Stock Code: 3167

Ta Liang Technology Co., Ltd. and subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

2025 and 2024

Company address: No. 68, Fengtian Rd., Ruifeng Vil., Bade Dist., Taoyuan City
Tel.: (03)368-6368

Consolidated Financial Statements

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Declaration

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with IFRS 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2025, (January 1-December 31, 2025) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises.

Declared by

Company Name: Ta Liang Technology Co., Ltd.

Person in Charge: Wang, Tso Ching

March 11, 2026

Independent Auditors' Report

To the Board of Directors and Shareholders of Ta Liang Technology Co., Ltd.

Audit Opinion

We have audited the accompanying consolidated balance sheets of Ta Liang Technology Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the years ended December 31, 2025 and 2024 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Group's consolidated financial position as of December 31, 2025 and 2024 and for the years then ended as well as consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis of Audit Opinion

We follow the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing Standards while performing the auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norms of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2025, based on our professional judgment. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company and subsidiaries' consolidated operating revenue was NT$5,077,937 thousand in 2025, mainly from the sales of equipment and machines. The sales locations included Taiwan, China, and Southeast Asian countries, and the sales contracts contain a variety of different terms, such as installation and acceptance terms. As it was necessary to exercise judgment regarding orders or contracts and determine the performance obligations and the timing of fulfilling such obligations, there were significant risks in the recognition of the operating revenue, so we listed revenue as one of the key audit matters. Our audit procedures included (but were not limited to) assessing the appropriateness of the accounting policy used upon recognition of revenue when performance obligations were fulfilled, including reviewing both parties' transaction terms, testing the effectiveness of internal controls in the sales cycle that are associated with the timing of recognition of revenue when contract or order performance obligations were fulfilled, and performing detailed testing of transactions, including obtaining customers' original orders or contracts, checking if the timing of recognition of revenue when performance obligations were fulfilled were consistent with the transaction conditions stated in the orders or contracts, and performing cut-off testing for revenue. We also considered the appropriateness of the disclosures in Note 6 to the financial statements related to operating revenue.

Allowance for Losses on Receivables

The carrying amounts of the Group's receivables and allowances for losses on December 31, 2025 were NT$3,276,783 thousand and NT$184,312 thousand, respectively, and the net receivables accounted for 37% of the Group's consolidated assets and were significant to the Group. As the allowances for losses on receivables were measured at the lifetime expected credit losses (ECLs), the receivables should be properly grouped in the measurement process, and the use of relevant assumptions in the measurement process should be judged and analyzed, while the appropriate aging intervals and loss ratios for the various intervals should be considered. As the measurement of ECLs involved judgment, analysis, and estimation, and the measurement results affected the net receivables, we believe that the allowances for losses on receivables is a key audit matter. Our audit procedures included (but were not limited to) analyzing the appropriateness of the grouping method of receivables, confirming if the customers with significantly different loss patterns (grouped by similar risk characteristics) were properly grouped (such as by historical experience), testing the provision matrix adopted by the Group, including assessing if the decision of each aging interval is reasonable, and sampling original documents to check the correctness based on basic information, while reviewing the collection of receivables after the due dates to evaluate the recoverability of receivables; analyzing the long-term trend of bad debt losses and the turnover of receivables; evaluating the reasonableness of impairment of individual receivables; and confirming whether there is any impairment on the balance sheet date. We also considered the appropriateness of the disclosures in Notes 5 and 6 to the financial statements related to receivables and risks.

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

Management is responsible for the preparation of consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC and to maintain the necessary internal control associated with the preparation in order to ensure that the consolidated financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting, unless the management intends to liquidate the Group or cease operations, or has no viable alternatives but to liquidate or cease operations.

The Group’s governing body (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors’ report. The term of “reasonable assurance” refers to high level of assurance. Nevertheless, the audit performed according to the auditing standards cannot guarantee the discovery of material misstatement in the financial statements. Misstatements can arise from fraud or error. Misstatements 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 the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.

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 Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements in our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair and proper presentation.

6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2025. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

The Company has also prepared the parent company only financial statements for the years ended December 31, 2025 and 2024, for which we have issued an unqualified opinion, alongside the audit report.

