

	Appropriation of Earnings		Cash Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Legal reserve	\$ 16,057	\$ 14,957	\$ -	\$ -
Cash dividends	258,188	161,367	0.8	0.5

The appropriations of earnings for 2025, which were proposed by the Company's board of directors on March 9, 2026, were as follows:

	For the Year Ended December 31, 2025
Legal reserve	\$ 921
Cash dividends	258,188
Cash dividends per share (NT\$)	0.8

The appropriation of earnings for 2025 will be resolved by the shareholders in their meeting to be held on May 26, 2026.

d. Special reserve

If a special reserve appropriated on the first-time adoption of IFRS Accounting Standards relates to investment properties other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Company) will be reversed on the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance on January 1 (balance on December 31)	\$ (1,534)	\$ (1,534)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ 216,213	\$ 23,228
Recognized for the year		
Unrealized gain (loss) - equity instruments	(5,815)	374
Share from subsidiaries and associates accounted for using the equity method	<u>(65,459)</u>	<u>192,611</u>
Balance on December 31	<u>\$ 144,939</u>	<u>\$ 216,213</u>

17. REVENUE AND COST

a. Operating revenue

	For the Year Ended December 31	
	2025	2024
Revenue from the sale of goods	\$ 924,493	\$ 1,024,998
Rental income	<u>102,759</u>	<u>101,807</u>
	<u>\$ 1,027,252</u>	<u>\$ 1,126,805</u>

b. Contract balances

	December 31		
	2025	2024	2023
Contract liabilities - current	<u>\$ 14,376</u>	<u>\$ 13,880</u>	<u>\$ 52,081</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue for the years ended December 31, 2025 and 2024 that was recognized from the contract liability balance at the beginning of the year amounted to \$8,334 thousand and \$50,893 thousand, respectively. The performance obligations that have not been fully satisfied as of December 31, 2025 and 2024 will be recognized as revenue periodically based on the time when the customer picks up the goods and the lease period.

c. Operating costs

	For the Year Ended December 31	
	2025	2024
Costs from the sale of goods	\$ 705,744	\$ 784,722
Rental costs	<u>10,890</u>	<u>9,580</u>
	<u>\$ 716,634</u>	<u>\$ 794,302</u>

18. NET INCOME (LOSS) ITEM BEFORE TAX

a. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Dividend income	\$ 756	\$ -
Gain on disposal of investment properties	23	-
Net foreign exchange gains (losses)	(14,987)	22,454
Impairment losses (Note 25)	(96,682)	-
Other gains, net	<u>2,540</u>	<u>4,375</u>
	<u>\$ (108,350)</u>	<u>\$ 26,829</u>

The amounts of net foreign currency exchange gains (losses), including unrealized foreign currency exchange gains (losses) due to exchange rate changes were \$(16,341) thousand and \$17,445 thousand for the years ended December 31, 2025 and 2024, respectively.

b. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on lease liabilities	\$ 412	\$ 576
Other interest expenses	<u>455</u>	<u>444</u>
	<u>\$ 867</u>	<u>\$ 1,020</u>

c. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31, 2025		
	Classified as Operating Cost	Classified as Operating Expense	Total
Employee benefits expenses			
Salary and bonus	\$ 6,710	\$ 82,275	\$ 88,985
Insurance	834	6,624	7,458
Pension	380	3,350	3,730
Board compensation	<u>-</u>	<u>17,405</u>	<u>17,405</u>
	<u>\$ 7,924</u>	<u>\$ 109,654</u>	<u>\$ 117,578</u>
Depreciation expense	<u>\$ 5,911</u>	<u>\$ 36,791</u>	<u>\$ 42,702</u>
Amortization expense	<u>\$ 34</u>	<u>\$ 1,601</u>	<u>\$ 1,635</u>

	For the Year Ended December 31, 2024		
	Classified as Operating Cost	Classified as Operating Expense	Total
Employee benefits expenses			
Salary and bonus	\$ 3,919	\$ 75,276	\$ 79,195
Insurance	214	6,523	6,737
Pension	104	3,316	3,420
Board compensation	-	26,847	26,847
Others	<u>200</u>	<u>2,028</u>	<u>2,228</u>
	<u>\$ 4,437</u>	<u>\$ 113,990</u>	<u>\$ 118,427</u>
Depreciation expense	<u>\$ 5,556</u>	<u>\$ 36,860</u>	<u>\$ 42,416</u>
Amortization expense	<u>\$ 16</u>	<u>\$ 2,489</u>	<u>\$ 2,505</u>

To optimize the use of available manpower resources, the Company has started negotiations with its employees in 2021 resulting in their transfer to a labor dispatch company engaged by the Company. Employees will be assigned on a continuous basis in accordance with the labor contract.

