【Stock Code：2032】

Sinkang Industries Co., Ltd.
Financial Statements
For the Years Ended December 31, 2025 and 2024
and Independent Auditors' Report

Company Address：No. 8, Da'an Rd., Xinzhuang Dist., New Taipei City 242065, Taiwan (R.O.C.)
Company Tel：(02)2202-0152

Table of Contents

國富浩華聯合會計師事務所
Crowe (TW) CPAs
105405台北市松山區敦化北路
122號7樓
7F., No. 122, Dunhua N. Rd.,
Songshan Dist., Taipei City
105405 , Taiwan
Tel +886 2 87705181
Fax +886 2 87705191
www.crowe.tw

Independent Auditors' Report

To: Sinkang Industries Co., Ltd.

Opinion

We have audited the financial statements of Sinkang Industries Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2025 and 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and cash flows from January 1, to December 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted the audit work in accordance with the Auditor's Attestation Financial Statements Rules and the Auditing Standards. Our responsibilities under these standards will be further explained in the auditor's responsibility section of the audit report. Personnel of the auditor's firm, who are subject to independence regulations, have maintained independence from the Company in accordance with professional ethical standards and fulfilled other responsibilities required by those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for financial statements of the Company for the year ended December 31, 2025 are stated as follows:

Revenue Recognition

Please refer to Notes (IV)-18 for the accounting policies for revenue recognition, and to Notes (VI) -17 for the relevant disclosures of revenue.

Explanation of key audit matters:

Revenue is an important indicator for evaluating the financial and business performance of companies and is particularly significant for the Company due to the nature of its industry. The selling price of goods is affected by fluctuations in market prices of raw materials, which makes the timing of revenue recognition crucial and can significantly impact the financial statements. Therefore, the recognition of revenue has been identified as a key audit matter.

Audit procedures performed in response

The main audit procedures that we had performed to address the above matter are as following:

1. Understood and tested the effectiveness of the design and implementation of the internal control system for revenue recognition of the Company.
2. Tested correctness of the timing of revenue recognition.
3. Conducted analyses addressing sales to top ten clients and compared the changes to assess whether there is any significant abnormality.

Expected Credit Loss on Accounts Receivable

Please refer to Notes (IV)-6 for the accounting policy on the evaluation of the expected credit losses of receivables, and to Notes (VI)-3 for the allowance losses and related disclosures.

Explanation of key audit matters

The recognition of expected credit losses on accounts receivable based on their expected credit loss duration is determined by management's subjective judgment, and is subject to the impact of management's assumptions about customer credit risk. In addition, the balance of accounts receivable is material to the overall financial statements. Therefore, the evaluation of expected credit losses on accounts receivable is considered a key audit matter.

Audit procedures performed in response

The main audit procedures that we had performed to address the above matter are as following:

1. Carefully evaluated the reasonableness of the management's assumption on valuation of expected credit losses from receivables and understood recent credit situations in the industry and payment collections in the previous year.
2. Tested correctness of aging reports, audited historical collection records, analyzed industrial and economic conditions and whether there is abnormality in concentration of credit risk, to evaluate the reasonableness of the recorded amount of loss allowance for receivables.

Responsibilities of Management and Governance for the Financial Statements

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

In preparing the financial statements, management's responsibility also includes evaluating the Company's ability to continue as a going concern, the related disclosures, and the use of the going concern basis of accounting, unless management intends to liquidate the Company or to discontinue operations, or has no feasible alternative but to liquidate or discontinue operations.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate evidence to audit the financial information of the entities comprising the Company, and to express an opinion on the financial statements. We are responsible for directing, supervising, and enforcing such audits and for forming opinions of the Company.

We also communicate with those charged with governance regarding the scope and timing of planned audits and significant audit findings, including significant deficiencies in internal control identified in the course of the audits.

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 (including relevant safeguards) that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company for the year ended December 31, 2025. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on such matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the negative impact of doing so would reasonably be expected to be greater than the increased public interest from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lin, Chih-Lung and Wang, Wu-Chang.

Crowe(TW)CPAs
Taipei, Taiwan
Republic of China

Lin, Chih-Lung

Wang, Wu-Chang

March 11, 2026

<u>Notice to Readers</u>

The accompanying 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 accepted and 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.

Sinkang Industries Co., Ltd.

Balance Sheets

December 31, 2025 and 2024

In Thousands of NTD

Code	Assets	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note (VI)-1)	$ 226, 691	10	$ 102, 598	5
1150	Notes receivable, net (Note (VI)-2)	207, 409	10	258, 021	13
1170	Accounts receivable, net (Note (VI)-3)	399, 606	19	399, 192	20
1180	Accounts receivable - related parties (Note (VII))	271	–	541	–
1200	Other receivables	102	–	368	–
1220	Current-period income tax assets	123	–	414	–
130x	Inventories (Note (VI)-4)	404, 173	19	353, 747	18
1410	Prepayments	7, 010	–	7, 666	–
1476	Other financial assets – current	–	–	10, 000	1
1479	Other current assets – other	786	–	901	–
11xx	Total current assets	1, 246, 171	58	1, 133, 448	57
	NONCURRENT ASSETS				
1517	Financial assets measured at FVTOCI – noncurrent (Note (VI)-5)	116, 598	5	59, 417	3
1550	Investments accounted for using equity method (Note (VI)-6)	282, 150	13	243, 305	12
1600	Property, plant and equipment (Note (VI)-7)	504, 013	24	516, 515	27
1755	Right-of-use assets (Note (VI)-8)	9, 674	–	13, 034	1
1840	Deferred income tax assets (Note (VI)-23)	2, 862	–	5, 548	–
1915	Prepayments for equipment	2, 389	–	143	–
1920	Guarantee deposits paid	590	–	608	–
15xx	Total noncurrent assets	918, 276	42	838, 570	43
1xxx	TOTAL ASSETS	$ 2, 164, 447	100	$ 1, 972, 018	100

(continued on next page)

(continued from previous page)

Code	Liabilities and Equity	December 31, 2025 Amount	%	December 31, 2024 Amount	%
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note (VI)-10)	$ 170, 934	9	$ 25, 078	1
2130	Contract liabilities – current (Note (VI)-17)	4, 054	–	5, 766	–
2150	Notes payable	7, 063	–	7, 984	1
2170	Accounts payable	21, 558	1	14, 291	1
2200	Other payables	53, 816	2	43, 472	2
2220	Other payables - related parties (Note (VII))	4	–	–	–
2230	Current-period income tax liability (Note (VI)-24)	3, 248	–	–	–
2250	Provisions – current (Note (VI)-11)	4, 403	–	4, 389	–
2280	Lease liabilities – current (Note (VI)-8)	4, 791	–	4, 421	–
2300	Other current liabilities	1, 121	–	1, 067	–
21xx	Total current liabilities	270, 992	12	106, 468	5
	NONCURRENT LIABILITIES				
2570	Deferred income tax liabilities (Note (VI)-23)	128, 469	7	128, 500	7
2580	Lease liabilities – noncurrent (Note (VI)-8)	5, 215	–	8, 991	–
2640	Defined benefit liability, net – noncurrent (Note (VI)-12)	7, 211	–	10, 586	1
25xx	Total noncurrent liabilities	140, 895	7	148, 077	8
2xxx	TOTAL LIABILITIES	411, 887	19	254, 545	13
	EQUITY				
3100	Share capital (Note (VI)-13)	1, 305, 215	61	1, 305, 215	66
3200	Capital surplus (Note (VI)-14)	107, 011	5	107, 011	6
	Retained earnings (Note (VI)-15)				
3310	Legal reserve	86, 185	4	80, 064	4
3320	Special reserve	105, 000	5	105, 000	5
3350	Unappropriated retained earnings	140, 890	6	119, 785	6
3300	Total retained earnings	332, 075	15	304, 849	15
3400	Other equity (Note (VI)-16)	8, 259	–	398	–
3410	Exchange differences on foreign financial statements	40	–	44	–
3420	Unrealized gains (loss) on financial assets at FVTOCI	8, 219	–	354	–
3xxx	TOTAL EQUITY	1, 752, 560	81	1, 717, 473	87
	TOTAL LIABILITIES AND EQUITY	$ 2, 164, 447	100	$ 1, 972, 018	100

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

Sinkang Industries Co., Ltd.

Statements of Comprehensive Income

For the Years Ended December 31, 2025 and 2024

In Thousands of NTD

Code	Item	2025 Amount	2025 %	2024 Amount	2024 %
4000	Operating revenue (Note (VI)-17)	$ 3, 041, 337	100	$ 2, 968, 738	100
5000	Operating costs (Note (VI)-4)	(2, 914, 953)	(96)	(2, 852, 093)	(96)
5900	Gross profit (loss)from operations	126, 384	4	116, 645	4
	Operating expenses				
6100	Selling expenses	(61, 254)	(2)	(59, 215)	(2)
6200	Administrative expenses	(40, 898)	(1)	(39, 789)	(1)
6450	Recovery gain (loss) on expected credit impairment	733	-	(1, 676)	-
6000	Total operating expenses	(101, 419)	(3)	(100, 680)	(3)
6900	Operating income (loss)	24, 965	1	15, 965	1
	Non-operating income and expenses				
7100	Interest income (Note (VI)-19)	895	-	1, 214	-
7010	Other income (Note (VI)-20)	4, 327	-	2, 925	-
7020	Other gains and losses (Note (VI)-21)	(271)	-	4, 071	-
7050	Finance costs (Note (VI)-22)	(2, 369)	-	(552)	-
7060	Shares of profits of associates and joint ventures under equity method	50, 975	2	40, 391	1
7000	Total non-operating income and expenses	53, 557	2	48, 049	1
7900	Net income (loss) before income tax	78, 522	3	64, 014	2
7950	Income tax (expense) benefit (Note (VI)-23)	(5, 414)	-	(4, 889)	-
8200	NET INCOME (LOSS)	73, 108	3	59, 125	2
	Other comprehensive income (loss) (Note (VI)-24)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	2, 202	-	1, 407	-
8316	Unrealized valuation gains or losses on equity instruments measured at FVTOCI	7, 865	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method – items that will not be reclassified to profit or loss	862	-	679	-
8360	Items that may be subsequently reclassified into profit or loss				
8370	Shares of other comprehensive income of associates and joint ventures under equity method – items that may be reclassified into profit or loss	(4)	-	13	-
8300	Other comprehensive income (loss), net	10, 925	-	2, 099	-
8500	TOTAL COMPREHENSIVE INCOME (LOSS)	$ 84, 033	3	$ 61, 224	2
	EARNINGS PER SHARE				
9750	Basic earnings per share (Note (VI)-25)	$ 0. 56		$ 0. 45	
9850	Diluted earnings per share (Note (VI)-25)	$ 0. 56		$ 0. 45	

(The accompanying notes are an integral part of these financial statements)

Sinkang Industries Co., Ltd.

Statements of Changes in Equity

For the Years Ended December 31, 2025 and 2024

In Thousands of NTD

Item	Common stock	Capital surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Retained Earnings	Other Equity Items: Exchange differences on translation of foreign financial statements	Other Equity Items: Unrealized gains (losses) from financial assets measured at FVTOCI	Total equity
Balance on January 1, 2024	$ 1, 305, 215	$ 107, 011	$ 80, 064	$ 105, 000	$ 58, 574	$ 31	$ 354	$ 1, 656, 249
Net income (loss) – 2024	–	–	–	–	59, 125	–	–	59, 125
Other comprehensive income - 2024	–	–	–	–	2, 086	13	–	2, 099
Total comprehensive income - 2024	–	–	–	–	61, 211	13	–	61, 224
Balance, December 31, 2024	$ 1, 305, 215	$ 107, 011	$ 80, 064	$ 105, 000	$ 119, 785	$ 44	$ 354	$ 1, 717, 473
Balance, January 1, 2025	$ 1, 305, 215	$ 107, 011	$ 80, 064	$ 105, 000	$ 119, 785	$ 44	$ 354	$ 1, 717, 473
Appropriation and distribution of earnings:								
Provision for legal reserve	–	–	6, 121	–	(6, 121)	–	–	–
Cash dividend-common shares	–	–	–	–	(48, 946)	–	–	(48, 946)
Net income (loss) - 2025	–	–	–	–	73, 108	–	–	73, 108
Other comprehensive income – 2025	–	–	–	–	3, 064	(4)	7, 865	10, 925
Total comprehensive income – 2025	–	–	–	–	76, 172	(4)	7, 865	84, 033
Balance, December 31, 2025	$ 1, 305, 215	$ 107, 011	$ 86, 185	$ 105, 000	$ 140, 890	$ 40	$ 8, 219	$ 1, 752, 560

(The accompanying notes are an integral part of these financial statements)

Sinkang Industries Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

In Thousands of NTD

Item	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 78,522	$ 64,014
Adjustment items		
Income/gain and expense/loss items		
Depreciation expense	18,610	18,228
Amortization expense	-	105
Expected credit loss (gain) on financial assets	(733)	1,676
Interest expense	2,369	552
Interest income	(895)	(1,214)
Dividend revenue	(1,198)	(322)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(50,975)	(40,391)
Loss (gain) on disposal or scrapping of property, plant and equipment	(45)	(2,000)
Other items	199	(1)
Total income/gain and expense/loss items	(32,668)	(23,367)
Changes in operating assets / liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	51,123	32,776
Decrease (increase) in accounts receivable	(422)	(88,667)
Decrease (increase) in accounts receivable - related parties	269	(419)
Decrease (increase) in other receivables	274	358
Decrease (increase) in inventories	(50,426)	(104,162)
Decrease (increase) in prepaid expenses	656	(224)
Decrease (increase) in other current assets	114	(751)
Decrease (increase) in other operating assets	230	587
Total net changes in operating assets	1,818	(160,502)
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(1,713)	4,946
Increase (decrease) in notes payable	(921)	727
Increase (decrease) in accounts payable	7,268	83
Increase (decrease) in other payables	10,332	5,888
Increase (decrease) in other payables - related parties	4	-
Increase (decrease) in provisions	14	404
Increase (decrease) in other current liabilities	55	115
Increase (decrease) in net defined benefit liabilities	(623)	(573)
Total net changes in operating liabilities	14,416	11,590
Total net change in operating assets / liabilities	16,234	(148,912)
Total adjustment items	(16,434)	(172,279)
Cash generated from (used in) operations	62,088	(108,265)
Interest received	888	1,289
Dividends received	14,187	9,916
Interest paid	(2,357)	(551)
Income tax refunded (paid)	230	(95)
Total cash flows from (used in) operating activities	75,036	(97,706)

(continued on next page)

(continued from previous page)

Item	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at FVTOCI	($ 49, 316)	$ –
Acquisition of property, plant and equipment	(1, 429)	(4, 456)
Disposal of property, plant and equipment	45	2, 000
Increase in guarantee deposits paid	–	(30)
Decrease in guarantee deposits paid	17	
Increase in other financial assets	–	(10, 000)
Decrease in other financial assets	10, 000	
Increase in prepayments for equipment	(2, 445)	(143)
Net cash flows from (used in) investing activities	(43, 128)	(12, 629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	145, 856	13, 063
Lease principal repayments	(4, 725)	(3, 930)
Distribution of cash dividends	(48, 946)	–
Net cash flows from (used in) financing activities	92, 185	9, 133
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	124, 093	(101, 202)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	102, 598	203, 800
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 226, 691	$ 102, 598

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

Sinkang Industries Co., Ltd.