Ernst & Young, Taiwan
Approved by the competent authority to audit/review publicly listed companies' financial statements
Audit Case No.: (2002)-Tai-Cai-Zeng-(VI) No. 144183
(2017) Jin-Guan-Zheng-Shen-Zi No. 1060026003

Chang, Chih-Ming

Certified Public Accountant:

Lo, Hsiao-Chin

March 11, 2026

Ta Liang Technology Co., Ltd. and subsidiaries
Consolidated Balance Sheet
December 31, 2025 and December 31, 2024
(Amounts are in NT$ thousand)

Assets			December 31, 2025		December 31, 2024	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6.1	$668,345	8	$276,920	5
1136	Financial assets measured at amortized cost	4, 6.2 and 8	28,992	-	40,872	1
1150	Net value of notes receivable	4 and 6.5	143,355	2	93,265	2
1170	Net value of accounts receivable	4 and 6.6	2,949,116	35	1,424,544	28
1200	Other receivables		17,481	-	14,542	-
1210	Other receivables - related parties, net	7	31,485	-	-	-
130x	Net inventory	4 and 6.7	2,138,304	26	1,237,892	24
1410	Prepayments		42,837	1	65,137	1
1470	Other current assets		6,862	-	8,982	-
11xx	Total current assets		6,026,777	72	3,162,154	61
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6.3 and 8	146,752	2	140,160	3
1517	Financial assets at fair value through other comprehensive income	4 and 6.4	34,940	-	2,300	-
1535	Financial assets measured at amortized cost	4, 6.2	131,950	1	-	-
1600	Property, plant and equipment	4, 6.8 and 8	1,821,611	22	1,703,072	33
1755	Right-of-use asset	4, 6.21 and 8	80,730	1	67,746	1
1780	Intangible assets	4 and 6.9	16,601	-	15,669	-
1840	Deferred tax assets	4 and 6.25	74,024	1	59,736	1
1900	Other non-current assets	6.10	78,415	1	49,093	1
15xx	Total non-current assets		2,385,023	28	2,037,776	39
1xxx	Total assets		$8,411,800	100	$5,199,930	100

(See Notes to the Consolidated Financial Statements)

Chairman:Wang, Tso Ching　　Managerial Officer: Chien, Chen-Chi　　Accounting Officer: Chen ,Yi-Lin

Ta Liang Technology Co., Ltd. and subsidiaries
Consolidated Balance Sheet
December 31, 2025 and December 31, 2024
(Amounts are in NT$ thousand)

Liabilities and equity			December 31, 2025		December 31, 2024	
Code	Accounting item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6.11 and 8	$725,835	9	$371,387	7
2130	Contract liability	4 and 6.19	750,089	9	158,060	3
2150	Notes payable		44,960	1	118,034	2
2170	Accounts payable		1,571,927	19	693,149	14
2200	Other payables	6.12	452,450	5	248,220	5
2230	Current income tax liabilities	4 and 6.25	63,696	1	18,425	-
2250	Provision for liabilities	4 and 6.16	20,075	-	20,046	-
2280	Lease liabilities	4 and 6.21	4,582	-	1,164	-
2322	Long-term borrowings due within one year or one business cycle	6.14 and 8	28,838	-	32,364	1
2399	Other current liabilities		19,779	-	50,424	1
21xx	Total current liabilities		3,682,231	44	1,711,273	33
	Non-current liabilities					
2530	Corporate bonds payable	4 and 6.13	466,173	5	-	-
2540	Long-term borrowings	6.14 and 8	422,961	5	554,522	11
2570	Deferred tax liabilities	4 and 6.25	410,085	5	255,992	5
2580	Lease liabilities	4 and 6.21	11,630	-	-	-
2645	Deposits received		1,331	-	7,744	-
25xx	Total non-current liabilities		1,312,180	15	818,258	16
2xxx	Total Liabilities		4,994,411	59	2,529,531	49
	Equity attributable to owners of the parent company	6.17				
3100	Share capital					
3110	Ordinary share		883,618	11	882,528	17
3130	Bond conversion entitlement certificates		284	-	-	-
3200	Additional paid-in capital		604,868	7	515,237	10
3300	Retained earnings					
3310	Statutory reserves		464,552	6	452,252	9
3320	Special reserves		69,429	1	136,031	2
3350	Undistributed earnings		1,444,647	17	762,411	15
3400	Other equity		(50,009)	(1)	(78,060)	(2)
3xxx	Total equity		3,417,389	41	2,670,399	51
3x2x	Total liabilities and equities		$8,411,800	100	$5,199,930	100