The expenses related to dispatched employees are disclosed under employee benefit expenses.

d. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation amended on May 26, 2025, the Company accrues employees' compensation (including non-executive employees) and directors' remuneration at rates of 1%-10%, with no less than 0.1% allocated to non-executive employees and no higher than 10% allocated to directors, of net profit before income tax and before the deduction of employees' compensation and directors' remuneration. In the Articles of Incorporation prior to the amendment on May 26, 2025, the Company accrues employees' compensation and directors' remuneration at rates of 1%-10% and no higher than 5%, respectively, of net profit before income tax and before the deduction of employees' compensation and directors' remuneration.

As net loss before income tax in 2025, the compensation of employees and remuneration of directors were not accrued.

The compensation of employees (including non-executive employees) and the remuneration of directors for the year ended December 31, 2024, which were approved by the Company's board of directors on March 3, 2025, respectively, are as follows:

Accrual rate

	For the Year Ended December 31, 2024
Compensation of employees	1%
Remuneration of directors	5%

Amount

	For the Year Ended December 31, 2024	
	Cash	Shares
Compensation of employees	\$ 1,742	\$ -
Remuneration of directors	8,709	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate on following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2024.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2025	2024
Deferred tax		
In respect of the current year	\$ (22,162)	\$ 3,301
Income tax expense (benefit) recognized in profit or loss	\$ (22,162)	\$ 3,301

A reconciliation of accounting profit and income tax expense (benefit) and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2025	2024
Profit (loss) before tax	\$ (12,955)	\$ 163,868
Income tax expense (benefit) calculated at the statutory rate (20%)	\$ (2,591)	\$ 32,773
Tax-exempt income	(1,385)	(6,513)
Unrecognized loss carryforwards	(18,186)	(27,865)
Unrecognized deductible temporary differences	-	4,906
Income tax expense (benefit) recognized in profit or loss	\$ (22,162)	\$ 3,301

b. Current tax assets (accounted for as other current assets)

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	<u>\$ 4,451</u>	<u>\$ 4,339</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for doubtful account	\$ 56,656	\$ 162	\$ -	\$ 56,818
Inventory write-downs	83,791	(604)	-	83,187
Impairment loss on asset	-	19,336	-	19,336
Unrealized sales profit	760	-	-	760
Impairment on property, plant and equipment	6,988	-	-	6,988
Impairment loss on investment	9,763	-	-	9,763
Exchange differences on translation of the financial statements of a foreign operation	303	-	-	303
Others	<u>576</u>	<u>-</u>	<u>-</u>	<u>576</u>
	<u>\$ 158,837</u>	<u>\$ 18,894</u>	<u>\$ -</u>	<u>\$ 177,731</u>

Deferred tax liabilities

Temporary differences				
Reserve for land value increment	\$ (125,186)	\$ -	\$ -	\$ (125,186)
Defined benefit plan	(1,913)	-	-	(1,913)
Unrealized exchange gains	<u>(7,210)</u>	<u>3,268</u>	<u>-</u>	<u>(3,942)</u>
	<u>\$ (134,309)</u>	<u>\$ 3,268</u>	<u>\$ -</u>	<u>\$ (131,041)</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for doubtful account	\$ 56,467	\$ 189	\$ -	\$ 56,656
Inventory write-downs	83,791	-	-	83,791
Unrealized sales profit	760	-	-	760
Impairment on property, plant and equipment	6,988	-	-	6,988
Impairment loss on investment	9,763	-	-	9,763
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Exchange differences on translation of the financial statements of a foreign operation	\$ 303	\$ -	\$ -	\$ 303
Others	<u>576</u>	<u>-</u>	<u>-</u>	<u>576</u>
	<u>\$ 158,648</u>	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ 158,837</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Reserve for land value increment	\$ (125,186)	\$ -	\$ -	\$ (125,186)
Defined benefit plan	(1,913)	-	-	(1,913)
Unrealized exchange gains	<u>(3,720)</u>	<u>(3,490)</u>	<u>-</u>	<u>(7,210)</u>
	<u>\$ (130,819)</u>	<u>\$ (3,490)</u>	<u>\$ -</u>	<u>\$ (134,309)</u>
				(Concluded)