Notes to Financial Statements

For the Years Ended December 31, 2025 and 2024

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(I) General Information

Sinkang Industries Co., Ltd. (hereafter "the Company"), originally Sinkang Industries Co. was approved and founded in July 1971 with an initial registered capital of $2,000,000. In March 1974, the Company was reorganized as a limited liability company with the name, Sinkang Industries Co., Ltd. After several capital increases, the current capital of the Company is $1,305,215 thousand, which is divided into 130,522 thousand registered common shares, with a par value of $10 per share. The main business activities of the Company are as follows:

1. CA01050 Steel secondary processing
2. CA01070 Scrap iron and steel metal processing
3. CA02010 Metal structure and architectural components manufacturing
4. CA02090 Metal wire products manufacturing
5. CA02990 Other fabricated metal products manufacturing
6. CA04010 Surface treatments
7. CB01010 Mechanical equipment manufacturing
8. F401010 International trade
9. ZZ99999 All business activities that are not prohibited or restricted by law

The main business of the Company is cutting and processing surface treatments for stainless steel. The Company has no ultimate parent company. These financial statements are presented in the functional currency of the Company, the New Taiwan Dollar (NTD).

(II) Date and Procedure for Approval of Financial Statements

The Financial Statements of the Company were approved by the Board of Directors on March 11, 2026.

(III) Application of Newly Issued or Amended Standards and Interpretations

1. Effects from application of International Financial Reporting Standards, International Accounting Standards, Interpretations and Standard Interpretations (collectively "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission R.O.C. (Taiwan) ("FSC"):

   The following summarizes the newly issued, amended or revised IFRSs that are endorsed by FSC and effective for 2025:

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

Amendments to IAS 21 "Lack of Exchangeability"

This amendment defines exchangeability and provides guidance on how to determine the spot exchange rate for measurement purposes when a currency lacks exchangeability. Additionally, this amendment requires entities to provide more useful information in their financial statements when a currency is not exchangeable into another currency.

Based on the Company's assessment, the application of the New IFRSs above will not have significant impact on the Company's financial position or financial performance.

2. The impact of not yet adopting the newly issued and revised IFRSs endorsed by the FSC is summarized in the following table:

New standards, interpretations and amendments endorsed by the FSC and effective from 2026 are as follows:

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17: "First-time Adoption of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Annual Improvements to IFRS Standards—Volume 11	January 1, 2026

Except as described below, the Group has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance.

(1) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

A Clarify and enhance guidance for assessing whether financial assets meet the Solely Payment of Principal or Interest (SPPI) criteria, covering contractual terms that alter cash flows based on contingent events (e.g., interest rates linked to ESG targets), non-recourse instruments, and contractually linked instruments. A. The business does not have the ability to withdraw, suspend or cancel a payment instruction.

B Newly added instruments with certain contract terms that can alter cash flows (such as instruments with features related to achieving environmental, social, and governance (ESG) objectives) should disclose: a qualitative description of the contingent nature; Quantitative information regarding the range of potential changes in contractual cash flows arising from such contractual terms; and the aggregate carrying amount of financial assets and the amortized cost of financial liabilities under such contractual terms.

C Clarify the recognition and derecognition dates for certain financial assets and liabilities. Add that when using an electronic payment system to settle a financial liability (or part thereof) in cash, an entity may recognize the financial liability as extinguished before the settlement date only when the entity initiates a payment instruction that results in the following conditions:

(A) The entity lacks the ability to revoke, stop, or cancel the payment instruction;

(B) The entity lacks the practical ability to obtain cash for settlement due to the payment instruction;

(C) Settlement risks associated with the electronic payment system are not significant.

D Equity instruments designated irrevocably as measured at fair value through other comprehensive income (FVTOCI) shall disclose their fair value by category and are no longer required to disclose fair value information by underlying asset. Additionally, the amount of fair value gains or losses recognized in other comprehensive income during the reporting period shall be disclosed, separately presenting the fair value gains or losses related to investments derecognized during the reporting period and those related to investments still held at the end of the reporting period; as well as the cumulative gains or losses transferred to equity during the reporting period due to the derecognition of investments.

(2) Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

This amendment describes separately the contracts where the enterprise is involved in generating electricity on the basis that the source of generation depends on uncontrollable natural conditions (e.g. weather) as follows:

A. Clarify the application of requirements regarding “self-use” by enterprises for their contracts for purchasing or sale of natural electricity:

When a contract obligates an enterprise to purchase and receive electricity at the time of generation and the design and operation of the contracted electricity trading market requires the enterprise to sell any amount of unused electricity within a specified period of time, the enterprise shall take into account reasonable and supported information about its past, current, and expected future electricity transactions within a reasonable period of time not to exceed twelve months. An enterprise becomes a net purchaser of electricity when it purchases sufficient electricity to offset any unused power sold in the same market in which it sells electricity. Contracts involving natural electricity for self-consumption are required by the new amendments to be disclosed:

(A) The risk that the enterprise may face changes in base electricity and that the enterprise may be required to purchase electricity during delivery intervals when electricity is unavailable,

(B) Unrecognized contractual commitments, including the expected future cash flows from electricity purchases under these contracts, and

(C) The impact of the contracts on the financial performance of the enterprise during the reporting period.

B. Determine how the designation of contracts involving natural electricity as hedging instruments enables the application of hedge accounting:

Hedged item may be designated as a projected electricity transaction for a variable notional amount that corresponds to the variable amount of natural electricity expected to be delivered by the generation facility referred to in the hedging instrument. Also when the cash flow enterprise of the hedging instrument is in a cash flow hedging relationship, when the designation of a contract involving natural electricity as a hedging instrument is conditional on the occurrence of a specified forecasted transaction, it is presumed to be highly probable that the forecasted transaction will occur.

For companies that designate contracts involving natural electricity as hedging instruments, the terms and conditions shall be disclosed by risk category in accordance with IFRS 7.

(3) IFRS 17 “Insurance Contracts”

IFRS 17 Insurance Contracts replaces IFRS 4 and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued by an entity. This Standard applies to insurance contracts issued by an entity (including reinsurance contracts), reinsurance contracts held by an entity, and investment contracts with discretionary participation features issued by an entity, provided that the entity also issues insurance contracts. Embedded derivatives, separable investment components, and separable performance obligations shall be separated from the insurance contract. Upon initial recognition, an entity shall classify its portfolio of insurance contracts issued into three groups: loss-making, not significantly at risk of becoming loss-making, and the residual contract group. IFRS 17 requires the current measurement model to remeasure these estimates at each reporting period. Measurement is based on discounted and probability-weighted cash flows from the contract, risk adjustments, and an element representing the contract's unearned profit (contract service margin). An entity may apply a simplified measurement method (premium allocation method) to some insurance contracts. The entity recognizes income from insurance contract groups over the period it provides insurance coverage and when it is released from risk.

If an insurance contract portfolio incurs a loss, the enterprise shall recognize the loss immediately. The enterprise shall separately report insurance revenue, insurance service fees, and insurance financial gains and expenses, and must disclose information regarding amounts, judgments, and risks arising from insurance contracts.

(4) Amendments to IFRS 17 “Insurance Contracts”

This amendment includes adjustments to the deferred effective date, the expected recovery of cash flows from insurance, the contract service margin attributable to investment services, the recovery of losses from held reinsurance contracts, and other items. These amendments do not alter the fundamental principles of the standard.

(5) Amendments to IFRS 17: “First-time Adoption of IFRS 17 and IFRS 9 — Comparative Information”

This amendment permits entities, upon initial adoption of IFRS 17, to elect to apply the classification overlay method to each comparative period presented. This election allows entities to classify all financial assets, including those held in activities not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis during comparative periods, based on their expected classification at the time of initial adoption of IFRS 9. Entities that have already adopted IFRS 9, or that will adopt both IFRS 9 and IFRS 17 for the first time, may elect to apply the classification overlay method.

(6) Annual Improvements to IFRS Accounting Standards—Volume 11

A. Hedge accounting by a first-time adopter (Amendments to IFRS 1)

Amend IFRS 1 paragraph B5 and B6 to be consistent with IFRS 9. Add cross-references to improve the accessibility and understandability of IFRS Accounting Standards.

B. Gain or loss on derecognition (Amendments to IFRS 7)

Amend IFRS 7 paragraph B38 to update obsolete cross-references.

C. Introduction (Amendments to guidance on implementing IFRS 7)

Amend IFRS 7 paragraph IG1 to add a statement clarifying that the guidance does not illustrate all the requirements in IFRS 7.

D. Credit risk disclosures (Amendments to guidance on implementing IFRS 7)

Amend IFRS 7 paragraph IG20B to simplify its wording.

E. Disclosure of deferred difference between fair value and transaction price (Amendments to guidance on implementing IFRS 7)

Amend IFRS 7 paragraph IG14 to improve its consistency with paragraph 28 of IFRS 7.

F. Derecognition of lease liabilities (Amendments to IFRS 9)

Amend IFRS 9 paragraph 2.1(b) (ii) to add a cross-reference to paragraph 3.3.3 of that Standard and to resolve potential confusion for a lessee applying the derecognition requirements in the Standard.

G. Transaction price (Amendments to IFRS 9)

Amend IFRS 9 paragraph 5.1.3 and Appendix A to clarify the use of the term "transaction price" in the Standard.

H. Determination of a "de facto agent" (Amendments to IFRS 10)

Amend IFRS 10 paragraph B73 and B74 to remove an inconsistency in the application of standard requirements when determining a de facto agent.

I. Cost method (Amendments to IFRS 7)

Replace the term "cost method" with "at cost".

Based on the Company's assessment, the application of the New IFRSs above will not have significant impact on the Company's financial position or financial performance.

3. The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by IASB but not endorsed by the FSC are as follows:

Newly Issued/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Pending for IASB decision
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note: In the press release dated September 25, 2025, the FSC announced that publicly listed companies will adopt IFRS 18 starting in fiscal year 2028. Additionally, enterprises requiring early adoption of IFRS 18 may choose to implement the standard ahead of schedule once the FSC has approved IFRS 18.

Except for the following, based on the Company’s assessment, the application of the New IFRSs above will not have significant impact on the Company’s financial position or financial performance.

(1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

This amendment resolves an inconsistency between existing IFRS 10 and IAS 28. Depending on the nature of the assets sold (invested), an investor who sells (invests) an asset to an associate or a joint venture may recognize all or part of the gain or loss on disposal:

A. All gains or losses on disposals are recognized when the assets sold (invested) qualify as "business";

B. When the assets sold (invested) do not qualify as "business", only a portion of the gain or loss on disposal with unaffiliated investors within the scope of their interests in related parties or joint ventures can be recognized.

(2) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1 and updates the structure of consolidated income statements, adds disclosure of management performance measures, and strengthens the principles of aggregation and breakdowns applied to the primary financial statements and notes.

(3) IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

This standard allows qualified subsidiaries to apply IFRS accounting standards that reduce disclosure requirements.

(4) Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

This amendment adds that when translating from a functional currency of a non-hyperinflationary economy to a presentation currency of a hyperinflationary economy, all amounts (including comparative amounts) must be translated using the closing exchange rate on the most recent financial statement date. This amendment also includes an exception: for entities whose functional currency and presentation currency are both currencies of a hyperinflationary economy, and whose foreign operations are in functional currencies of non-hyperinflationary economies, comparative amounts need not be retranslated. It further requires disclosure of consolidated financial information, including the translation method and the foreign operations to which that method applies.

As of the date of issuance of these parent company only financial statements, the Company is continuously evaluating the impact of the above standards and interpretations on the Company's financial position and financial performance, and the related impact will be disclosed when the evaluation is completed.

(IV) Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

1. Statement of Compliance

These financial statements are prepared in accordance with the Financial Reporting Standards for Securities Issuers and the IFRSs recognized by the FSC.

2 Basis of preparation

(1) Except for the following items, the Financial Statements were prepared under the historic cost basis:

A. Financial assets and liabilities (including derivatives) measured at fair value through profit or loss.

B. Financial assets measured at fair value through other comprehensive income。

C. Liabilities for cash-settled share-based payment agreements measured at fair value.

D. Defined benefit liabilities recognized as the net amount of retirement fund assets less the present value of defined benefit obligations.

(2) The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies of the Company. The area involving a higher degree of judgement or complexity, or

areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note (V).

3 Foreign currency conversion

(1) Foreign currency transactions are translated into functional currencies using the spot exchange rate on the transaction date, and the translation differences arising from the exchange are recognized as profit or loss in the current period.

(2) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment is recognized as profit or loss in the current period.

(3) The balance of foreign currency non-monetary assets and liabilities, which are measured at fair value through profit or loss (FVTPL), shall be adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment is recognized as profit or loss in the current period. If it is measured at fair value through other comprehensive income (FVTOCI), it shall be adjusted at the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in other comprehensive income in the current period. Those that are not measured at fair value are measured at the historical exchange rate on the initial transaction date.

4 Classification standards for current and non-current assets and liabilities

(1) Assets that meet the following criteria are classified as current assets:

A. Assets arising from operating activities that are expected to be realized, or are intended to be sold within the normal business cycle.

B. Assets held mainly for the purpose of trading.

C. Assets expected to be realized within twelve months from the balance sheet date.

D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current.

(2) Liabilities that meet one of the following criteria are classified as current liabilities:

A. Liabilities that are expected to be paid off within the normal operating cycle;

B. Liabilities arising mainly from trading activities;

C. Liabilities that are to be paid off within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as noncurrent.

5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including time deposits with the original maturity less than three months.)