(See Notes to the Consolidated Financial Statements)

Chairman: Wang, Tso Ching | Managerial Officer: Chien, Chen-Chi | Accounting Officer: Chen ,Yi-Lin

Ta Liang Technology Co., Ltd. and subsidiaries
Consolidated Statement of Comprehensive Income
For the Years Ended December 31, 2025 and 2024
(Amounts in NT$ thousand, except earnings per share, which are in NT$)

Code	Item	Notes	2025 Amount	2025 %	2024 Amount	2024 %
4000	Operating revenue	4 and 6.19	$5,077,937	100	$2,599,385	100
5000	Operating cost		(3,088,936)	(61)	(1,848,519)	(71)
5900	Gross profit		1,989,001	39	750,866	29
6000	Operating expenses					
6100	Selling expenses		(355,425)	(7)	(256,649)	(10)
6200	Administrative expenses		(229,142)	(4)	(158,080)	(6)
6300	R&D expenses		(388,875)	(8)	(232,715)	(9)
6450	Expected credit impairment losses (gains)	4 and 6.20	(99,130)	(2)	(31,343)	(1)
	Total operating expenses		(1,072,572)	(21)	(678,787)	(26)
6900	Operating income		916,429	18	72,079	3
7000	Non-operating income and expenses	6.23				
7010	Other income		98,088	2	86,494	3
7020	Other gains and losses		(6,368)	-	12,786	1
7050	Financial costs		(37,414)	(1)	(22,749)	(1)
	Total non-operating incomes and expenses		54,306	1	76,531	3
7900	Net income before tax		970,735	19	148,610	6
7950	Income tax expense	4 and 6.25	(254,548)	(5)	(24,215)	(1)
8200	Current net gain		716,187	14	124,395	5
8300	Other comprehensive income	6.24				
8310	Items not reclassified subsequently to profit or loss					
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income		-	-	(3,802)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		31,070	1	57,689	2
8399	Income tax related to items may be reclassified into profit or loss		(6,214)	-	12,715	-
	Other comprehensive income for this period (net of tax)		24,856	1	66,602	2
8500	Total comprehensive income for this period		$741,043	15	$190,997	7
8600	Net income attributable to:					
8610	Owners of the parent company		$716,187	14	$124,395	5
8700	Total comprehensive income attributable to:					
8710	Owners of the parent company		$741,043	15	$190,997	7
9750	Basic earnings per share (NT$)	6.26	$8.13		$1.48	
9850	Diluted earnings per share (NT$)	6.26	$8.01		$1.45	

(See Notes to the Consolidated Financial Statements)

Chairman: Wang, Tso Ching　　Manager: Chien, Chen-Chi　　Accounting Supervisor: Chen ,Yi-Lin

Ta Liang Technology Co., Ltd. and subsidiaries

Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2025 and 2024

(Amounts are in NT$ thousand)