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the parent company only balance sheets

	<u>December 31</u>	
	2025	2024
Investment loss	\$ 574,687	\$ 574,687
Impairment loss	715,178	715,178
Others	<u>(44,594)</u>	<u>(44,571)</u>
	<u>\$ 1,245,271</u>	<u>\$ 1,245,294</u>
<u>Loss carryforwards</u>		
Expiry in 2028	\$ -	\$ 5,384
Expiry in 2029	703,220	788,763
Expiry in 2030	16,900	16,900
Expiry in 2031	89,632	89,632
Expiry in 2032	<u>8,627</u>	<u>8,627</u>
	<u>\$ 818,379</u>	<u>\$ 909,306</u>

- e. The income tax returns have been assessed by the tax authorities as follows:

	Period of Assessment
The Company	2023

20. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2025	2024
Basic earnings per share	\$ 0.03	\$ 0.50
Diluted earnings per share	\$ 0.03	\$ 0.50

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

	Net Profit for the Year	Number of Shares (In Thousands)	Earnings per Share (NT\$)
<u>For the year ended December 31, 2025</u>			
Profit for the year attributable to owners of the Company	\$ 9,207	322,736	\$ 0.03
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>19</u>	
Earnings used in the computation of diluted earnings per share	<u>\$ 9,207</u>	<u>322,755</u>	0.03
<u>For the year ended December 31, 2024</u>			
Profit for the year attributable to owners of the Company	\$ 160,567	322,736	0.50
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>127</u>	
Earnings used in the computation of diluted earnings per share	<u>\$ 160,567</u>	<u>322,863</u>	0.50

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 39,559	\$ 39,559

December 31, 2024

	Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	\$ -	\$ -	\$ 45,374	\$ 45,374

There were no transfers between Levels 1 and 2 in the current years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2025

Financial Assets	Financial Assets at Fair Value Through Other Comprehensive Income
Balance, beginning of the year	\$ 45,374
Recognized in other comprehensive income (loss) (unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income)	(5,815)
Balance, end of the year	\$ 39,559

For the year ended December 31, 2024

Financial Assets	Financial Assets at Fair Value Through Other Comprehensive Income
Balance, beginning of the year	\$ -
Recognized in other comprehensive income (loss) (unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income)	374
Purchase	<u>45,000</u>
Balance, end of the year	<u>\$ 45,374</u>

3) Valuation techniques and assumptions for measurement of fair value

The fair value of financial assets and financial liabilities that have standard terms and conditions and are traded in an active market is determined by reference to market quotes. Financial assets in this category include fund beneficiary certificates and listed equity investments.

The determination of fair value: The open-ended fund beneficiary certificates use the net asset value on the balance sheet date, and the shares of domestic listed companies are based on the closing price of the open market on the balance sheet date.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The main assumption of the comparable company analysis is based on the multiplier of the quoted price and the earnings per share of the comparable listed company, and discount for lack of marketability are considered as well. When the multiplier is higher or the discount for lack of marketability is lower, the fair value of the relevant financial instrument is higher. When the other input values remain unchanged, if the multiplier decreases by 5%, the fair value changes will respectively generate unfavorable changes of \$2,327 thousand and \$3,471 thousand to other comprehensive income for the years ended December 31, 2025 and 2024, respectively; if the discount for lack of marketability increases by 5%, the fair value changes will respectively generate unfavorable changes of \$2,327 thousand and \$3,471 thousand to other comprehensive income for the years ended December 31, 2025 and 2024, respectively.

b. Categories of financial instruments

	<u>December 31</u>	
	2025	2024
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income - equity instruments	\$ 39,559	\$ 45,374
Financial assets at amortized cost (1)	929,242	1,083,476
<u>Financial liabilities</u>		
Amortized cost (2)	168,755	189,743

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables, notes receivable and trade receivables from related parties, part of other current assets, and part of other non-current assets.
 - 2) The balances included financial liabilities measured at amortized cost, which comprise trade payables, trade payables to related parties, part of other payables and guarantee deposits received.
- c. The purpose and policy for financial risk management

The financial risk management objective of the Company is to manage foreign currency risk, credit risk and liquidity risk related to operating activities. To reduce related financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The important financial activities of the Company are reviewed by the board of directors in accordance with relevant regulations and internal controls. During the execution of the financial plan, the Company must strictly comply with the financial operation procedures regarding overall financial risk management and segregation of duties.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Risk of exchange rates

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 26.