6 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value. On initial recognition, transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) shall be added to or deducted from the fair value of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognized immediately in profit or loss.

(1) Financial Assets

A. Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

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

(A) Financial assets measured at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity investments that are not designated as at FVTOCI and debt investments that do not meet the criteria for being classified as at amortized cost criteria or at FVTOCI.

Financial assets are designated as at fair value through profit or loss on initial recognition if the designation eliminates or significantly reduces a measurement or recognition inconsistency.

Dividends and interest from financial assets classified as at FVTPL are recognized as other income and interest income, and remeasurement gains or losses are recognized as other gains and losses. Please refer to Note (XII) for the method of determining fair value.

(B) Financial assets measured at amortized cost

The Company designates financial assets to be measured at amortized cost both of the following conditions are met:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost 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, except for two situations:

(a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(C) Equity investments measured at FVTOCI

At the time of initial recognition, the Company may make an irrevocable election to designate investments in equity instruments that are not held-for-trading and that do not have contingent consideration recognized by the acquirer in a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. When an investment is disposed of, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends from investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the right to receive payment from the Company is established, unless the dividend clearly represents a partial recovery of the cost of the investment.

B. Impairment of financial assets

(A) The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including accounts receivable), debt investments measured at FVTOCI, lease receivables, and contract assets.

(B) The Company recognizes loss allowances at an amount equal to lifetime expected credit losses ("ECLs") for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which 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.

(C) 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.

(D) Impairment losses on financial assets are recognized by reducing the carrying amount of the financial assets through the use of an allowance account. However, the allowance loss for investments in debt instruments measured at FVTOCI is recognized in other comprehensive income and does not reduce the carrying amount.

C. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it does not retained control of the financial asset.

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 a debt investment measured at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment 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 being recycled to 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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(3) Financial liabilities

A. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

(A) Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss at the time of original recognition. Financial liabilities classified as held for trading are financial liabilities whose primary objective at the time of their incurrence is to repurchase in the short term, and derivatives other than financial guarantee contracts or designated and effective hedging instruments. Financial liabilities are designated as at fair value through profit or loss at initial recognition when one of the following conditions is met:

a. They are a hybrid (combined) contract with an embedded derivative and the host contract is not an asset within the scope of IFRS 9; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are instruments that are managed and assessed on a fair value basis in accordance with a written risk management policy.

(B) Financial liabilities at fair value through profit or loss are measured at fair value on initial recognition, with the related transaction costs recognized in profit or loss. If the financial liability is subsequently measured at fair value, changes in fair value are recognized in profit or loss.

(C) For financial liabilities designated as at fair value through profit or loss, the amount of change in fair value due to changes in credit risk is recognized in other comprehensive income and is not reclassified to profit or loss, and the remaining amount of change in fair value of the liability is recognized in profit or loss. However, if the above accounting treatment triggers or exacerbates an accounting mismatch, the full amount of the liability's gain or loss is recognized in profit or loss.

B. Derecognition of financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires.

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

(4) Modification of financial instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in derecognition of the financial instrument, then the financial instrument is derecognized accordingly.

If a change in the basis for determining the contractual cash flows of a financial instrument is required as a direct result of a change in the interest rate index and the new basis is economically equivalent to the basis prior to the change, the Company applies the practical expedient approach and treats the change in the basis as a change in the effective interest rate at the time of determining the change in the basis. If there is an additional change in financial instruments other than the change in the basis for determining contractual cash flows required by the change in the interest rate index, the Company applies the practical expedient approach to the change required by the change in the interest rate index before applying the requirements for modification of financial instruments to any additional changes that are not subject to the practical expedient approach.

7 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value, with cost determined by the weighted average method. The cost of finished goods and work-in-process includes raw materials, direct labor, other direct costs and production-related manufacturing expenses (apportioned based on normal production capacity), but excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

8 Investments accounted for using equity method

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

(1) Associates refer to all entities over which the Company has influence but without control, generally refer to direct or indirect holding of 20% or more of the voting shares. Equity method is adopted for the investments in associates and are recognized at cost upon acquisition.

(2) The share of profit or loss, after acquisition of the associates by the Company, is recognized in profit or loss in the current period, and the share of other comprehensive income or loss is recognized in other comprehensive income or loss. If the Company's share of loss from an associate equal or exceeds its interests in the associate (including any other unsecured receivables), the Company would not further recognize loss, unless the Company has legal obligation or constructive obligation to pay, or had made the payment on behalf of the associate.

(3) The unrealized gains or losses generated from the transactions between the Company and the associates had been eliminated proportionate to the shareholding ratios in the associates; unless there is evidence showing that the transferred assets are impaired, the unrealized losses are also eliminated. Necessary adjustments had been made to the accounting policies of the associates had been, in order to be consistent with the policies adopted by the Company.

(4) When an associate issue new shares, if the Company does not purchase or acquire new shares proportionately and leads to change in shareholding ratio but the Company still maintains material influence, the increase/decrease in the net equity amount is adjusted in "Additional paid-in capital" and "Investments accounted for using equity method". If the shareholding ratio reduces, in addition to the above adjustment, the previously recorded relating gains or losses in other comprehensive income or loss, where the gains or losses shall be reclassified to profit or loss upon disposal, are reclassified to profit or loss proportionate to the reduction.

(5) If the Company losses material influence over the associate, the remaining investment in the original associate is remeasured at fair value, and the difference between the fair value and the book value is recorded in the current-period profit or loss.

(6) When the Company disposes of the associates, if it losses material influence over the associates, for all of the amounts that were previously recognized in other comprehensive income that were related to the associates, the accounting

treatments are the same as if the Company directly disposes the related assets or liabilities. That is, if the previously recognized gains or losses as other comprehensive income or loss, upon disposal of the related assets or liabilities, would be reclassified to profit or loss, then when the material influence the associates is lost, the gains or losses would be reclassified from equity to profit or loss. If the Company still has material influence over the associates, then only transfer out, proportionately according to the above approach, the previously recognized amount in the other comprehensive income or loss.

(7) When the Company disposes of the associates, if it losses material influence over the associates, the Capital surplus related to the associates would be reclassified to profit or loss ; If the Company still has material influence over the associates, then reclassified to profit or loss proportionately according to the disposal ratio.

9 Property, plant and equipment

(1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

(2) Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss as incurred.

(3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting year. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, from the date of the change.

The durability of each type of assets is as follows:

Land Improvements	10 years
Significant components of buildings and structures:	
Main building of the factory	60 years
Lightning arrester system	10 years
Fiber optic network engineering	10 years
Fire protection systems	5 years
Significant components of machinery and equipment:	
Machine and equipment main body	8 years～15 years
Foundation	10 years
Electrical equipment	10 years
Other peripheral equipment	10 years
Crane equipment	4 years～10 years
Steel coil trolley	5 years
Transportation equipment	2 years～5 years
Other equipment	3 years～5 years

(4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

10 Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Company as a lessee

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

(1) Right-of-use assets

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, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the parent company only balance sheets, except for those that meet the definition of investment properties.

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. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

(2) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, 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 Company uses the lessee's incremental borrowing rate.

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, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, 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 as a separate line item on the balance sheet.

Lease payments that are not dependent on changes in indexes or rates are recognized as expenses in the period in which they are incurred.

11 Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows: Computer software design: 2 to 10 years. The estimated useful life and amortization method for an intangible asset are reviewed at the end of the reporting period. Any changes in estimates is accounted for on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

12 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When an impairment loss on an asset recognized in prior years does not exist, the loss is reversed to the extent of the loss recognized in prior years.

13 Provisions

Provisions (including warranties, decommissioning liabilities, restructuring, onerous contracts, and contingent liabilities arising from merger and acquisition transactions) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability with amortization of discount recognized as interest expense. Provisions are not recognized for future operating losses.

Carbon fees levied under the Climate Change Response Act and its subsidiary regulations are not subject to IFRS Interpretation 21 "Levies," but are instead recognized and measured in accordance with IAS 37 "Provisions, Contingent

Liabilities and Contingent Assets.” If it is highly probable that estimated annual emissions will exceed the threshold for triggering the levy, a related liability for carbon fees should be estimated and recognized in interim financial reports based on the proportion of emissions incurred relative to estimated annual emissions.

14 Employees benefits

(1) Short-term employees benefits

Short-term employees benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

(2) Pensions

A. Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

B. Defined benefit plan

(A) The net obligation under a defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and is stated at the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by the actuary using the projected unit benefit method discounted using the government bond (at the balance sheet date) - market yield rate.

(B) Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are expressed in retained earnings.

(C) Expenses related to prior service costs are recognized immediately in profit or loss.

(3) Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

(4) Termination benefits

Termination benefits are employees benefits provided in exchange for the termination of an employee’s employment as a result of either the Company’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or when it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

15 Share capital

Ordinary shares are classified as equity. The classification of special shares is based on assessment of the specified rights attached to the special shares against the substance of the contractual agreements and the definition of financial liabilities and equity. When the special shares show basic features of those of financial liabilities, then they are classified as liability, otherwise they are classified as equity. The incremental costs directly attributed to the issuance of new shares or subscription rights are listed as deduction item(s) in equity.

16 Share-based payments

(1) The share-based payment agreements in equity and the obtained employees’ services are measured based on the fair value of the equity instruments given on the payment date and are recorded as compensation costs during the vesting periods, and equity is adjusted respectively. The fair value of equity instruments should reflect the effects on the market prices under vested conditions or non-vested conditions. The recorded compensation costs are adjusted along with the expected satisfaction of service conditions and the compensation quantity of non-market price vesting conditions, until that the final recorded amount is recorded at the vested quantity on the vesting date.

(2) The share-based payment agreements in cash, based on the fair value of liability assumed, are recorded as compensation costs and liability during the vesting period and measured at fair value of the equity instruments on each balance sheet date and payment date, with any changes recorded in profit or loss in the period when occurred.

17 Income tax

(1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items

recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

(2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

(3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit (tax loss), or doesn't give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

(4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(5) Current income tax assets and liabilities are offset against each other and the Allowance for impairment loss reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(6) A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, personnel training and equity investments to the

extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

18 Revenue recognition

The Company uses the following steps and principle to record revenue from contracts with customers:

(1) Identify contract(s) with a customer;

(2) Identify the performance obligations in the contract;

(3) Determine the transaction price;

(4) Allocate the transaction price to the performance obligations in the contract;

(5) Recognize revenue when (or as) the entity satisfies a performance obligation.

After the Company identifies the contractual obligations with the customers, the transaction prices are allocated to the respective contractual obligations, and revenue is recognized when the respective contractual obligations are fulfilled. For contracts with a time lag between the transfer of goods or services and the receipt of consideration of less than one year, the significant financial components are not subject to price adjustment.

A. Sale of goods

The Company records revenue when the control of goods are transferred to the customers. Transferring control of good means delivery of goods to the customers, and there is no un-fulfilled obligation that will affect acceptance of the goods by the customer. Delivery time means that customers have accepted the goods according to the transaction terms, the risk of obsolete and loss has been transferred to the customer, and the Company has objective evidence considering that all acceptance criteria have been satisfied.

The Company records accounts receivable upon delivery of goods, because that is the time when the Company has unconditional rights to receive the consideration.

B. Labor services

Labor services provided by the Company are mainly contracted by customers and are recognized when the promised labor is transferred to the customer (i.e., when the customer obtains control of the asset) and there is no subsequent obligation.

19 Borrowing cost

Borrowing costs that can be directly attributed to acquisition, building or production of assets meeting certain criteria are part of the cost of the assets, until almost all the activities necessary for the assets to reach the expected condition for use or sale have been completed.

For certain borrowings, before they meet certain criteria for capital expenditures, if the investment income is earned from temporary investment, then the investment income is subtracted from the borrowing cost that meet certain criteria.

Except for the above, all other borrowing costs are recorded in profit or loss in the current period.

(V) Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

The Company takes into account the economic impact of COVID-19 outbreak/climate change and related government policies and regulations/the Russia-Ukraine military conflict and related international sanctions/inflation and fluctuations in market interest rates as part of its significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

Critical accounting judgements, estimations, and assumptions adopted in developing the accounting policies when the Company prepares these Financial Statements are as following：

1 Critical judgements adopted by the accounting policies

(1) Business model determination for classification of financial assets

According to the reflected level of groups of financial assets jointly managed for achieving certain business purposes, the Company assesses the business model to which its financial assets belong. This assessment requires consideration on all relevant evidence, including measurement method for assets performance, risks that affect performance and the approach for determining compensation for the related managers, and requires utilization of judgements. The Company continues to assess whether its judgement for business model is appropriate or not. For this purpose, the Company monitors its financial assets measured at amortized cost that are written off before maturity date and investments in debt instruments measured at FVTOCI, understands whether or not the reason of disposal is consistent with the goal of business model. If it is found that the business model has changed, the Company would reclassify the financial assets according to IFRS 9 and prospectively apply after the reclassification date.

(2) Revenue recognition

A. According to IFRS 15, the Company determines whether or not the control over the specified goods or services had been obtained by the Company prior to transferring the goods or services to the customers and determines if the Company would be a principal or an agent in the transaction. If it is determined that the Company is an agent in the transaction, then recognize net transaction amount as revenue.

If any one of the following conditions applies, the Company would be a principal:

(A) Before the goods or other assets are transferred to the customers, the Company had obtained the control over the goods or services from another party; or

(B) The Company controls the rights to the services provided by another party and has the ability to direct the party to provide the services to the customers on behalf of the Company; or

(C) The Company obtains control over the goods or services from another party, combining with other goods or services, to provide specified goods or services to the customers.

B. Indices used to determine whether or not the Company had obtained control over the goods or services prior to transferring the goods or services to the customers include (but not limited to):

(A) The Company bears the main responsibility for the commitment to provide the specified goods or services.

(B) The Company bears the risk of the inventories before and after the goods or services are transferred to the customers.

(C) The Company has the discretionary power to determine the price.

(3) Lease period

When determining lease period, the Company considers all relevant facts and conditions that generate economic incentives to exercise (or not to exercise) options, including any anticipated changes to the facts or conditions from the starting date to the execution date of the options. Factors considered include contractual terms and conditions during the contractual period of the options, material leasehold improvement conducted during the contractual period (or expected contractual period), importance of the target assets to the Company's operations, etc. When there is material change in material event or condition within the Company's controlling scope, re-assess the lease period.