		Equity attributable to owners of the parent company										
		Share capital			Retained earnings			Other items of equity				
	Item	Share capital	Bond conversion entitlement certificates	dditional paid-in capi	Statutory reserves	Special reserves	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other	Cost of employees' unearned compensation	Treasury stock	Total equity
Code		3110	3130	3200	3310	3320	3350	3410	3420	3490	3500	3xxx
A1	Balance on January 1, 2024	$825,381	$-	$157,710	$450,970	$99,965	$718,013	$(121,266)	$(14,765)	$-	$(1,842)	$2,114,166
	Appropriation and distribution of 2023 earnings											
B1	Legal reserve provided				1,282		(1,282)					-
B3	Special reserve provided					36,066	(36,066)					-
B5	Common share cash dividend						(41,250)					(41,250)
D1	Net income for 2024						124,395					124,395
D3	Other comprehensive income for 2024							70,404	(3,802)			66,602
D5	Total comprehensive income for this period	-	-	-	-	-	124,395	70,404	(3,802)	-	-	190,997
L3	Cancellation of treasury shares	(380)		(63)			(1,399)				1,842	-
I1	Conversion of convertible corporate bonds	55,527		343,570								399,097
N1	Share-based payments	2,000		14,020						(8,631)		7,389
Z1	Balance on December 31, 2024	882,528	-	515,237	452,252	136,031	762,411	(50,862)	(18,567)	(8,631)	-	2,670,399
	Appropriation and distribution of 2024 earnings											
B1	Legal reserve provided				12,300		(12,300)					-
B5	Common share cash dividend						(88,253)					(88,253)
B17	Reversal of special reserve					(66,602)	66,602					-
C5	Recognition of equity components due to the issuance of convertible corporate bonds- share option			75,696								75,696
D1	Net income for 2025						716,187					716,187
D3	Other comprehensive income for 2025							24,856				24,856
D5	Total comprehensive income for this period	-	-	-	-	-	716,187	24,856	-	-	-	741,043
I1	Conversion of convertible corporate bonds		284	4,964								5,248
N1	Share-based payments	1,090		8,971						3,195		13,256
Z1	Balance on December 31, 2025	$883,618	$284	$604,868	$464,552	$69,429	$1,444,647	$(26,006)	$(18,567)	$(5,436)	$-	$3,417,389

(See Notes to the Consolidated Financial Statements)

Chairman:Wang, Tso Ching Managerial Officer: Chien, Chen-Chi ccounting Officer: Chen ,Yi-Lin

Ta Liang Technology Co., Ltd. and subsidiaries
Consolidated Statement of Cash Flows
For the Years Ended December 31, 2025 and 2024
(Amounts are in NT$ thousand)

Code	Item	2025	2024	Code	Item	2025	2024
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	$970,735	$148,610	B00010	Acquisition of financial assets at fair value through other comprehensive income	(32,640)	-
A20000	Adjustments:						
A20010	Income/expenses items:			B00040	Acquisition of financial assets measured at amortized cost	(120,070)	(40,872)
A20100	Depreciation expenses (right-of-use assets included)	44,482	42,893	B00100	Acquisition of financial assets at fair value through profit or loss	-	(115,675)
A20200	Amortization cost	4,566	4,384	B00200	Disposal of financial assets at fair value through profit or loss	-	27,017
A20300	Expected credit impairment losses (gains)	99,130	31,343	B02200	Acquisition of subsidiary (net of cash acquired)	(2,500)	-
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(10,418)	8,597	B02700	Acquisition of property, plant and equipment	(188,107)	(177,946)
				B02800	Proceeds from disposal of property, plant and equipment	606	552
A20900	Interest expenses	37,414	22,749	B03700	Decrease (increase) in guarantee deposits paid	(264)	(2,161)
A21200	Interest revenue	(29,972)	(26,258)	B04300	Other accounts payable- related parties (increase)	(31,485)	-
A21900	Share-based compensation costs	12,166	5,389	B04500	Acquisition of intangible assets	(5,542)	(678)
A22500	Loss (gain) on disposal and scrapping of property, plants, and equipment	307	267	BBBB	Net cash inflow (outflow) from investing activities	(380,002)	(309,763)
A23100	Losses (gains) from disposal of investments	-	299				
A30000	Changes in assets/debts having to do with business activities:			CCCC	Cash flows from financing activities:		
A31130	Decrease (increase) of notes receivable	(50,103)	(48,261)	C00100	Short-term borrowings (repayment)	354,448	96,771
A31150	Decrease (Increase) in accounts receivable	(1,612,855)	(671,205)	C01200	Issuance of corporate bonds	540,430	-
A31180	Decrease (Increase) of other receivables	403	8,605	C01300	Repayment of company’s debt	-	(200)
A31200	Decrease (increase) in net inventories	(898,568)	(405,143)	C01600	Long-term borrowings	-	44,780
A31230	Decrease (increase) in prepayments	22,300	(6,430)	C01700	Repayment of long-term borrowings	(135,267)	(32,365)
A31240	Decrease (increase) in other current assets	2,120	4,683	C03000	Increase (decrease) in guarantee deposits received	(6,413)	(6,264)
A32125	Increase (decrease) in contract liabilities	592,029	34,840	C04020	Repayment of lease principal	(4,171)	(2,969)
A32130	Increase (decrease) in notes payable	(73,074)	118,034	C04500	Cash dividends paid out	(88,253)	(41,250)
A32150	Increase (decrease) in accounts payable	878,778	346,795	C09900	Others - new restricted employee shares	1,090	2,000
A32180	Increase (decrease) in other payables	206,393	110,749	CCCC	Net cash inflow (outflow) from financing activities	661,864	60,503
A32200	Increase (decrease) in provisions	29	9,047				
A32230	Increase (decrease) in other current liabilities	(30,645)	2,661				
A33000	Cash inflow (outflow) from operations	165,217	(257,352)	DDDD	Effect of changes in foreign exchange rates	42,216	36,367
A33100	Interest received	12,322	16,396				
A33300	Interest paid	(31,995)	(18,681)	EEEE	Increase (decrease) in cash and cash equivalents during this period	391,425	(537,913)
A33500	Income tax paid	(78,197)	(65,383)	E00100	Cash and cash equivalents at the beginning of the year	276,920	814,833
AAAA	Net cash inflow (outflow) from operating activities	67,347	(325,020)	E00200	Cash and cash equivalents at the end of the year	$668,345	$276,920