The Company is mainly affected by fluctuations in the exchange rate of the U.S. dollar, resulting in large amounts of assets and liabilities due to foreign currency transactions. Although the profits and losses of foreign currency assets and liabilities generated from changes in market exchange rates are offset against each other, the amounts of foreign currency assets are greater than the amount of foreign currency liabilities; therefore, the Company is exposed to foreign exchange risk.

If the value of the New Taiwan dollar against the U.S. dollar had been 1% lower, the Company's profit from continuing operations before tax would have decreased by \$3,129 thousand and \$3,470 thousand for the years ended December 31, 2025 and 2024, respectively.

b) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in the market. The Company's interest rate risk mainly comes from bank deposits.

The Company's bank deposits are charged at fixed rates, their fair value may be lower than expected due to the rise in interest rates. However, the Company's bank deposits held at fixed interest rates are all time deposits with a maturity of less than one year, and the impact on the fair value is limited.

2) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes the Company's financial losses. As of the balance sheet date, the maximum credit risk exposure of the Company's financial losses due to the counterparty's failure to perform its obligations is the book value of the financial assets recognized in the parent company only balance sheets.

The policy adopted by the Company is to only trade with reputable parties and obtain sufficient guarantees under necessary circumstances to reduce the risk of financial losses due to defaults.

As most counterparties of liquidity transactions are banks with high credit ratings, the credit risk is limited.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2025

	On Demand or Less than 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>			
Trade payables	\$ 126,714	\$ -	\$ 126,714
Lease liability	7,096	1,662	8,758
Other payables	14,453	-	14,453
Deposits received	-	26,404	26,404

December 31, 2024

	On Demand or Less than 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>			
Trade payables	\$ 124,143	\$ -	\$ 124,143
Lease liability	31,755	5,798	37,553
Other payables	39,215	-	39,215
Deposits received	-	26,384	26,384

23. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Hwa Chih Glass Corp.	Subsidiary
FullMind Digital Co., Ltd.	Subsidiary
Asia Union Technology CORP.	Subsidiary
D&D Lighting Co., Ltd.	Associate
Chong Yong Electric Vehicle Corp.	Associate
Jotangi Technology Co., Ltd.	Associate
Sin Tian Asset Management Co., Ltd. (collectively referred to as the "Sin Tian Asset Management")	Related party in substance
Sweeten Real Estate Development Co., Ltd. (collectively referred to as the "Sweeten Real Estate Development")	Related party in substance
Others	Directors and key management of the Company

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Sales	Associate	\$ 727	\$ 1,009
Purchases	Asia Union Technology CORP.	\$ 18	\$ 6,076
	Associate	20,770	17,920
		\$ 20,788	\$ 23,996

The above purchases and sales are based on general purchases and sales prices, and the payment period is 2 to 3 months of the closing date. If a contract is signed, the payment will be collected in accordance with the terms of the contract; the payment period is 1 to 2 months of the closing date. If a contract is signed, the payment will be made in accordance with the terms of the contract, which is not significantly different from the general terms.

c. Receivables and payables from related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Notes receivable and trade receivables	Associate	\$ 14	\$ 54
Trade payables	Subsidiary	\$ -	\$ 24
	Associate	2,886	3,088
		\$ 2,886	\$ 3,112

(Continued)

Line Item	Related Party Category/Name	December 31	
		2025	2024
Other payables	Asia Union Technology CORP. Related party in substance	\$ -	\$ 8,064
		<u>334</u>	<u>334</u>
		<u>\$ 334</u>	<u>\$ 8,398</u> (Concluded)

The outstanding trade payables to related parties are unsecured and will be paid by cash.

d. Other current assets - prepayments

		December 31	
		2025	2024
Related party in substance Associate		\$ 28	\$ -
		<u>3,082</u>	<u>3,082</u>
		<u>\$ 3,110</u>	<u>\$ 3,082</u>

e. Other non-current assets - refundable deposits

		December 31	
		2025	2024
Related party in substance		\$ 2,116	\$ 2,116
		<u>2,116</u>	<u>2,116</u>

f. Lease arrangements

Related Party Category/Name	2025	2024
<u>Acquisition of right-of-use assets</u>		
Sweeten Real Estate Development	<u>\$ -</u>	<u>\$ 3,498</u>