2 Critical accounting estimates and assumptions

(1) Revenue recognition

Sales revenue is recognized when the control of goods or services are transferred to the customers and the contractual obligations are satisfied, and the related expected sales return, discount or other similar allowances are subtracted. The sales return and allowances are estimated based on historical experience and other known reasons, and the Company periodically reviews reasonableness of the estimates.

(2) Estimated impairment on financial assets

The assessments of impairment loss on accounts receivable, debt instruments and financial guarantee contracts are based on the Company's assumptions regarding default rate and expected loss ratio. The Company considers past experience, current market condition and prospective information to make the assumptions and choose the input value for the impairment loss assessment. If the future actual cash flows are less than expected, material impairment loss may result.

(3) Fair value measurement and evaluation procedures

When there are no market quotes in an active market for the assets and liabilities measured at fair value, the Company, according to applicable laws and regulations or its own judgement, determines whether or not to outsource the evaluation work and determine the proper fair-value evaluation technique. If level one input value could not be obtained when estimating the fair value, the Company refers to the financial condition and operating results of the investees, latest transaction prices, quotes in inactive market for the same equity instrument, quotes for similar instruments in active market, evaluation multipliers for comparable companies and other information and determine the input value. If, in the future, the actual changes in input value differ from the expected value, changes in fair value may result. To monitor if the fair-value measurement is appropriate or not, the Company periodically updates the various input value based on market conditions.

(4) Impairment assessment of tangible and intangible asset

In the course of impairment assessments, the Company determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific Company of the assets. Changes in economic circumstances or the Company's strategy might result in material impairment of assets in the future.

(5) Impairment assessment on investments under equity method

When there is sign showing that a particular investment under equity method may already been impaired and the carrying amount could not be recovered, the Company immediately performs impairment assessment on the investment. The Company evaluates the recoverable amount according to the discounted present value of expected future cash flows either from operations of the investee company or from disposal of the investee company, including analyzing reasonableness of the related assumptions.

(6) Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. The Company's management assesses the realizability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate and gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred income tax assets.

(7) Valuation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value.

(8) Net defined benefit pension plan assets

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary growth rate. Changes in these assumptions may have a significant impact on the carrying amount of defined pension obligations.

(9) Incremental borrowing interest rate of lessee

When determining the lessee's incremental borrowing interest rate used for discounting lease payments, the risk-free rate under the same currency and relevant period is used as reference benchmark, along with consideration on the lessee's credit risk premium and specific lease adjustment (factors such as pledge of assets).

(VI) Description of Significant Accounting Items

1. Cash and cash equivalents

Item	December 31, 2025	December 31, 2024
Cash	$ 478	$ 606
Checking account	41, 783	41, 922
Demand deposits	34, 375	25, 086
Time deposits	–	10, 000
Foreign currency deposits	55	24, 984
Cash equivalents		
Short-term notes maturing within three months s	150, 000	–
Total	$ 226, 691	$ 102, 598

(1) The Company conducts businesses with financial institutions with good credit quality, and the Company conducts business with many financial institutions to diversify credit risks. The expected possibility of default is quite low.

(2) The Company does not have any cash and cash equivalents pledged to others.

2. Notes receivable, net

Item	December 31, 2025	December 31, 2024
Notes receivable	$ 209, 504	$ 260, 627
Less: Loss allowance	(2, 095)	(2, 606)
Notes receivable, net	$ 207, 409	$ 258, 021

(1) As of December 31, 2025 and 2024, the Company has no notes receivable pledged to others.

(2) For disclosures relating to loss allowance for notes receivable, please refer to the following accounts receivable.

3. Accounts receivable, net

Item	December 31, 2025	December 31, 2024
Accounts receivable	$ 407, 761	$ 407, 339
Accounts receivable - related parties	271	541
Less: Loss allowance	(8, 155)	(8, 147)
Accounts receivable, net	$ 399, 877	$ 399, 733

(1) Accounts receivable that are neither past due nor impaired meet the credit criteria based on the transaction parties' industry characteristics, business scale and profitability, with an average credit period of 90 days.

(2) The Company does not pledge any of its accounts receivable to others.

(3) The Company's accounts receivable are measured at amortized cost. As of December 31, 2025 and 2024, the Company had no notes receivable discounted.

(4) The Company adopts the simplified method in recognizing allowance for the uncollectable notes and accounts receivable based on the expected credit loss during the existing period. The expected credit loss during the existing period is the loss rate established after considering the customer's past default records, its present financial and economic conditions, and consideration on business prospect and external credit ratings for adjusting historical and present information. Since the Company's past credit loss experience shows that there was no significant difference in the types of loss among the different groups of customers, the provision matrix does not further distinguish these customer groups but only sets the expected rate of credit loss based on number of overdue days of the accounts receivable. The Company's loss allowances for notes and accounts receivable (including overdue receivables and related parties) measured according to the provision matrix are as following:

December 31, 2025	Expected credit loss rate	Total book value	Loss allowance (Lifetime expected credit loss)	Amortized cost
Not overdue	1%~2%	$ 617, 536	$ 10, 250	$ 607, 286
Overdue 1～30 days	−	−	−	−
Overdue 31～60 days	−	−	−	−
Overdue 61～90 days	−	−	−	−
Overdue 91 days and over	100%	11, 217	11, 217	−

December 31, 2024	Expected credit loss rate	Total book value	Loss allowance (Lifetime expected credit loss)	Amortized cost
Not overdue	1%~2%	$ 668, 507	$ 10, 753	$ 657, 754
Overdue 1～30 days	−	−	−	−
Overdue 31～60 days	−	−	−	−
Overdue 61～90 days	−	−	−	−
Overdue 91 days and over	100%	12, 064	12, 064	−

(5) Movements in loss allowance for notes and accounts receivable (including overdue receivables and related parties):

Item	2025	2024
Beginning balance	$ 22, 817	$ 21, 141
Plus: Recognize impairment loss	–	1, 676
Less: Reversal of impairment loss	(733)	–
Less: Write-offs	–	–
Less: Reversed for uncollectible accounts	(617)	–
Foreign exchange differences	–	–
Ending balance	$ 21, 467	$ 22, 817

The Company does not hold any collateral or credit enhancement for its accounts receivable.

(6) With regards to credit risk management and assessment method, please refer to Note (XII)-2.

4. Inventories and cost of goods sold

Item	December 31, 2025	December 31, 2024
Raw materials	$ 353, 758	$ 322, 507
Finished goods	32, 924	19, 444
Scraps	178	187
Inventory in transit	17, 313	11, 609
Total	$ 404, 173	$ 353, 747

(1) Inventory-related (losses) gains recognized as cost of goods sold were as follows:

Item	2025	2024
Costs to sell inventories	$ 2, 908, 551	$ 2, 834, 545
Unallocated manufacturing costs	14, 833	16, 697
Loss (gain) for market price decline (recovery) of inventories	(8, 431)	851
Total operating costs	$ 2, 914, 953	$ 2, 852, 093

(2) For the years ended December 31, 2025 and 2024, the Company wrote down inventories to net realizable value and reduced a portion of its inventory, and thus recognized loss for market price decline (gain from price recovery) of inventories of ($8,431) thousand and $851 thousand, respectively.

(3) Inventory insurance amounted to $131,000 thousand and $124,000 thousand for the years ended December 31, 2025 and 2024, respectively.

(4) The Company does not pledge any of its inventories.

5. Financial assets at fair value through other comprehensive income - noncurrent

Item	December 31, 2025		December 31, 2024	
Investments in equity instruments				
Domestic unlisted stocks	$	108, 379	$	59, 063
Adjustment		8, 219		354
Total	$	116, 598	$	59, 417

(1) The Company invests in Chun Yuan Construction Co., Ltd. based on medium-to-long term strategic purposes and expects to earn profits through long-term investments. Since the management of the Company considers that, if short-term fluctuations in fair value of such investments are recorded in profit or loss, it will be inconsistent with the aforementioned long-term investment planning. Therefore, the Company had chosen to designate such investments as measured at FVTOCI. The fair value of these investments As of December 31, 2025 and 2024 was $116,598 thousand and $59,417 thousand, respectively.

(2) For the related credit risk management and evaluation methods, please refer to Note (XII)-2.

6. Investments accounted for using equity method

Investees	December 31, 2025		December 31, 2024	
Associates:				
Associates of material significance				
Chun Yuan Construction Co., Ltd.	$	282,150	$	243,305

(1) Associates:

A. The basic information of the Company's significant associates is as follows:

	Shareholding ratio	
Company name	December 31, 2025	December 31, 2024
Chun Yuan Construction Co., Ltd.	18. 75%	18. 75%

Please refer to the attached Table 2 in Note (XIII) for the business nature, principal place of business, and national information of the above associates.

B. Aggregate financial information of the Company's significant associates is presented below:

(A) Balance sheets

	Chun Yuan Construction Co., Ltd.	
	December 31, 2025	December 31, 2024
Current assets	$ 4, 014, 543	$ 3, 059, 093
Non-current assets	141, 496	203, 586
Current liabilities	(1, 993, 289)	(1, 609, 734)
Non-current liabilities	(7, 949)	(5, 317)
Preferred share	(650, 000)	(350, 000)
Equity	$ 1, 504, 801	$ 1, 297, 628
Share of net assets of associates	$ 282, 150	$ 243, 305
Unrealized gain or loss on transactions with associates	-	-
Goodwill	-	-
Carrying value of associates	$ 282, 150	$ 243, 305

(B) Statements of Comprehensive Income

	Chun Yuan Construction Co., Ltd.	
	2025	2024
Operating revenue	$ 5, 209, 443	$ 3, 806, 875
Net profit for the period	$ 278, 966	$ 217, 326
Other comprehensive income (net of tax)	4, 581	3, 692
Total comprehensive income for the period	$ 283, 547	$ 221, 018
Dividends received from related parties	$ 14, 187	$ 9, 916

C. The Company’s shares of profit (loss) and other comprehensive income (loss) of its investments accounted for using equity method are computed using the financial statements audited by certified public accountants.

7. Property, plant and equipment

	December 31, 2025	December 31, 2024
Self-use	$ 499, 269	$ 511, 641
Rent out as operating lease	4, 744	4, 874
Total	$ 504, 013	$ 516, 515

(1) The amount capitalized for borrowing costs was $0 for both 2025 and 2024 January through December.

(2) The Company does not pledge any of its property, plant and equipment.

(3) Since there were no indications of impairment for the years 2025 and 2024 from January through December, the Company did not perform any impairment assessment.

Self-use

	December 31, 2025	December 31, 2024
Land	$ 427, 174	$ 427, 174
Land improvements	396	396
Buildings	176, 063	176, 063
Machinery equipment	397, 848	398, 707
Transportation equipment	27, 455	26, 816
Other equipment	11, 085	11, 085
Total cost	1, 040, 021	1, 040, 241
Less: Accumulated depreciation	(540, 752)	(528, 600)
Less: Accumulated impairment	-	-
Total	$ 499, 269	$ 511, 641

	Land	Land improvements	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Cost							
Balance, January 1, 2025	$ 427, 174	$ 396	$ 176, 063	$ 398, 707	$ 26, 816	$ 11, 085	$ 1, 040, 241
Additions	-	-	-	-	1, 429	-	1, 429
Disposals	-	-	-	(859)	(790)	-	(1, 649)
Assets transferred to operating leases	-	-	-	-	-	-	-
Balance, December 31, 2025	$ 427, 174	$ 396	$ 176, 063	$ 397, 848	$ 27, 455	$ 11, 085	$ 1, 040, 021

	Land	Land improvements	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Accumulated depreciation and impairment							
Balance, January 1, 2025	$ -	$ 396	$ 145, 314	$ 350, 206	$ 22, 219	$ 10, 465	$ 528, 600
Depreciation expense	-	-	1, 486	11, 043	1, 067	205	13, 801
Disposals	-	-	-	(859)	(790)	-	(1, 649)
Assets transferred to operating leases	-	-	-	-	-	-	-
Balance, December 31, 2025	$ -	$ 396	$ 146, 800	$ 360, 390	$ 22, 496	$ 10, 670	$ 540, 752

	Land	Land improvements	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Cost							
Balance, January 1, 2024	$ 427, 174	$ 396	$ 175, 903	$ 398, 583	$ 29, 011	$ 10, 723	$ 1, 041, 790
Additions	-	-	160	124	3, 810	362	4, 456
Disposals	-	-	-	-	(6, 005)	-	(6, 005)
Assets transferred to operating leases	-	-	-	-	-	-	-
Balance, December 31, 2024	$ 427, 174	$ 396	$ 176, 063	$ 398, 707	$ 26, 816	$ 11, 085	$ 1, 040, 241

	Land	Land improvements	Buildings	Machinery equipment	Transportation equipment	Other equipment	Total
Accumulated depreciation and impairment							
Balance, January 1, 2024	$ -	$ 396	$ 143, 800	$ 338, 465	$ 27, 516	$ 10, 231	$ 520, 408
Depreciation expense	-	-	1, 514	11, 741	708	234	14, 197
Disposals	-	-	-	-	(6, 005)	-	(6, 005)
Assets transferred to operating leases	-	-	-	-	-	-	-
Balance, December 31, 2024	$ -	$ 396	$ 145, 314	$ 350, 206	$ 22, 219	$ 10, 465	$ 528, 600

Rent out as operating lease

	December 31, 2025	December 31, 2024
Land	$ 2, 183	$ 2, 183
Buildings	7, 873	7, 873
Total cost	10, 056	10, 056
Less: Accumulated depreciation	(5, 312)	(5, 182)
Less: Accumulated impairment	–	–
Total	$ 4, 744	$ 4, 874

Cost	Land	Buildings	Total
Balance, January 1, 2025	$ 2, 183	$ 7, 873	$ 10, 056
Additions	–	–	–
Disposals	–	–	–
Transferred to/from self-use assets	–	–	–
Acquired through business combination	–	–	–
Reclassified to pending sale	–	–	–
Effect of foreign exchange differences	–	–	–
Balance, December 31, 2025	$ 2, 183	$ 7, 873	$ 10, 056

Accumulated depreciation and impairment	Land	Buildings	Total
Balance, January 1, 2025	$ –	$ 5,182	$ 5,182
Depreciation expense	–	130	130
Disposals	–	–	–
Transferred to/from self-use assets	–	–	–
Acquired through business combination	–	–	–
Reclassified to pending sale	–	–	–
Effect of foreign exchange differences	–	–	–
Assets transferred to operating leases	–	–	–
Balance, December 31, 2025	$ –	$ 5,312	$ 5,312

	Land		Buildings		Total	
Cost						
Balance, January 1, 2024	$	2, 183	$	7, 873	$	10, 056
Additions		–		–		–
Disposals		–		–		–
Transferred to/from self-use assets		–		–		–
Acquired through business combination		–		–		–
Reclassified to pending sale		–		–		–
Effect of foreign exchange differences		–		–		–
Balance, December 31, 2024	$	2, 183	$	7, 873	$	10, 056

	Land		Buildings		Total	
Accumulated depreciation and impairment						
Balance, January 1, 2024	$	–	$	5,053	$	5,053
Depreciation expense		–		129		129
Disposals		–		–		–
Transferred to/from self-use assets		–		–		–
Acquired through business combination		–		–		–
Reclassified to pending sale		–		–		–
Effect of foreign exchange differences		–		–		–
Assets transferred to operating leases		–		–		–
Balance, December 31, 2024	$	–	$	5,182	$	5,182

(4) The Company rents out offices, with leasing period of 3 years. All operating lease contracts include clauses that, when lessees exercise the lease-renewal rights, the rents are adjusted according to market rates. When the lease periods are ended, the lessees do not have bargain purchase option toward the assets.