(See Notes to the Consolidated Financial Statements)

Chairman:Wang, Tso Ching　　Managerial Officer: Chien, Chen-Chi　　Accounting Officer:Chen ,Yi-Lin

Ta Liang Technology Co., Ltd. and subsidiaries
Notes to consolidated financial statements
December 31, 2025
December 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Ta Liang Technology Co., Ltd. (hereinafter referred to as the "Company") was incorporated on December 26, 1980 and mainly engaged in the design and manufacturing of various CNC precision machines. Its place of registration and main operating site are located at No. 68, Fengtian Road, Bade District, Taoyuan City.

II. Approval Date and Procedures of the Consolidated Financial Statements

The 2025 and 2024 consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the "Group") were released after being approved by the Board of Directors on March 11, 2026.

III. Application of New Standards, Amendments and Interpretations

1. Changes in accounting policies due to the initial application of the IFRSs

   The Group has adopted the IFRSs, IAS, IFRIC and SIC that have been endorsed by the FSC and are applicable to the fiscal years beginning on or after January 1, 2025, and the initial application of the newly issued and amended standards and interpretations caused no material impact on the Group.

2. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB and endorsed by the FSC and not adopted by the Group:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	IFRS 17 Insurance Contracts	January 1, 2023
2	Amendment to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
3	Annual Improvements to IFRSs - Volume 11	January 1, 2026
4	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	January 1, 2026

(1) IFRS 17 Insurance Contracts

This standard provides a comprehensive model of insurance contracts, including all accounting-related elements (recognition, measurement, presentation, and disclosure principles). The core of the standard is a regular model. Under this model, during initial recognition, the group of insurance contracts are measured at the aggregate amount of fulfillment cash flows and contractual service margins. The carrying amount at the end of each reporting period is the sum of the liabilities for the remaining coverage and the liabilities for incurred claims.

In addition to the regular model, it also provides a specific applicable method for contracts with direct participation features (variable fee approach and a simplified method for short-term contracts) (premium allocation approach).

After this standard was published in May 2017, the amendments were published in 2020 and 2021. In these amendments, the effective date in the transitional provisions will be postponed for two years (that is, from January 1, 2021 postponed to January 1, 2023) with additional exemptions provided, while some regulations are simplified to reduce the cost of adopting this standard, and some regulations are amended to make some scenarios easier to interpret. After this standard becomes effective, it will supersede the transitional provisions (i.e., IFRS 4 “Insurance Contracts”).

(2) Amendment to Classification and Measurement of Financial Instruments
(Amendments to IFRS 9 and IFRS 7)

This amendment includes:

(a) Clarify that financial liabilities are derecognized on the settlement date, and the accounting treatment of financial liabilities settled electronically before the settlement date.

(b) Clarify how to evaluate the cash flow characteristics of financial assets that are equipped characteristics linked to the environment, society and governance (ESG) or other similar contingent characteristics.

(c) Clarify the handling of non-recourse assets and contract-linked instruments.