Line Item	Related Party Category/Name	December 31	
		2025	2024
Lease liabilities - current	Sin Tian Asset Management	\$ 3,392	\$ 14,331
	Sweeten Real Estate Development	1,574	1,542
Lease liabilities - non-current	Sin Tian Asset Management	-	3,392
	Sweeten Real Estate Development	<u>118</u>	<u>1,563</u>
		<u>\$ 5,084</u>	<u>\$ 20,828</u>

Related Party Category/Name	2025	2024
<u>Interest expense</u>		
Related party in substance	\$ <u>213</u>	\$ <u>411</u>
<u>Total cash outflow for leases</u>		
Sin Tian Asset Management	\$ (14,840)	\$ (14,488)
Sweeten Real Estate Development	<u>(1,595)</u>	<u>(1,487)</u>
	\$ <u>(16,435)</u>	\$ <u>(15,975)</u>

The rental is based on similar properties in the vicinity of the office and fixed lease payments are paid on a monthly basis.

g. Remuneration of key management personnel

	2025	2024
Short-term employee benefits	\$ <u>17,405</u>	\$ <u>26,847</u>

The remuneration of directors and other key management is determined by the remuneration committee in accordance with individual performance and market trends.

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been pledged as guarantees for short-term loans, gas pipelines and project contractors:

	December 31	
	2025	2024
Pledged deposits (accounted for as other non-current assets)	\$ <u>-</u>	\$ <u>2,890</u>

25. OTHER SIGNIFICANT EVENTS

Litigation Event

The former chairperson of the board of directors and related employees of the Company violated Securities Exchange Act in 2016 and were involved in lawsuits. On June 29, 2021, Taiwan High Court found the chairperson of the board of directors and related employees guilty for violating Securities Exchange Act Article 171, Paragraph 2. The Supreme Court remanded the original judgment to the Taiwan High Court for trial on January 6, 2022. In addition, Securities and Futures Investors Protection Center has filed a motion to remove the Company's directors due to aforementioned case, and the proceedings are currently pending in the Taipei High Administrative Court.

The Company terminated the labor turnkey dispatch contract with VME Group on September 30, 2023, and required VME Group to return a deposit of \$3,914 thousand (accounted for other non-current assets), but VME Group refused to return the Company's aforementioned deposit for many unknown reasons. The Company engaged in civil mediation with VME Group on March 19, 2024, but the attempt ended without resolution. Subsequently, the Company filed a civil lawsuit against VME Group. The first seven court hearings concluded without resolution, and the case is still pending a further trial by the court.

The former tenant of the Hsinchu plant, Jay Young Semiconductor Co., Ltd. (collectively referred to as the "Jay Young Semiconductor"), vacated the premises in December 2023 and subsequently claimed that the Company should return the cleanroom facility system equipment installed at the plant. Should the Company be unable to return the equipment, Jay Young Semiconductor demands a payment of NT\$3,381 thousand as compensation for the acquisition of said equipment. Due to unresolved disagreements between the parties regarding ownership of the equipment, Jay Young Semiconductor filed a civil lawsuit against the Company on February 15, 2024. On November 21, 2025, the court ruled that the Company shall return the aforementioned equipment to Jay Young Semiconductor, or, if such return is not possible, pay Jay Young Semiconductor NT\$2,300 thousand. The judgment is not subject to provisional execution. The Company filed an appeal on December 11, 2025, and the case is still pending further trial by the court.

The Company entered into a logistics warehousing and transportation service agreement with Jin Lai Logistics Co., Ltd. (hereinafter referred to as "Jin Lai Logistics"). Prior to the contract expiration on December 31, 2025, the Company duly issued an early termination notice in accordance with the agreement, and Jin Lai Logistics consented to the termination of the cooperation. Under the contractual terms, Jin Lai Logistics was required, upon termination, to cooperate with the Company in completing the inventory count and return procedures. However, as of the date the Company only financial statements were authorized for issue, the Company had no outstanding payables to Jin Lai Logistics, and the related inventory count and transfer procedures had not been completed because Jin Lai Logistics refused to cooperate on the grounds of alleged misappropriation. Furthermore, on March 5, 2026, the Company received a ruling from the Taiwan High Court (2026 Chuang Zi No. 180), granting the Company the right to enter the disputed logistics warehouse to retrieve its inventories. However, due to the timeline of the ongoing legal proceedings, the Company has not yet been able to retrieve or verify the actual condition of the inventories. Accordingly, the Company recognized an impairment loss of \$96,682 thousand for the year ended 2025 (recorded under other gains and losses). The Company has also filed the related criminal complaint in accordance with law and will pursue claims for damages, including but not limited to inventory value loss, business interruption loss, and other consequential damages, to safeguard shareholders' interests.