(5) The total lease receivable amounts for the property, plant and equipment rented out as operating leases in the future are as below:

	December 31, 2025		December 31, 2024	
1st year	$	1, 641	$	1, 641
2nd year		–		1, 641
3rd year		–		–
Total	$	1,641	$	3,282

(6) As of December 31, 2025 and 2024, the market value of the Company's assets rented out as operating leases are still higher than their net book value and are not impaired.

8. Lease agreements

(1) Right-of-use assets

	December 31, 2025	December 31, 2024
Buildings	$ 25, 888	$ 24, 935
Transportation equipment	5, 320	5, 505
Total cost	$ 31, 208	$ 30, 440
Less: Accumulated depreciation	(21, 534)	(17, 406)
Accumulated impairment	–	–
Total	$ 9, 674	$ 13, 034

Cost	Buildings	Transportation equipment	Total
Balance, January 1, 2025	$ 24, 935	$ 5, 505	$ 30, 440
Increase in this period	953	366	1, 319
Decrease in this period	–	(551)	(551)
Balance, December 31, 2025	$ 25, 888	$ 5, 320	$ 31, 208

Accumulated depreciation and impairment	Buildings	Transportation equipment	Total
Balance, January 1, 2025	$ 16, 105	$ 1, 301	$ 17, 406
Depreciation expense	2, 875	1, 804	4, 679
Decrease in this period	–	(551)	(551)
Recognize (reversal) impairment loss	–	–	–
Balance, December 31, 2025	$ 18, 980	$ 2, 554	$ 21, 534

	Buildings	Transportation equipment	Total
Cost			
Balance, January 1, 2024	$ 25, 052	$ 1, 896	$ 26, 948
Increase in this period	–	4, 954	4, 954
Decrease in this period	(117)	(1, 345)	(1, 462)
Balance, December 31, 2024	$ 24, 935	$ 5, 505	$ 30, 440
Accumulated depreciation and impairment			
Balance, January 1, 2024	$ 13, 538	$ 941	$ 14, 479
Depreciation expense	2, 684	1, 219	3, 903
Decrease in this period	(117)	(859)	(976)
Recognize (reversal) impairment loss	–	–	–
Balance, December 31, 2024	$ 16, 105	$ 1, 301	$ 17, 406

(2) Lease liabilities

	December 31, 2025	December 31, 2024
Book value of lease liabilities		
Current	$ 4, 791	$ 4, 421
Noncurrent	$ 5, 215	$ 8, 991

Range of discount rates for lease liabilities is shown as below:

	December 31, 2025	December 31, 2024
Buildings	1. 092%～1. 982%	1. 092%
Transportation equipment	1. 939%～1. 970%	1. 024%~1. 939%

Regarding maturity analysis for lease liabilities, please refer to Note (XII)-2.

(3) Material leasing activities and terms

The Company leases several buildings and transportation equipment for business use, with leasing periods from 1~10 years. The Company has recorded the renewal rights as part of lease liabilities. In addition, according to the contracts, without consent by the lessor, the Company may not sub-lease to third parties. As of December 31, 2025 and 2024, there was no sign of impairment on the right-of-use assets; therefore, no impairment assessment was performed.

(4) Other lease information

A. For the Company’s property, plant and equipment rented out as operating leases and agreements for investment properties, please refer to Note (VI)-7 “Property, plant and equipment”.

B. Information on lease-related expenses for the period is as follows:

Item	2025	2024
Short-term lease expense	$ 57	$ 180
Lease expense on low-value assets	$ 141	$ 141
Variable lease expense not included in lease liability measurement	$ -	$ -
Total cash outflow of lease	$ 5, 092	$ 4, 414

From January to December in 2025 and 2024, the Company has adopted the exemption treatment for short-term leases and low-asset-value leases and does not record the related right-of-use assets and lease liabilities.

9. Other non-current assets - other

Item	December 31, 2025	December 31, 2024
Overdue receivables	$ 11,217	$ 12, 064
Less: loss allowance	(11,217)	(12, 064)
Other	-	-
Total	$ -	$ -

10. Short-term borrowings

(1) December 31, 2025

Nature of borrowing	Amount	Interest rate
Credit loan	$ 170, 934	1. 900%～2. 028%

(2) December 31, 2024

Nature of borrowing	Amount	Interest rate
Credit loan	$ 25, 078	2. 015%~2. 028%

The Company issued guaranteed notes as collaterals. For details of the guarantees, please refer to Note (IX).

11. Provisions - current

Item	Employee benefits		Carbon fee		Total	
Balance on January 1, 2025	$	4, 389	$	−	$	4, 389
Recognized during the period		4, 403		−		4, 403
Used during the period	(	4, 389)		−		(4, 389)
Unused amount reversed during the period		−		−		−
Balance on December 31, 2025	$	4, 403	$	−	$	4, 403

Item	December 31, 2025		December 31, 2024	
Current	$	4, 403	$	4, 389
Non−current		−		−
Total	$	4, 403	$	4, 389

(1) Provision for employee benefits is the estimation for the employee's vested right to short-term service leave.

(2) Based on the carbon emissions assessed from the prior year's carbon inventory, the Company has determined that it does not meet the threshold for carbon fee imposition. Therefore, it does not intend to recognize a provision for carbon fee liabilities.

12. Pensions

(1) Defined contribution plan

A. The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions equal to 6% of each individual employee’s salary or wage to employees’ pension accounts.

B. For the year of 2025 and 2024, according to the contribution rate stipulated by the defined contribution plan, the Company had recognized pension expense of $3,817 thousand and $3,587 thousand, respectively, in the statements of comprehensive income.

(2) Defined benefit plan

A. The Company have a defined benefit pension plan in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The pension fund is managed by the government's designated authorities and the Company has no right to influence their investment strategies.

B. Amounts recognized in the balance sheet for obligations from defined benefit plan are as follows:

Item	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	(\$ 76,067)	(\$ 78,130)
Fair value of plan assets	68,856	67,544
Net liabilities recognized in the balance sheet	(\$ 7,211)	(\$ 10,586)

C. Movements in net defined benefit liabilities are as follows:

	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance, January 1	(\$ 78,130)	\$ 67,544	(\$ 10,586)
Service cost			
Current-period service cost	(150)	-	(150)
Preceding period service cost	-	-	-
Interest expense (income)	(1,137)	978	(159)
Recorded in profit or loss	(1,287)	978	(309)
Remeasurements			
Plan assets returns (excluding the amount in net interests)	-	4,754	4,754
Actuarial (gains) losses -			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	(946)	-	(946)
Experience adjustments	(1,056)	-	(1,056)
Recorded in other comprehensive income (loss)	(2,002)	4,754	2,752
Contribution by employer	-	932	932
Payment for benefits	5,352	(5,352)	-
Balance, December 31	(\$ 76,067)	\$ 68,856	(\$ 7,211)

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance, January 1	($ 74, 240)	$ 61, 322	($ 12, 918)
Service cost			
Current-period service cost	(165)	-	(165)
Preceding period service cost	-	-	-
Interest expense (income)	(877)	725	(152)
Recorded in profit or loss	(1, 042)	725	(317)
Remeasurements			
Plan assets returns (excluding the amount in net interests)	-	5, 592	5, 592
Actuarial (gains) losses -			
Impact of changes in demographic assumptions	-	-	-
Impact of changes in financial assumptions	1, 534	-	1, 534
Experience adjustments	(5, 367)	-	(5, 367)
Recorded in other comprehensive income (loss)	(3, 833)	5, 592	1, 759
Contribution by employer	-	890	890
Payment for benefits	985	(985)	-
Balance, December 31	($ 78, 130)	$ 67, 544	($ 10, 586)

D. Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(A) Investment risk

Through self-investment or management assignment, the Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank savings. However, the distributable amount to the Company’s plan assets is at no less than the revenue computed based on the interest rate of 2-year time deposits in local banks.

(B) Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(C) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

E. The Company determines the present value of the defined benefit obligation, which is actuarially determined by a qualified actuary. The significant assumptions at the measurement date are presented below:

Item	Measurement date December 31, 2025	Measurement date December 31, 2024
Discount rate	1.30%	1.55%
Future salary increase rate	2.00%	2.00%
The weighted average duration of the defined benefit obligation	5 years	5 years

(A) Assumptions on future mortality experience were set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

(B) If there is any reasonable possible change in material actuarial assumption, holding other assumptions constant, it would increase (decrease) the defined benefit obligation by the amounts shown below:

Item	December 31, 2025	December 31, 2024
Discount rate		
0.25% increase	($ 946)	($ 1,064)
0.25% decrease	$ 969	$ 1,090
Future salary increase rate		
0.25% increase	$ 959	$ 1,082
0.25% decrease	($ 942)	($ 1,062)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(C) The contributions that the Company expects to make to its defined benefit pension plans and payment in 2026 and 2025 are $598 thousand and $932 thousand respectively.

13. Share capital

(1) Reconciliation of the Company's outstanding common shares and amounts from the beginning to the end of period:

Item	2025 Number of shares (thousands)	2025 Amount
Balance, January 1	130,522	$ 1,305,215
Balance, December 31	130,522	$ 1,305,215

Item	2024	
	Number of shares (thousands)	Amount
Balance, January 1	130, 522	$ 1, 305, 215
Balance, December 31	130, 522	$ 1, 305, 215

(2) As of December 31, 2025, the Company's authorized capital is $2,000,000 thousand, which is divided into 200,000 thousand shares.

14. Capital surplus

Item	December 31, 2025	December 31, 2024
Share premium	$ 84, 000	$ 84, 000
Treasury share transactions	20, 835	20, 835
Changes in net equity of associates and joint ventures recognized under the equity method	2, 176	2, 176
Total	$ 107, 011	$ 107, 011

According to the Company Act, in addition to offsetting against accumulated loss, when a company does not have accumulated loss, the capital surplus from additional paid-in capital in excess of par during stock issuance and from gifts received may be distributed to shareholders in form of new shares or cash according to their respective shareholding ratios. And according to the Securities and Exchange Act, when reinvest the above capital surplus as additional capital, the total amount is limited to 10% of the received capital. Unless when profit surplus is insufficient to offset loss, a company shall not replenish with capital surplus. Capital surplus generated from investments accounted for using equity method shall not be used for any purpose.

15. Retained earnings and dividend policy

(1) According to the Company's corporate charter regarding earnings-distribution policies, if the Company has a surplus, after paying taxes in accordance with the law, the Company shall first offset prior years' operating losses, set aside 10% of the legal reserve, and set aside or reverse the special reserve in accordance with the laws and regulations of the Company or the competent authorities, and then, if there is any remaining balance, the Company may add the accumulated undistributed earnings of the previous years to the available-for-distribution reserve. The Board of directors shall propose a plan for the distribution of earnings, which will be submitted to the shareholders' meeting for approval. If

the earnings are to be distributed in cash, the board of directors may make a resolution with more than two-thirds of the directors present and a resolution passed by more than half of the directors present, which shall be reported to the shareholders' meeting.

(2) Dividend policy:

The Company's business is currently growing steadily over its life cycle. In order to achieve sustainable operation, the Company adopts a balanced dividend policy, taking into account the Company's future profitability, capital requirements and long-term financial planning, as well as the shareholders' demand for cash inflows. If the Company has a surplus, the board of directors will consider the Company's financial structure, shareholders' equity, and dividend stability when making a proposal for the distribution of earnings. Except when capital funds are required, the actual earnings distribution each year accounts for at least 50% of current-year distributable earnings, of which cash dividend should account for no less than 10%.

(3) Except for being used to offset losses or for dividend distribution according to shareholding ratios, legal reserve shall not be used. However, the amount for dividend distribution (including used for issuing new shares or distribution in cash) from legal reserve is limited to the portion of legal reserve that is over 25% of the total received capital.

(4) A. When the Company distributes earnings, according to the laws and regulations, special reserve needs to be recognized based on the debit balance of other equity items on the balance sheet date of the year. Later when the debit balance of other equity items is reversed, the reversed amount can be included in the earnings available for distribution.

B. In accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, the amounts previously set aside by the Company as special reserve may be reversed proportionately to distributable retained earnings when the relevant assets are used, disposed of or reclassified subsequently.

(5) The appropriations of 2024 and 2023 earnings have been approved by the shareholders in its meetings in June 2025 and June 2024, respectively. The appropriations and dividends per share were as follows:

Item	Appropriation of earnings		Dividends per share (NTD)	
	2024	2023	2024	2023
Legal reserve	$ 6, 121	$ –		
Cash dividends – common shares	48, 946	–	$ 0. 375	$ –
Stock dividends– common shares	–	–	–	–
Total	$ 55, 067	$ –		

(6) On March 11, 2026, the Company's board of directors proposed the following plan for 2025 earnings distribution：

Item	Appropriation of earnings	Dividends per share (NTD)
Legal reserve	$ 7, 617	
Special reserve	–	
Cash dividends – common shares	65, 261	$ 0. 50
Stock dividends– common shares	–	–

The appropriation of the 2025 earnings is subject to the resolution of the general shareholders' meeting to be held in June 2026.