(d) IFRS 7 requires additional disclosure of financial assets or liabilities with terms and contingent relevance (including ESG links) and equity instruments classified as being measured at fair value through other comprehensive income.

(3) Annual Improvements to IFRSs - Volume 11

(a) Amendments to IFRS 1

The amendment is mainly to amend the description of the hedging accounting applicable to those applying the standard for the first time, in order to be consistent with IFRS 9.

(b) Amendments to IFRS 7

This amendment updates the cross reference of the outdated derecognized gains or losses.

(c) Amendments to the implementation guidelines of IFRS 7

This amendment improves parts of the description in the Implementation guidelines, including the preface, disclosure of the difference between deferred fair value and transaction price, and the disclosure of credit risk.

(d) Amendments to IFRS 9

The amendment newly adds the cross reference to resolve doubts on lease liability derecognition of lessees, in order to clarify the transaction price.

(e) Amendments to IFRS 10

The amendment eliminates the inconsistency between Paragraph B74 and Paragraph B73 of the Standards.

(f) Amendments to IAS 7

The amendment removes the cost approach described in Paragraph 37 of the Standards.

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

This amendment includes:

(a) Clarify the applicable requirements for "self-use".

(b) When the contract is used as a hedging instrument, the application of hedge accounting is permitted.

(c) Additional requirements for disclosure of notes are added, in order to assist investors to understand the impact of such contracts on the company's financial performance and cash flows.

The aforementioned new announcements and amended standards which will be adopted starting January 1, 2026 have been assessed to have no significant impact on the Company.

3. Up to the date the financial statements were approved for release, the new or amended IFRSs published by IASB but not endorsed by the FSC and not adopted by the Group:

No.	New, Revised or Amended Standards and Interpretations	Effective Date Announced by the IASB
1	Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined by the IASB
2	IFRS 18 "Expression and Disclosure of Financial Statements"	January 1, 2027 (Note)
3	Disclosure Initiative - Subsidiaries not Publicly Responsible	January 1, 2027

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

	for Public Expenditure: Disclosure (IFRS 19)	
4	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release stating that Taiwan would adopt IFRS No. 18 in the 2028.

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments aim to address the inconsistency regarding the loss of control due to the investment in an affiliate or a joint venture through a subsidiary between IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. IAS 28 stipulates that when non-monetary assets are invested in exchange for the equity in an affiliate or a joint venture, the share of the resulting profit or loss shall be eliminated as the treatment method adopted for downstream transactions. IFRS 10 stipulates that the total gain or loss upon loss of control over a subsidiary shall be recognized. The amendments restrict the above requirements of IAS 28: when assets that constitute a business as defined in IFRS 3 are sold or purchased, the total resulting gain or loss shall be recognized.

In the amendments, IFRS 10 was amended so that when an investor sells or invests in a subsidiary (affiliate or joint venture) that does not constitute a business as defined by IFRS 3, only the profit or loss arising therefrom within the scope not belonging to the investor shall be recognized.

(2) IFRS 18 “Expression and Disclosure of Financial Statements”

This standard will superseded IAS 1 "Expression of Financial Statements", and the main changes are as follows:

(a) Enhance the comparison of the income statement

The income and expenses are classified into the five categories of the income statement, namely operating, investment, financing, income tax or discontinued operation. The first three categories are newly classified to improve the structure of the income statement, and all enterprises are required to provide the subtotal of the new definition (including operating profit or loss). The improvement of the structure and new definition of the subtotal of the items in the income statement are to allow investors to have a consistent starting point for analyzing the financial performance of enterprises, such that enterprises can perform comparison more easily.

(b) Enhance the transparency of management performance measurement

Enterprises are required to disclose interpretation of the specific indicators related to the income statement (referred to as the management performance measurement).

(c) Summary of useful information of the financial statements

The position of the financial information is mainly to establish application guideline for the main financial statements or notes, and such change is expected to provide more detailed and useful information. Enterprises are required to provide more transparent information on operating expenses to help investors find and understand the information for use.

(3) Disclosure Initiative - Subsidiaries not Publicly Responsible for Public Expenditure: Disclosure (IFRS 19)

These new standards and amendments simplify the disclosure of the subsidiaries without public accountability, and the subsidiaries that meet the definition are allowed to apply this standard individually.