The Company's business is operating as usual and has not been affected by the above matter.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	For the Year Ended December 31					
	2025			2024		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Foreign financial assets</u>						
Monetary items						
USD	\$ 10,456	31.438	\$ 328,716	\$ 10,584	32.781	\$ 346,954
JPY	41,970	0.2008	8,428	41,965	0.2099	8,808
						(Continued)

For the Year Ended December 31						
	2025			2024		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Foreign financial liabilities						
Monetary items						
USD	\$	252	31.438	\$	-	-
			\$			(Concluded)

Refer to Note 18 for the Company's realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2025 and 2024.

27. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. Information on investees:
 - 1) Financing provided to others: None.
 - 2) Endorsements/guarantees provided: None.
 - 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures): See Table 1 below.
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 6) Information on investees: See Table 2 below.
- c. Information on investments in mainland China: See Table 3 below.

28. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2025.

TABLE 1

CHINA ELECTRIC MFG. CORPORATION

**SIGNIFICANT MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
China Electric Mfg. Corporation	<u>Shares</u> Beautiful Light Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,800	\$ 39,559	9.63	\$ 39,559	Note 2
FullMind Digital Co., Ltd.	<u>Shares</u> Hua Da Venture Capital Corporation	Representative director	Financial assets at fair value through other comprehensive income - non-current	150	5,405	10.00	5,405	Note 2
	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	878	99,214	0.53	99,214	Note 1
	Supreme Electronics Co., Ltd. Type - A Preference Shares	-	Financial assets at fair value through other comprehensive income - current	1,000	44,800	0.18	44,800	Note 1
Asia Union Technology CORP.	<u>Shares</u> Dongguan Juwei New Energy Sources Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	28	-	2.84	-	Note 2
	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,750	197,750	1.05	197,750	Note 1
	Supreme Electronics Co., Ltd. - Type A Preference Shares	-	Financial assets at fair value through other comprehensive income - current	1,000	44,800	0.18	44,800	Note 1

Note 1: The shares of domestic listed companies are based on the closing price of the open market or the net asset value on the balance sheet date.

Note 2: Refer to Note 22 for the valuation of financial assets at fair value through other comprehensive income.

TABLE 2

CHINA ELECTRIC MFG. CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2025	December 31, 2024	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
China Electric Mfg. Corporation	Hwa Chih Glass Corporation	Taiwan	Manufacturing and sales of glass shells and glass tubes	\$ 91,675	\$ 91,675	10,000	100.00	\$ 58,442	\$ 704	\$ 704	Subsidiary
	FullMind Digital Co., Ltd.	Taiwan	Production and service industry investment	280,000	280,000	31,300	100.00	434,577	5,730	5,730	Subsidiary
	Asia Union Technology Corporation	Taiwan	Real estate development and investment	1,150,000	1,150,000	115,000	100.00	1,338,024	(1,417)	(1,086)	Subsidiary
	Golden Crown Green Energy Ltd.	Cayman Islands	Investment industry	701,716	701,716	229,545	43.10	-	-	-	Associate (Note 2)
	Chong Yong Electric Vehicle Co., Ltd.	Taiwan	Assembly and sales of electric bicycles, electric motorcycles, electric vehicles and other related industries	25,000	25,000	2,500	45.45	8,422	123	55	Associate
	D&D Lighting Co., Ltd.	Taiwan	Processing, manufacturing and trading of art lamps, bulbs, lighting and accessories	12,150	12,150	1,422	45.00	19,013	1,517	765	Associate
	GLi Energy Co., Ltd	Samoa	International trade business	147,650	147,650	5,000	40.00	-	-	-	Associate
	Toalux Electric Co., Ltd.	Taiwan	Manufacturing, assembling, processing and trading of mercury lamp bases, lighting fixtures, and transformer cases	72,025	72,025	1,877	31.29	-	-	-	Associate
FullMind Digital Co., Ltd.	Golden Crown Green Energy Ltd.	Cayman Islands	Investment industry	83,243	83,243	7,000	1.31	-	-	-	Associate (Note 2)
	Toalux Electric Co., Ltd.	Taiwan	Manufacturing, assembling, processing and trading of mercury lamp bases, lighting fixtures, and transformer cases	15,870	15,870	414	6.90	-	-	-	Associate
	The Far East Book Co., Ltd.	Taiwan	Magazine (periodical) publishing	61,060	61,060	700	100.00	43,986	(2,626)	(2,626)	Subsidiary
Asia Union Technology CORP.	Jotangi Technology Co., Ltd.	Taiwan	Information software service and wholesale industry	7,900	7,900	790	4.76	8,221	(27,164)	(1,293)	Associate

Note 1: Refer to Table 3 for information on investments in mainland China.