(7) Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

16. Other equity

Item	Exchange differences from translation of foreign operations	Unrealized valuation (loss) gain on FVTOCI financial assets	Total
January 1, 2025	$ 44	$ 354	$ 398
Unrealized valuation (loss) gain on FVTOCI financial assets	–	7, 865	7, 865
Share of profits of associates and joint ventures under equity method	(4)	–	(4)
December 31, 2025	$ 40	$ 8, 219	$ 8, 259

Item	Exchange differences from translation of foreign operations	Unrealized valuation (loss) gain on FVTOCI financial assets	Total
January 1, 2024	$ 31	$ 354	$ 385
Unrealized valuation (loss) gain on FVTOCI financial assets	–	–	–
Share of profits of associates and joint ventures under equity method	13	–	13
December 31, 2024	$ 44	$ 354	$ 398

17. Operating revenue

Item	2025	2024
Revenue from contracts with customers	$ 3, 050, 355	$ 2, 990, 615
Less: Sales returns	(10, 670)	(23, 908)
Sales discounts and allowances	(584)	(144)
Other operating revenue	2, 236	2, 175
Total	$ 3, 041, 337	$ 2, 968, 738

(1) Breakdown of revenue from contracts with customers

The Company's revenue may be divided into the following major product lines and geographical area:

A. 2025:

Department	Stainless steel products
Major geographical area	
Taiwan	$ 3, 041, 337
Total	$ 3, 041, 337
Major product lines	
Stainless steel products	$ 3, 041, 337
Total	$ 3, 041, 337
Timing for recording revenue	
Goods transferred at a point of time	$ 3, 041, 337
Total	$ 3, 041, 337

B. 2024:

Department	Stainless steel products
Major geographical area	
Taiwan	$ 2, 968, 738
Total	$ 2, 968, 738
Major product lines	
Stainless steel products	$ 2, 968, 738
Total	$ 2, 968, 738
Timing for recording revenue	
Goods transferred at a point of time	$ 2, 968, 738
Total	$ 2, 968, 738

(2) Contract balance

The Company records notes and accounts receivable, contract assets and contract liabilities related to revenue from contracts with customers are shown as follows:

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable	$ 607, 286	$ 657, 754	$ 603, 706
Contract liabilities - current			
Sale of merchandise	$ 4, 054	$ 5, 766	$ 820

(3) Changes in contract assets and contract liabilities:

Changes in contract assets and contract liabilities mainly come from different timing for fulfillment of contract obligations and payment by customers.

(4) Unfulfilled customer contracts

As of December 31, 2025 and 2024, the existing periods for the unfulfilled merchandise-sale customer contracts of the Company do not exceed one year and are expected to be fulfilled with revenue recorded within future one year.

18. Employees benefits, depreciation and amortization expense

By nature	2025 Operating costs	2025 Operating expenses	2025 Total
Employees benefits			
Wages and salaries	$ 49, 424	$ 52, 440	$ 101, 864
Labor and health insurance	6, 015	5, 856	11, 871
Pension	1, 888	2, 238	4, 126
Directors' compensation	－	4, 158	4, 158
Other employees benefits	4, 986	6, 303	11, 289
Depreciation expense	13, 067	5, 543	18, 610
Amortization expense	－	－	－
Total	$ 75, 380	$ 76, 538	$ 151, 918

By nature	2024 Operating costs	2024 Operating expenses	2024 Total
Employees benefits			
Wages and salaries	$ 45, 222	$ 49, 586	$ 94, 808
Labor and health insurance	5, 398	5, 349	10, 747
Pension	1, 791	2, 113	3, 904
Directors' compensation	－	4, 008	4, 008
Other employees benefits	4, 495	6, 317	10, 812
Depreciation expense	13, 431	4, 797	18, 228
Amortization expense	－	105	105
Total	$ 70, 337	$ 72, 275	$ 142, 612

Notes:

The number of employees for the current and prior years were 184 and 181, respectively, of which 8 and 8 were directors who were not concurrently employed.

(1) The average employee benefit expense for the current year was $734 thousand.
The average employee benefit expense for the previous year was $695 thousand.

(2) The average employee wages and salaries for the year was $579 thousand.
The average employee wages and salaries for the previous year was $548 thousand.

(3) The change in average employee wages and salaries was 5.66%.

(4) The Company has established an Audit Committee in accordance with the Securities and Exchange Act of the ROC. The Audit Committee, composed

entirely of independent directors, has replaced the function of supervisors; therefore, no remuneration for supervisors is applicable.

(5) The Company's payroll compensation policies (including directors, supervisors, managers, and employees) are summarized below:

A. Directors and supervisors:

(A) Compensation (carriage fees):

Article 22 of the Company's Articles of Incorporation: Compensation for directors and supervisors shall be determined by the directors with reference to the standards of the relevant peer group and listed companies.

(B) Remuneration:

Article 25 of the Company's Articles of Incorporation: The Company shall allocate the following proportions based on the pre-tax profit of the current year that has not been included in the remuneration of employees and directors and supervisors, if there is any surplus after deducting the accumulated losses:

a. The remuneration of directors and supervisors shall be capped at 1%.

b. Employee remuneration is 2% (of which no less than 95% shall be allocated to non-managerial employees)..

B. Managers and Employees:

(A) Manager and employee salaries are based on:

a. The company's size and system

b. Market conditions of related industries

c. Individual performance (appraisal, attendance, work efficiency, quality, skills, etc.)

(B) Remuneration:

Article 25 of the Company's Articles of Incorporation: The Company shall allocate the following proportions based on the pre-tax profit of the current year that has not been included in the remuneration of employees and directors and supervisors, if there is any surplus after deducting the accumulated losses:

a. The remuneration of directors and supervisors shall be capped at 1%.

b. Employee remuneration is 2% (of which no less than 95% shall be allocated to non-managerial employees).

(6) Based on the earning before tax and before subtracting compensation to employees and directors, the Company shall allocate not higher than 2% as employees compensation and shall allocate not higher than 1% of annual profits

as directors remuneration. In 2025 and 2024, the accrued employees compensation / directors remuneration were $1,619 thousand / $1,320 thousand and $810 thousand / $660 thousand, respectively, which were accrued based on the aforementioned 2% and 1% of earning before tax. If subsequently, the actual distribution amounts after the issuance date of these financial statements are different from the above amounts, the difference would be adjusted and treated as changes in accounting estimates in the next year.

(7) In 2026 and 2025, the board of directors of the Company passed the 2025 and 2024 employees' compensation and directors' remuneration, and the related amounts recorded in the financial statements:

	2025		2024	
	Employees compensation	Directors remuneration	Employees compensation	Directors remuneration
Resolved distribution amount	$ 1,619	$ 810	$ 1, 320	$ 660
Recorded in annual financial statements	1,619	810	1, 320	660
Difference amount	$ －	$ －	$ －	$ －

(8) Information on employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors for 2025 and 2024 is available from the Market Observation Post System at the website of the TWSE.

19. Interest income

Item	2025	2024
Bank deposit interest	$ 895	$ 1, 214
Other interest income	－	－
Total	$ 895	$ 1, 214

20. Other income

Item	2025	2024
Rental income	$ 2, 200	$ 2, 192
Dividend income	1, 198	322
Others	929	411
Total	$ 4, 327	$ 2, 925

21. Other gains and losses

Item	2025	2024
Net foreign exchange gain (loss)	($ 309)	$ 2,078
Gain on disposal of property, plant and equipment	45	2,000
Others	(7)	(7)
Total	($ 271)	$ 4,071

22. Finance costs

Item	2025	2024
Interest expense:		
Bank loan	$ 2,200	$ 385
Interests from lease liabilities	169	163
Other interest expense	-	4
Less: capitalized assets that meet the requirements	-	-
Finance costs	$ 2,369	$ 552

23. Income tax

(1) Income tax expense

A. The components of Income tax expense (benefit) are as follows:

Item	2025	2024
Current-period income tax		
Income tax generated from current-period income	$ 3,002	$ -
Levy on unappropriated earnings	307	-
Overestimation of prior years' income tax	-	-
Current-period income tax	3,309	-
Deferred income tax		
Initially generation or reversal of temporary differences	2,105	4,889
Effect of changes in tax rates	-	-
Total deferred income tax	2,105	4,889
Income tax expense (benefit)	$ 5,414	$ 4,889

B. Income tax (expense) benefit related to other comprehensive income:

	2025	2024
Remeasurement of Defined Benefit Plans	($ 550)	($ 352)

(2) A reconciliation of current accounting income to Income tax expense recognized in profit or loss is as follows:

Item	2025	2024
Income (loss) before income tax	$ 78, 522	$ 64, 014
Income before income tax at the statutory tax rate	$ 15, 704	$ 12, 803
The tax effect of the adjusted items is summarized as follows		
Effects from items not included when computing taxable income		
Investment loss (gain) recognized under equity method	(10, 195)	(8, 078)
Other adjustments	(2, 179)	484
Loss carry-forwards	(328)	(5, 209)
Adjustments to prior years' income tax	−	−
Effect of changes in tax rates	−	−
Additional income tax on unappropriated earnings (5%)	307	−
Net changes in deferred income tax	2, 105	4, 889
Income tax expense recognized in profit or loss (benefit)	$ 5, 414	$ 4, 889

The tax rate applicable to the Company is 20%, and the tax rate applicable to unappropriated earnings from 2018 is 5%.

In July 2019, the President announced the amendment of the Industrial Innovation Act, which stipulates that the construction or acquisition of certain assets or technologies with unappropriated earnings from 2018 onwards may be deducted from the calculation of unappropriated earnings. In calculating the unappropriated earnings tax, the Company only deducts the amount of capital expenditures that have actually been reinvested.

(3) Deferred income tax assets or liabilities arising from temporary differences, operating loss carryover, and investment credits:

Item	2025 Beginning balance	2025 Recorded in profit or loss	2025 Other comprehensive income (loss)	2025 Ending balance
Deferred income tax assets:				
Temporary differences				
Defined benefit liability, net	$ 2, 117	($ 125)	($ 550)	$ 1, 442
Unrealized loss on inventories	2, 225	(1, 686)	–	539
Unused paid leaves	878	3	–	881
Unrealized exchange loss	–	–	–	–
Unused loss carryover	328	(328)	–	–
Subtotal	5, 548	(2, 136)	(550)	2, 862
Deferred income tax liabilities:				
Temporary differences				
Reserve for unrealized land value increment	(128, 469)	–	–	(128, 469)
Unrealized exchange gain	(31)	31	–	–
Subtotal	(128, 500)	31	–	(128, 469)
Total	($ 122, 952)	($ 2, 105)	($ 550)	($ 125, 607)

Item	2024 Beginning balance	2024 Recorded in profit or loss	2024 Other comprehensive income (loss)	2024 Ending balance
Deferred income tax assets:				
Temporary differences				
Defined benefit liability, net	$ 2, 584	($ 115)	($ 352)	$ 2, 117
Unrealized loss on inventories	2, 055	170	–	2, 225
Unused paid leaves	797	81	–	878
Unrealized exchange loss	–	–	–	–
Unused loss carryover	5, 537	(5, 209)	–	328
Subtotal	10, 973	(5, 073)	(352)	5, 548
Deferred income tax liabilities:				
Temporary differences				
Reserve for unrealized land value increment	(128, 469)	–	–	(128, 469)
Unrealized exchange gain	(215)	184	–	(31)
Subtotal	(128, 684)	184	–	(128, 500)
Total	($ 117, 711)	($ 4, 889)	($ 352)	($ 122, 952)

(4) Items not recognized as deferred income tax assets: None.

(5) The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority.

24. Other comprehensive income or loss

Item	2025		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$ 3, 614	($ 550)	$ 3, 064
Unrealized gains (losses) on valuation of equity investments at FVTOCI	7, 865	–	7, 865
Subtotal	11, 479	(550)	10, 929
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(4)	–	(4)
Subtotal	(4)	–	(4)
Recognized other comprehensive income (loss)	$ 11, 475	($ 550)	$ 10, 925

Item	2024		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	$ 2, 438	($ 352)	$ 2, 086
Unrealized gains (losses) on valuation of equity investments at FVTOCI	–	–	–
Subtotal	2, 438	(352)	2, 086
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	13	–	13
Subtotal	13	–	13
Recognized other comprehensive income (loss)	$ 2, 451	($ 352)	$ 2, 099

25. Earnings per share

Item	2025	2024
Basic earnings per share:		
Net income in the current period (A)	$ 73, 108	$ 59, 125
Weighted-average outstanding number of shares (thousands) in the current period (B)	130, 522	130, 522
Weighted-average outstanding number of shares (thousands)after retrospective adjustment (C)	130, 522	130, 522
Basic earnings per share (after tax) (NTD) (A)/(C)	$ 0. 56	$ 0. 45

	2025	2024
Diluted earnings per share:		
Net income in the current period (A)	$ 73, 108	$ 59, 125
Dilution effect of potential common shares	–	–
Net profit for the period for computing diluted earnings per share (D)	$ 73, 108	$ 59, 125
Weighted-average outstanding number of shares (thousands)after retrospective adjustment	130, 522	130, 522
Effects from employees compensation (thousand shares)	117	98
Weighted-average outstanding shares for computing diluted earnings per share (thousand shares) (E)	130, 639	130, 620
Diluted earnings per share (after tax) (NTD) (D)/(E)	$ 0. 56	$ 0. 45

If the Company may choose to distribute employees' compensation either in stocks or in cash, then when computing diluted earnings per share, assuming that employees' compensation will be distributed in stocks and the potential common shares have dilution effects, the stocks are included in the weighted-average outstanding number of shares for computing diluted earnings per share. When computing diluted earnings per share before resolution to distribute employees compensation in the next year, such dilution effects from the potential common shares are continuously taken in to consideration.

26. Reconciliation of liabilities from financing activities

Item	January 1, 2025	Cash flow	Non-cash movements New leases and lease modifications	December 31, 2025
Short-term borrowings	$ 25, 078	$ 145, 856	$ –	$ 170, 934
Lease liabilities	13, 412	(4, 725)	1, 319	10, 006
Total liabilities from financing activities	$ 38, 490	$ 141, 131	$ 1, 319	$ 180, 940

Item	January 1, 2024	Cash flow	Non-cash movements New leases and lease modifications	December 31, 2024
Short-term borrowings	$ 12, 015	$ 13, 063	$ –	$ 25, 078
Lease liabilities	12, 875	(3, 930)	4, 467	13, 412
Total liabilities from financing activities	$ 24, 890	$ 9, 133	$ 4, 467	$ 38, 490

(VII) Related Party Transactions

1 Parent company and ultimate controller:

The Company has no parent and ultimate controller.