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

This amendment includes:

(a) It clarifies that when the reporting entity’s functional currency is not converted into the presentation currency under hyperinflationary economies, its operating results and financial position shall be converted at the closing rate on the most recent statement of financial position date.

(b) Under the aforementioned condition, when the subsequent presentation currency is no longer used in a hyperinflationary economy, the reporting entity shall not re-convert the amounts in the statements of the previous period.

(c) When both the functional currency and the presentation currency are in hyperinflationary economies, the reporting entity shall perform the relevant accounting treatment in accordance with Section 34 of IAS 29.

The aforementioned standards or interpretations have been issued by the IASB but have not yet been approved by the FSC. The actual date of application is subject to the requirements of the FSC. Except that the Group is currently assessing the potential impacts of the new announcement or amendment of the standard or interpretation of (2), such that the impact of the aforementioned standard or interpretation on the Group cannot be reasonably predicted at this time, the rest of the new announcement or amendment of the standards or interpretations have no significant impact on the Group.

IV. Summary of Significant Accounting Policies

1. Statement of Compliance

The Group’s financial statements for the years ended December 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively the “IFRSs”) endorsed by the FSC.

2. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments at fair value. The consolidated financial statements are presented in thousands of NT dollars (NTD), unless otherwise specified.

3. Overview of the Consolidation

Basis for Preparation of Consolidated Financial Statements

When the Company is exposed to variable returns from participation in the entity or has rights to said variable returns, and has the ability to affect such returns through its power over the entity, the Company controls the entity. In particular, the Company controls an investee only when it has the following three elements at the same time:

(1) Power over an investee (i.e., existing rights that give the current ability to direct relevant activities);
(2) Exposures or rights to variable returns from its involvement with an investee; and
(3) Ability to use that power to affect its number of variable returns.

When the Company directly or indirectly holds less than a majority of an investee's voting rights or similar rights, the Company considers all relevant facts and situations to assess whether it has power over the investee, including:

(1) Contractual agreements with other holders of voting rights in the investee;
(2) Rights arising from other contractual agreements;
(3) Voting rights and potential voting rights.

When the facts and situations indicate that one or more of the three elements are changed, the Company reassesses whether it still has control over the investee.

Each subsidiary is included in the consolidated financial statements from the date of acquisition (i.e., the date when the Group gains control) till the date when the Group loses its control over the subsidiary. The accounting period and accounting policies of each subsidiary's financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized gains and losses arising from intra-group transactions, and dividends were all eliminated.

Changes in the shareholding in a subsidiary are treated as an equity transaction if control over the subsidiary is not lost.

Subsidiaries' total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if it results in losses for non-controlling interests.

If the Company loses control over a subsidiary, then

(1) The subsidiary's assets (including goodwill) and liabilities are derecognized;
(2) The carrying amounts of all non-controlling interests are derecognized;
(3) The fair value of the acquisition consideration is recognized;
(4) The fair value of any investment retained is recognized;
(5) The parent's share of components previously recognized in other comprehensive income to profit or loss are reclassified, or are directly transferred to retained earnings according to other requirements of IFRSs;
(6) The difference between the current profit and loss is recognized;

The entities in the consolidated financial statements are as follows:

			Ownership (%)	
Investor	Subsidiary	Main business	2025.12.31	2024.12.31
The Company	TA LIANG TECHNOLOGY CO.,LTD.	A holding company for investment	100.00%	100.00%
The Company	Ta Liang Medtech Co., Ltd.	Manufacturing and sales of medical devices	100.00%	100.00% (Note 1)
The Company	Ta Liang Advanced Smart Technology Co., Ltd.	Assembly and sales of semiconductor equipment	100.00% (Note 2)	-%
TA LIANG TECHNOLOGY CO.,LTD.	Nanjing Taliang Technology. Co., Ltd.	Manufacturing and sales of CNC machines and accessories and development of CNC	100.00%	100.00%