Note 2: Golden Crown had suspended its operations and there is no sufficient evidence to show that the company will become profitable in the short term. The Company assessed its recoverable amount in 2018 and fully recognized a loss on disposal of the remaining book value.

TABLE 3

CHINA ELECTRIC MFG. CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars/United States Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025 (Note 3)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 (Note 3)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Golden Crown Green Energy Ltd. (Note 1)	Manufacture and sale of solar cells and lithium batteries	\$ 772,589 (US\$ 24,575)	Invest in mainland China's companies by reinvesting in existing companies in the third region	\$ 262,539 (US\$ 8,351)	\$ -	\$ -	\$ 262,539 (US\$ 8,351)	\$ -	44.41	\$ -	\$ -	\$ -

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
NT\$262,539 thousand (US\$8,351 thousand)	NT\$567,550 thousand (US\$18,053 thousand)	NT\$2,522,037 thousand (Note 2)

Note 1: The Company acquired a total of 44.41% equity in Golden Crown Green Energy Ltd. for US\$25,135 thousand, and indirectly acquired Dongguan Guanshuo Battery Co., Ltd., Qingcheng Electronics Factory (Qingcheng Electronics Factory was liquidated in July 2011, and the factory's registration was cancelled on July 9, 2012) and Suzhou Hejun New Energy Co., Ltd. through Sawtry Technology Ltd.

Note 2: Based on Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China, the cumulative amount of the investor's investment in mainland China shall not exceed 60% of the net value or the Company's consolidated net value.

Note 3: The exchange rate was US\$1=NT\$31.438 on December 31, 2025 and average exchange rate was US\$1=NT\$31.166 in 2025.

CHINA ELECTRIC MFG. CORPORATION

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CHINA ELECTRIC MFG. CORPORATION**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Summary	Amount
Related parties		
Notes receivable		
Other (Note)		\$ 3
Trade receivables		
Other (Note)		<u>11</u>
		<u>\$ 14</u>
Non-related parties		
Notes receivable		
Company A		\$ 6,180
Other (Note)		76,258
Trade receivables		
Other (Note)		<u>112,636</u>
		<u>195,074</u>
Less: Allowance for doubtful accounts		<u>(9,490)</u>
		<u>\$ 185,584</u>

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

CHINA ELECTRIC MFG. CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 34,717	\$ 34,717
Work in process	1,937	2,607
Finished goods	<u>232,935</u>	<u>240,960</u>
	<u>\$ 269,589</u>	<u>\$ 278,284</u>

CHINA ELECTRIC MFG. CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Balance, January 1, 2024		Additions		Decrease Unrealized Gain (Loss)	Balance, December 31, 2024		Collateral
	Shares/Units	Fair Value	Shares/Units	Amount		Shares/Units	Fair Value	
Domestic unlisted shares Supreme Electronics Co., Ltd.	1,800	\$ 45,374	-	\$ -	\$ (5,815)	1,800	\$ 39,559	-