2 Name of related party and relationship

Name of related party	Relationship with the Company
Chun Yuan Steel Industry Co., Ltd.	Other related party
Yung Kuang Hwa Metal Industrial Co., Ltd.	Other related party
Chun Yuan Construction Co., Ltd.	Associate

3 Significant transactions with related parties

Details of the transactions with related parties are disclosed below:

(1) Purchases

Item	Related party category	2025	2024
Purchases	Other related party	$ -	$ 540

Note: The transaction prices and payment terms of the Company's purchase transactions with the above related parties were not materially different from those of the non-related parties.

(2) Operating revenue

Item	Related party category	2025	2024
Sales revenue	Other related party	$ 4,576	$ 9,053

Note: A. Selling prices: The terms of the transactions between the Company and the above related parties were not materially different from those of non-related parties.

B. Payment terms: Chun Yuan Steel Industry Co., Ltd.: The transaction terms are 41 days for wire transfer.

(3) Property transactions: None.

(4) Various expenses

Related party category	2025	2024	Nature of transaction
Other related party	$ 5	$ 2	Operating expense
Other related party	1	-	Manufacturing expense
Total	$ 6	$ 2	

(5) Various income

Related party category	2025	2024	Nature of transaction
Other related party	$ 1, 641	$ 1, 641	Rental income
Associate	1, 518	204	Other income
Total	$ 3, 159	$ 1, 845	

A. The above lease price was determined by reference to the market price and through mutual bargaining, and the rent was collected on a monthly basis with the following lease terms:

	2025		2024	
Lease subject	Lease period / Monthly rents	Amount	Lease period / Monthly rents	Amount
3 F.-1, 3 F.-2, and basement parking spaces No. 502, Fuxing N. Rd., Zhongshan Dist., Taipei City 104063, Taiwan (R.O.C.), and 3 F.-2, No. 2, Ln. 514, Fuxing N. Rd., Zhongshan Dist., Taipei City 104063, Taiwan (R.O.C.)	2024. 1. 1～2026. 12. 31/$137	$ 1, 641	2024. 1. 1～2026. 12. 31/$137	$ 1, 641

The Company leases office space to its related party, Chun Yuan Steel Industry Co. The lease term is three years, and as of December 31, 2025 and 2024, the total future lease payments receivable are $1,641 thousand and $3,282 thousand, respectively. The lease income recognized for January to December 2025 and 2024 amounted to $1,641 thousand and $1,641 thousand, respectively.

(6) Ending balances of receivables (payables)

Item	Related party category	December 31, 2025	December 31, 2024
Accounts receivable	Other related party	$ 271	$ 541
Less: Loss allowance		–	–
Net amount		$ 271	$ 541

No allowance for losses was recorded for the above receivables from related parties in 2025 and 2024.

Item	Related party category	December 31, 2025	December 31, 2024
Other payables	Other related party	$ 4	$ –

(7) Other

The Company participation in the cash capital increase of related parties through the subscription of preferred shares, resulting in an increase in investment, is as follows:

January to December 2025:

Investee company	Increase investment: Number of shares (in thousands)	Increase investment: Amount	Shareholding percentage: Before capital increase	Shareholding percentage: After capital increase
Associate				
Chun Yuan Construction Co., Ltd	4, 932	$ 49, 316	16. 87%	16. 67%

Note: This relates to the subscription of preferred shares issued by an associate, recognized as financial assets at fair value through other comprehensive income (FVOCI).

January to December 2024: None.

(8) Financing: None.

(9) Endorsements and guarantees: None.

4 Key management compensation

Related party category	2025	2024
Salary and other short-term employees benefits	$ 8, 668	$ 10, 030
Post-retirement benefits	10	8
Other long-term employees benefits	–	–
severance benefits	–	–
Share-based payment	–	–
Total	$ 8, 678	$ 10, 038

(VIII) Pledged Assets: None.

(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 As of December 31, 2025 and 2024, the Company issued guarantee notes of $2,281,380 thousand and $2,138,380 thousand, respectively, for loan facilities and other guarantees.

9.2 The purchase contract between our company and Tang Rong Company requires the payment of a performance guarantee deposit. As of December 31, 2025 and 2024, the amounts were $2,400 thousand and $2,400 thousand respectively.

9.3 As of December 31, 2025 and 2024, the Company received guarantee notes of $7,672 thousand and $7,672 thousand, respectively, to secure receivables, which are recorded as guarantee notes and guarantee receivables.

9.4 As of December 31, 2025 and 2024, the Company had issued the following unused letters of credit:

Item	December 31, 2025	December 31, 2024
Balance of letters of credit	NTD 178, 243	NTD 143, 279
	USD 54	USD 142

9.5 As of December 31, 2025 and 2024, the Company has entered into a contract for the purchase of machinery and equipment amounting to $454 thousand, of which $136 thousand has already been paid and is recorded under prepayments for equipment.

(X) Significant Disaster Losses: None.

(XI) Significant Subsequent Events: None.

(XII) Others

1 Capital risk management

Since the Company needs to maintain significant capital to pay for the needs of expansion, improving factories and equipment, the Company manages to ensure sufficient financial resources and operating plans required to satisfy the needs of operating funds, capital expenditures, research and development expense, repayment of debts, dividend payments, etc. in the coming 12 months.

2 Financial instruments

(1) Financial risk of financial instruments

Financial risk management policies

The Company’s daily activities are exposed to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Company’s overall risk management strategy focuses on identifying, assessment and avoiding uncertainties of markets in order to mitigate potential adverse effects on the Company’s financial performance from market fluctuations.

The Company's material financial activities are reviewed and approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Company to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

A. Nature and degree of material financial risk

(A) Market Risk

a. Exchange rate risk

(a) The Company is exposed to exchange rate risks from sales, purchases, borrowing transactions in non-functional currencies and from net investments in foreign operations. The Company's functional currency is mainly in NTD. Part of the Company's foreign-currency receivables and payables are in the same currency, where hedge effects would naturally take place.

Since the net investments in foreign operations are strategic investments, the Company does not perform hedging for the investments.

(b) Exposure to exchange rates and sensitivity analysis

The amount of foreign currency exchange risk exposure of the Company is as follows:

	December 31, 2025					
			Book value	Sensitivity analysis		
	Foreign currency	Exchange rate	(NTD)	Change scale	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
USD:NTD	$ 2	31. 38	$ 55	1%	$ -	$ -

	December 31, 2024					
			Book value	Sensitivity analysis		
	Foreign currency	Exchange rate	(NTD)	Change scale	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
USD:NTD	$ 763	32. 74	$ 24, 984	1%	$ 200	$ -
Financial liabilities						
Monetary items						
USD:NTD	$ 233	32. 74	$ 7, 612	1%	($ 61)	-

(c) Unrealized gains or losses on monetary items of the Company that are significantly affected by exchange rate fluctuations: After evaluation, there is no significant impact.

b. Price risk

The Company is exposed to price risk of equity instruments due to its investments in equity instruments. The Company's investments in equity instruments are classified as FVTPL financial assets and financial assets measured at FVTOCI in the balance sheet.

The Company mainly invests in equity instruments listed on domestic exchanges. The prices of these equity instruments are affected by the uncertainty of future value of such instruments.

If the price of equity instruments increases or decreases by 1%, the after-tax profit or loss for 2025 and 2024 will increase or decrease by $0 thousand due to the increase or decrease in the fair value of financial assets measured at FVTPL. Other comprehensive income after tax for 2025 and 2024 will increase or decrease by $1,166 thousand and $594 thousand, respectively, due to the increase or decrease in the fair value of financial assets measured at FVTOCI.

c. Interest rate risk

(a) The Company's interest rate risk arises primarily from its investment positions and financial liabilities. The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the reporting date were as follows:

Item	Book value December 31, 2025	Book value December 31, 2024
Interest rate risk on fair value:		
Financial assets	$ 150,000	$ 20,000
Financial liabilities	-	-
Net amount	$ 150,000	$ 20,000
Interest rate risk on cash flows:		
Financial assets	$ 34,430	$ 50,070
Financial liabilities	(170,934)	(25,078)
Net amount	($ 136,504)	$ 24,992

(b) Sensitivity analysis for instruments with fair value interest rate risk: The fixed-rate financial assets held by the Company do not expose the Company to fair value interest rate risk.

(c) Sensitivity analysis for instruments with cash flow interest rate risk:

The Company's financial instruments with variable interest rates are assets (liabilities) with floating interest rates, and their effective interest rates will change along with fluctuations in market interest rates, which then make future cash flows fluctuate. If the market interest rate increases by 1%, the Company's 2025 and 2024 net income will increase by $1,092 thousand and $200 thousand, respectively.

(B) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivables. Credit risk is managed separately for business related and financial related exposures.

a. Business-related credit risk

In order to maintain the credit quality of trade receivables, the Company has established procedures for credit risk management related to business operations. Risk evaluation for individual customer is performed taking into account various factors that may affect the customer's payment ability, including the customer's financial condition, internal credit ratings of the Company, historical transaction records, current economic conditions, etc.

b. Financial credit risk

The Company's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company's treasury function. The Company only transacts with creditworthy counterparties, banks, financial institutions with investment grade, companies and government agencies; therefore, no material concern on fulfillment of contracts, thus there is no material credit risk. In addition, the Company does not classify any financial instrument as measured at amortized cost or as FVTOCI debt instruments.

(a) Credit concentration risk

As of December 31, 2025 and 2024, the Company's top 10 customers' account for 33.57% and 37.30% of the Company's total accounts receivables, respectively, and the credit concentration risk for the rest of accounts receivable is relatively insignificant.

(b) Measurement of expected credit impairment loss

Accounts receivable: Simplified method is adopted, please refer to Note (VI)4.

Basis for determining whether or not credit risk increases significantly: None.

(c) The Company does not hold any collateral or other credit-enhancing securities to avoid credit risk related to financial assets.

(C) Liquidity risk

a. Liquidity risk management

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Company has sufficient financial flexibility for its operations.

b. Financial liability maturity analysis:

	December 31, 2025						
Non-derivative financial liabilities	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flows	Book value
Short-term borrowings	$ 171, 004	$ －	$ －	$ －	$ －	$ 171, 004	$ 170, 934
Notes payable	7, 063	－	－	－	－	7, 063	7, 063
Accounts payable	21, 558	－	－	－	－	21, 558	21, 558
Other payables	53, 820	－	－	－	－	53, 820	53, 820
Total	$ 253, 445	$ －	$ －	$ －	$ －	$ 253, 445	$ 253, 375

Additional information for analysis on due dates of lease liabilities:

	< 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payments
Lease liabilities	$ 4, 893	$ 5, 268	$ －	$ －	$ －	$ －	$ 10, 161

Non-derivative financial liabilities	December 31, 2024 Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Contract cash flows	Book value
Short-term borrowings	$ 25, 089	$ −	$ −	$ −	$ −	$ 25, 089	$ 25, 078
Notes payable	7, 984	−	−	−	−	7, 984	7, 984
Accounts payable	14, 291	−	−	−	−	14, 291	14, 291
Other payables	43, 472	−	−	−	−	43, 472	43, 472
Total	$ 90, 836	$ −	$ −	$ −	$ −	$ 90, 836	$ 90, 825

Additional information for analysis on due dates of lease liabilities:

	< 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payments
Lease liabilities	$ 4, 569	$ 9, 113	$ −	$ −	$ −	$ −	$ 13, 682

The Company does not expect early realization or significant difference in the actual cash flows in the analysis.

(2) Types of financial instruments

As of December 31, 2025 and 2024, the carrying amounts of the Company's financial assets and financial liabilities are listed below:

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	$ 226, 691	$ 102, 598
Notes and accounts receivable	607, 286	657, 754
Other receivables	102	368
Other financial assets	−	10, 000
Refundable deposits	590	608
Financial assets at fair value through other comprehensive income - noncurrent	116, 598	59, 417
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	170, 934	25, 078
Notes and accounts payable	28, 621	22, 275
Other payables	53, 820	43, 472

3 Fair value information

(1) For information regarding the fair value of the Company's financial assets and financial liabilities that are not measured at fair value, please refer to Note (XII)2.

(2) Fair value are grouped into Levels 1 to 3 as follows:

Level 1:

Inputs for this level are openly quoted prices in active markets for the same instruments. An active market refers to a market that meets all of the following criteria: Has traded merchandises of the same nature；Buyer and seller with intention to trade may be found anytime in the market, and the price information is available to the public. The fair value of beneficiary certificates invested by the Company is of this level.

Level 2:

Inputs for this level are observable prices other than openly quoted prices in active markets, including observable inputs obtained directly (e.g., prices) or indirectly (e.g., derived from prices) from active markets.

Level 3:

Inputs for this level are input parameters (for measuring fair value) that are not based on observable inputs available in the markets.

(3) Financial instruments that are not measured at fair value

The book value (including cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables) reasonably approximates their fair value.

(4) Fair value information by level:

The Company's financial instruments are measured at fair value on repetitive basis. The Company's fair value information by level is shown as following schedule:

	December 31, 2025			
Item	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
FVTPL financial assets				
Beneficiary certificates - funds	$ –	$ –	$ –	$ –
FVTOCI financial assets				
Equity securities	–	–	116, 598	116, 598
Total	$ –	$ –	$ 116, 598	$ 116, 598

	December 31, 2024			
Item	Level 1	Level 2	Level 3	Total
Assets				
Repetitive fair value				
FVTPL financial assets				
Beneficiary certificates - funds	$ –	$ –	$ –	$ –
FVTOCI financial assets				
Equity securities	–	–	59, 417	59, 417
Total	$ –	$ –	$ 59, 417	$ 59, 417

(5) Fair value valuation techniques for instruments measured at fair value:

If openly quoted prices in active markets for financial instruments are available, the Group will use the openly quoted prices in active markets as the fair value. The market prices in major exchanges or polished market prices by OTC are all basis for fair value publicly traded equity instruments and debt instruments with quoted prices in the active market.

If the open quotes can be timely and generally obtained from exchange, brokerages, underwriter, industrial union, pricing service agency or competent authority, then the financial instruments are considered having open quotes in active markets. If the above conditions could not be met, then such markets are deemed as inactive. Generally speaking, if the price differences are quite large, significant increase in buying and selling price gap or decrease in transaction volume, then they are all indices of inactive market.