CHINA ELECTRIC MFG. CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2025		Additions in Investment		Decrease in Investment		Dividends	Other Comprehensive Income	Others	Share of Profit or Loss of Investees	Balance, December 31, 2025			Market Value or Net Assets Value	Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount					Total Amount					
	(In Thousands)		(In Thousands)		(In Thousands)											
Hwa Chih Glass Corp.	10,000	\$ 57,738	-	\$ -	-	\$ -	\$ -	-	\$ -	704	10,000	100.00	\$ 58,442	\$ -	Nil	-
FullMind Digital Co., Ltd.	31,300	450,831	-	-	-	-	-	(21,984)	-	5,730	31,300	100.00	434,577	-	Nil	-
Asia Union Technology CORP..	115,000	1,379,586	-	-	-	-	-	(43,475)	2,999	(1,086)	115,000	100.00	1,338,024	-	Nil	-
D&D Lighting Co., Ltd.	1,422	18,829	-	-	-	-	(581)	-	-	765	1,422	45.00	19,013	-	Nil	-
Chong Yong Electric Vehicle Co., Ltd.	2,500	8,367	-	-	-	-	-	-	-	55	2,500	45.45	8,422	-	Nil	-
Golden Crown Green Energy Ltd.	229,545	-	-	-	-	-	-	-	-	-	229,545	43.10	-	-	Nil	-
GLi Energy Co., Ltd.	5,000	-	-	-	-	-	-	-	-	-	5,000	40.00	-	-	Nil	-
Toalux Electric Co., Ltd.	1,877	-	-	-	-	-	-	-	-	-	1,877	31.29	-	-	Nil	-
		<u>\$ 1,915,351</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ (581)</u>	<u>\$ (65,459)</u>	<u>\$ 2,999</u>	<u>\$ 6,168</u>			<u>\$ 1,858,478</u>	<u>\$ -</u>		

Note: Others refer to capital surplus from changes in ownership interests not proportional to shareholding.

CHINA ELECTRIC MFG. CORPORATION

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	\$ 21,637
Vendor B	21,298
Vendor C	11,309
Vendor D	10,952
Others (Note)	<u>58,632</u>
	<u>\$ 123,828</u>

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

CHINA ELECTRIC MFG. CORPORATION**STATEMENT OF NET REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Piece (In Thousands)	Amount
Revenue from the sale of goods		
LED module	4,896	\$ 795,972
Traditional lighting	493	11,532
T5 lamps	902	52,982
Other	7,375	<u>64,007</u>
		924,493
Rental income		<u>102,759</u>
		<u>\$ 1,027,252</u>

CHINA ELECTRIC MFG. CORPORATION**STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 255,207
Raw material purchased	75,311
Raw materials, end of year	(253,151)
Transferred to other items	<u>117</u>
Subtotal	77,484
Direct labor	12,778
Manufacturing expenses	<u>14,518</u>
Manufacturing cost	104,780
Work in process, beginning of year	3,656
Work in process, end of year	1,937
Transferred to other items	<u>119</u>
Cost of finished goods	106,380
Finished goods, beginning of year	644,306
Finished goods purchased	513,293
Finished goods, end of year	(554,708)
Transferred to other items	(504)
Inventory write-downs (reversed)	<u>(3,023)</u>
Subtotal	705,744
Rental costs	<u>10,890</u>
	<u>\$ 716,634</u>

Note: The aforementioned inventories were priced at cost without deducting impairment loss.

CHINA ELECTRIC MFG. CORPORATION**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll and bonus	\$ 57,170
Shipping expense	28,580
Depreciation expense	15,891
Warehousing services expense	10,483
Others (Note)	<u>28,834</u>
	<u>\$ 140,958</u>

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

CHINA ELECTRIC MFG. CORPORATION**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll and bonus	\$ 25,105
Depreciation expense	20,900
Board compensation	17,405
Service fees	11,246
Others (Note)	<u>22,012</u>
	<u>\$ 96,668</u>

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

CHINA ELECTRIC MFG. CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	For the Year Ended December 31					
	2025			2024		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 6,710	\$ 82,275	\$ 88,985	\$ 3,919	\$ 75,276	\$ 79,195
Labor and health insurance	834	6,624	7,458	214	6,523	6,737
Pension	380	3,350	3,730	104	3,316	3,420
Board compensation	-	17,405	17,405	-	26,847	26,847
Others	-	-	-	200	2,028	2,228
Depreciation	5,911	36,791	42,702	5,556	36,860	42,416
Amortization	34	1,601	1,635	16	2,489	2,505

Note 1: As of December 31, 2025 and 2024, the Company both had 122 employees. There were both 11 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2025 and 2024 were NT\$902 thousand and NT\$825 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2025 and 2024 were NT\$802 thousand and NT\$713 thousand, respectively. The average salary and bonus increased by 12% year over year.

Note 4: The Company's compensation policies: The Company's employee salaries refer to salary payment standards and their academic experience, professional knowledge and skills, and professional seniority experience, regardless of age, gender, race, religion, political position, and marital status. In addition, employee bonuses are based on the Company's operating performance and individual employee performance. The salary payment standard is set with reference to the salary market, the Company's operating conditions and organizational structure, and it will be adjusted in due course according to market salary dynamics, changes in the overall economy and industrial prosperity, and government regulations.