The fair value of the fund beneficiary certificates held by the Company is based on the closing price of the trading market if there is an active market.

Except for the above financial instruments with active markets, the fair values of other financial instruments are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the consolidated balance sheet date.

The Company's held unlisted stocks without active market, their fair value is estimated by market approach. The determination is assessed based on valuation on companies of the same type, quotes from 3rd party, net book value of the Company and operating condition.

(6) Transfer between Level 1 and Level 2 of the fair value hierarchy: None.

(7) Changes in level 3 instruments：

Financial assets at fair value	Equity securities
January 1, 2025	$ 59,417
Gains or losses recognized in current period income	－
Other gains and losses	－
Gains or losses recognized in other comprehensive income or loss	－
Investments in equity instruments measured at FVTOCI	－
Unrealized valuation gains or losses	7,865
Reclassification	－
Acquisition in this period	49,316
Disposal in this period	－
Transfer to Level 3	－
Transfer out of Level 3	－
December 31, 2025	$ 116,598
Unrealized gains or losses recognized in profit or loss for the year on assets still held at the end of the period	$ －

Financial assets at fair value	Equity securities
January 1, 2024	$ 59,417
Gains or losses recognized in current period income	－
Other gains and losses	－
Gains or losses recognized in other comprehensive income or loss	－
Investments in equity instruments measured at FVTOCI	－
Unrealized valuation gains or losses	－
Reclassification	－
Acquisition in this period	－
Disposal in this period	－
Transfer to Level 3	－
Transfer out of Level 3	－
December 31, 2024	$ 59,417
Unrealized gains or losses recognized in profit or loss for the year on assets still held at the end of the period	$ －

(8) Quantified information for fair value measurement of material unobservable input (Level 3):

	December 31, 2025 Fair value	Valuation method	Material unobservable inputs	Relationships between inputs and fair value
Non-derivative financial assets:				
Un-listed stocks	$ 116,598	Capitalization of Interest Income Method	Capitalization rate	The higher the capitalization rate, the lower the fair value

	December 31, 2024 Fair value	Valuation method	Material unobservable inputs	Relationships between inputs and fair value
Non-derivative financial assets:				
Un-listed stocks	$ 59, 417	Market Approach	Control discount, Liquidity discount	The higher the control discount, the lower the fair value; the higher the liquidity discount, the lower fair value

(9) Fair value classification process for Level 3:

The Company's valuation process for fair value classified as Level 3 is conducted by the accounting department, which verifies the fair value of financial instruments using independent sources to ensure that the valuation results are close to market conditions, confirm that the sources are independent, reliable, consistent with other sources, and representative of executable prices. The accounting department also regularly calibrates the valuation models, performs backtesting, updates the inputs and data required for the valuation models, and makes any other necessary fair value adjustments to ensure that the valuation results are reasonable.

(10) The Company has carefully evaluated and selected the valuation models and parameters used, and therefore considers the fair value measurement to be reasonable. However, the use of different valuation models or parameters may result in different valuation results. For financial assets and financial liabilities classified as Level 3, a change of 0.01% and 1% basis point in valuation parameters would have the following impact on current period profit or loss or other comprehensive income:

			December 31, 2025			
			Profit or loss		Other comprehensive income (loss)	
	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument						
Un-listed stocks	Capitalization rate	±0. 01%	$ －	$ －	$ 591	($ 585)

			December 31, 2024			
			Profit or loss		Other comprehensive income (loss)	
	Input value	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument						
Un-listed stocks	Liquidity discount Control discount	±1%	$ －	$ －	$ 877	($ 877)

(XIII) Supplementary Disclosures

13.1 Information on Significant Transactions:

(1) Loans to others: None

(2) Endorsements and guarantees provided to others: None

(3) Marketable securities held at the end of te period: Table 1.

(4) Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: None

(5) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: None

(6) Business relationships and significant transactions between parent and subsidiary companies: Not applicable, as the Company has no subsidiaries.

13.2 Relevant Information on Reinvestment Businesses: Table 2.

13.3 Information on Investments in Mainland China: None

Sinkang Industries Co., Ltd.
Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)
December 31, 2025

Table 1 In thousands of NTD

Holding Company	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	End of period				Note
				Shares	Book Value	Percentage of Ownership (%)	Fair value	
Sinkang Industries Co., Ltd.	Chun Yuan Construction Co., Ltd.- Special Shares	Associates	FVTOCI financial assets - noncurrent	10, 837, 917	$ 116, 598	16. 67%	$ 116, 598	

Sinkang Industries Co., Ltd.
Information on equity investments (not including investments in Mainland China)
December 31, 2025

Table 2 In thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at year-end			Net income (losses) of the investee	Share of profit/loss of investee	Note
				Year end	Year end of last year	Number of shares	Ratio (%)	Book value			
Sinkang Industries Co., Ltd.	Chun Yuan Construction Co., Ltd.	3 F.-1, No. 502, Fuxing N. Rd., Zhongshan Dist., Taipei City	Construction industry; Design and construction for steel structures and bridges	$ 24, 515	$ 24, 515	18, 833, 822	18. 75%	$ 282, 150	$ 278, 966	$ 50, 975	(Note)

Note: The profit or loss of the investee company for the period is based on the financial statements audited and certified by the accountant.

(XIV) Segment Information

14.1 The Company's management has identified the reportable segments based on the reporting information used by the operating decision-makers in making decisions. The Company operates a single industry of stainless steel processing and trading, so there is only a single reportable segment and there are no reinvestment subsidiaries that require the preparation of consolidated financial statements. The segment information to be disclosed in the financial statements is consistent with the Company's financial statements.

14.2 Product information: The Company is engaged in the single product of stainless steel processing and trading.

14.3 Regional information: The Company's revenue from a single foreign external customer is not significant.

14.4 Information on major customers: None.

Sinkang Industries Co., Ltd.

Schedule of Significant Accounting Items

December 31, 2025

Table of Content

Sinkang Industries Co., Ltd.

Schedule of Cash and Cash Equivalents

December 31, 2025

Schedule I

In thousands of NTD and foreign currencies

Item	Amount		Footnote
	Subtotal	Amount	
Cash		$ 478	
Bank deposits		76, 213	
Check deposit	$ 41, 783		
Demand deposit	34, 375		
Time deposit	−		
Foreign currency deposit	55		Including USD 2 thousand, exchange rate: 31.38
Cash equivalents		150, 000	
Total		$ 226, 691	

Sinkang Industries Co., Ltd.

Schedule of Notes Receivable

December 31, 2025

Schedule II

In thousands of NTD

Client Name	Amount	Footnote
Others	$ 209, 504	Debt balance less than 5%
Subtotal	209, 504	
Less: Loss allowance	(2, 095)	
Net amount	$ 207, 409	

Sinkang Industries Co., Ltd.

Schedule of Accounts Receivable

December 31, 2025

Schedule III

In thousands of NTD

Client Name	Amount	Footnote
Related party:		
Chun Yuan Steel Industry Co., Ltd.	$ 269	
Yung Kuang Hwa Metal Industrial Co., Ltd	2	
Subtotal	271	
Non-related party:		
Company A	$ 70, 170	
Others	337, 591	Debt balance less than 5%
Less: Loss allowance	(8, 155)	
Subtotal	399, 606	
Net amount	$ 399, 877	

Sinkang Industries Co., Ltd.
Schedule of Inventories
December 31, 2025

Schedule IV

In thousands of NTD

Item	Summary	Amount		Footnote
		Cost	Net realizable value	
Raw materials	Stainless steel plate	$ 93, 247		Net realizable value as market price
	Stainless steel roll	257, 539		
	Others	5, 093		
	Subtotal	355, 879	$ 355, 400	
Finished product	Stainless steel plate	33, 500	34, 367	Net realizable value as market price
Scraps	Stainless steel plate	178	460	Net realizable value as market price
In-transit raw materials	Stainless steel roll	17, 313	17, 314	Net realizable value as market price
Less: Inventory valuation and stagnation loss		(2, 697)		
Net amount		$ 404, 173	$ 407, 541	

Sinkang Industries Co., Ltd.

Schedule of Financial Assets measured at FVTOCI - noncurrent

For the year ended December 31, 2025

Schedule V

In shares; thousands of NTD

Name of investee company	Beginning balance		Increase for the period		Decrease for the period		Ending balance		Pledged as collaterals	Footnote
	Number of shares	Fair value	Number of shares	Fair value	Number of shares	Fair value	Number of shares	Fair value		
Chun Yuan Construction Co., Ltd.- Special Shares	5, 906, 234	$ 59, 417	4,931,683	$ 57,181	-	$ -	10,837,917	$ 116,598	None	

Sinkang Industries Co., Ltd.
Schedule of Changes in Investments Accounted for Using Equity Method
For the year ended December 31, 2025

Schedule VI

In shares; thousands of NTD

Name	Beginning balance		Increase for the period		Decrease for the period		Ending balance			Market price/net equity		Pledged as collaterals	Footnote
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding ratio	Amount	Unit price	Total amount		
Chun Yuan Construction Co., Ltd.	16, 236, 053	$ 243, 305	2, 597, 769	$ 51, 838	-	$ 12, 993	18, 833, 822	18. 75%	$ 282, 150	14. 98	$ 282, 150	None	

Sinkang Industries Co., Ltd.

Schedule of Short-term Borrowings

December 31, 2025

Schedule VII

In thousands of NTD

Type	Ending Balance	Contract Period Until Expiration	Range of Interest Rates	Financing Limit	Pledged As Collaterals
Credit loan	$ 30,000	2025. 12. 29~2026. 01. 02	1. 900%	$ 500, 000	None
Credit loan	$ 30,000	2025. 10. 30~2026. 01. 30	1. 900%	$ 250, 000	None
Credit loan	$ 100,000	2025. 12. 31~2026. 01. 02	2. 028%	$ 250, 000	None
Credit loan	$ 10, 934	2025. 12. 24~2026. 01. 07	2. 015%	$ 500, 000	None

Sinkang Industries Co., Ltd.

Schedule of Notes Payable

December 31, 2025

Schedule XIII

In thousands of NTD

Client Name	Summary	Amount	Footnote
Non-Related Party:			
Company B		$ 3, 426	
Company C		888	
Individual D		603	
Company E		493	
Others		1, 653	Debt balance less than 5%
Total		$ 7, 063	

Sinkang Industries Co., Ltd.

Schedule of Accounts Payable

December 31, 2025

Schedule IX

In thousands of NTD

Client Name	Summary	Amount	Footnote
Company F		$ 11, 333	
Company G		6, 847	
Company H		1, 224	
Company B		1, 132	
Others		1, 022	Debt balance less than 5%
Total		$ 21, 558	

Sinkang Industries Co., Ltd.

Schedule of Operating Revenue

December 31, 2025

Schedule X

In thousands of NTD

Item	Quantity	Amount	Footnote
Stainless Steel Plate	46, 444	$ 3, 050, 355	
Total sales revenue		3, 050, 355	
Processing income		2, 236	
Total operating revenue		3, 052, 591	
Less: Sales returns		(10, 670)	
Sales discounts		(584)	
Net amount		$ 3, 041, 337	

Sinkang Industries Co., Ltd.

Schedule of Operating Costs

December 31, 2025

Schedule XI

In thousands of NTD

Item	Amount	Footnote
Raw materials used		
Raw materials, beginning of period	$ 332, 743	
Add: Purchases during the period	2, 828, 414	
Finished goods and scrap transferred	8, 868	
Less: Raw materials, end of period	(355, 879)	
Raw materials used during the period	2, 814, 146	
Direct labor	35, 236	
Manufacturing Overhead	87, 140	Please refer to Schedule XII for details.
Manufacturing cost	2, 936, 522	
Cost of finished goods	2, 936, 522	
Add: Finished goods, beginning of period	20, 336	
Less: Finished goods, end of period	(33, 500)	
Raw materials transferred	(8, 926)	
Cost of sales	2, 914, 432	
Other operating costs		
Add: Cost of scrap	(5, 881)	
Unallocated fixed manufacturing overhead	14, 833	
Inventory valuation loss (gain from price recovery)	(8, 431)	
Operating Cost	$ 2, 914, 953	

Sinkang Industries Co., Ltd.

Schedule of Direct Labor and Manufacturing Overhead

December 31, 2025

Schedule XII

In thousands of NTD

Summary	Amount	Footnote
Direct labor	$ 35, 236	
Wages and salaries	35, 236	
Manufacturing Overhead	87, 140	
Indirect labor	14, 188	
Rent expense	102	
Stationery supplies	148	
Traveling expense	57	
Freight	91	
Postage expense	153	
Maintenance expense	3, 676	
Advertisement expense	17	
Utilities expense	5, 602	
Insurance expense	6, 364	
Entertainment expense	1	
Taxes	1, 833	
Consumables	2, 277	
Depreciations	13, 067	
Amortizations	–	
Pension	1, 888	
Meal expense	2, 046	
Employee benefit	2, 456	
Transportation expense	295	
Packing expense	37, 734	
Fuel expense	1, 635	
Outsourced processing expense	5, 170	
Training expense	189	
Books and magazines	–	
Miscellaneous purchases	193	
Service fee	12	
Other overheads	2, 779	
Unallocated expense	(14, 833)	
Total	$ 122, 376	

Sinkang Industries Co., Ltd.
Schedule of Operating Expense
December 31, 2025

Schedule XIII

In thousands of NTD

Summary	Marketing expense	Administrative expense	Total
Wages and salaries	$ 30, 371	$ 26, 119	$ 56, 490
Rental expense	−	96	96
Stationery supplies	167	395	562
Traveling expense	43	112	155
Freight	11, 130	3	11, 133
Postage expense	695	634	1, 329
Maintenance expense	958	493	1, 451
Advertisement expense	127	2	129
Utilities expense	579	402	981
Insurance expense	3, 958	2, 090	6, 048
Entertainment expense	651	540	1, 191
Taxes	172	137	309
Depreciations	3, 421	2, 122	5, 543
Amortizations	−	−	−
Meal expense	1, 581	600	2, 181
Employee benefit	1, 931	707	2, 638
Training expense	5	99	104
Pension	1, 517	721	2, 238
Miscellaneous purchases	236	157	393
Transportation expense	1, 205	174	1, 379
Import and export charges	−	−	−
Service fees	270	2, 820	3, 090
Other expenses	2, 237	2, 475	4, 712
Total	$ 61, 254	$ 40, 898	$ 102, 152