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

Investor	Subsidiary	Main business	Ownership (%) 2025.12.31	Ownership (%) 2024.12.31
		machine application software		
TA LIANG TECHNOLOGY CO.,LTD.	Kunshan Shuoliang Digital Co. Ltd.	Sales of CNC machines and accessories	-% (Note 3)	100.00%
TA LIANG TECHNOLOGY CO.,LTD.	Ta Liang Technology (Lianshui) Co., Ltd.	Manufacturing and sales of CNC machines and accessories and development of CNC machine application software	-% (Note 3)	100.00%
Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	Sales of CNC machines and accessories	100.00% (Note 3)	-%
Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	Manufacturing and sales of CNC machines and accessories and development of CNC machine application software	100.00% (Note 3)	-%
Nanjing Taliang Technology. Co., Ltd.	Nanjing Ruiliang CNC Software Technology Co., Ltd.	Manufacturing, sales and development of software for CNC machines	100.00%	100.00%

Note 1: During the Board meeting held on October 11, 2024, the Company reached a resolution to establish Ta Liang Medtech Co., Ltd. as a 100%-owned subsidiary, and the incorporation registration of the subsidiary was finalized on December 24, 2024.

Note 2: Ta Liang Advanced Smart Technology Co., Ltd., a 100% subsidiary of the Company, completed its incorporation registration on December 1, 2025.

Note 3: Considering its long-term development needs, the Group's Board of Directors resolved on March 8, 2024 and November 11, 2024, to change from the original TA LIANG TECHNOLOGY CO.,LTD. Investing in Kunshan Shuoliang Digi Tal Co., Ltd. and Ta Liang Technology (Lianshui) Co., Ltd. to Nanjing Taliang Technology. Co., Ltd. investing in Kunshan Shuoliang Digital Co., Ltd. and Ta Liang Technology (Lianshui) Co., Ltd. The above equity transfer has been completed on December 12, 2025. The aforementioned transaction was an equity adjustment under organizational restructuring.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NTD, the Company's functional currency. Each entity within the Group determines its own functional currency and measures its financial statements in the functional currency accordingly.

Transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the exchange rates prevailing on the transaction dates. On each balance sheet date, monetary items denominated in foreign currencies are translated at the exchange rate prevailing on that date. Non-monetary items in foreign currencies measured at fair value are translated at the exchange rate prevailing on that date when the fair value is measured. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rates prevailing on the initial transaction dates.

Except as stated below, exchange differences arising from settlement or translation of monetary items are recognized in profit or loss for the period in which they occur.

(1) Regarding foreign-currency borrowings incurred to acquire an eligible asset, if the resulting exchange difference is regarded as an adjustment to interest costs, it is part of the borrowing cost and is capitalized as the cost of the asset.

(2) Foreign-currency items to which IFRS 9 "Financial Instruments" applies are handled in accordance with the accounting policies for financial instruments.

(3) Regarding monetary items that form part of a reportable entity's net investment in foreign operations, exchange differences arising therefrom are initially recognized in other comprehensive income and are reclassified from equity to profit or loss when the net investment is disposed of.

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

5. Translation of Foreign-currency Financial Statements

When the consolidated financial statements were prepared, the assets and liabilities of the foreign operations were translated into NTD at the closing exchange rate on the balance sheet date. Income and expense items were translated at the average exchange rates for the period. The resulting currency exchange differences were recognized in other comprehensive income. Any exchange differences arising from translation were recognized in other comprehensive income. When the foreign operations were disposed of, the cumulative exchange differences that were previously recognized in other comprehensive income as an independent component under equity was reclassified from equity to profit or loss when the gains or losses on disposal were recognized. Regarding the partial disposal of a subsidiary with foreign operations (over which the control is lost) and the partial disposal of an interest in an affiliate or a joint arrangement with foreign operations, where the retained interest is a financial asset with foreign operations included, it is also treated as disposal.

Regarding the partial disposal of a subsidiary with foreign operations (over which the control is not lost), the cumulative exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operations in proportion and is not recognized in profit or loss. The partial disposal of an affiliate or a jointly controlled entity with foreign operations (over which the significant influence or joint control is not lost), when part of the disposal includes affiliates of foreign operating institutions or joint arrangements, the cumulative exchange difference is reclassified to profit or loss in proportion.

The Group's goodwill arising from the acquisition of a foreign operation and the adjustment to the fair value of the carrying amounts of its assets and liabilities are regarding as the foreign operation's assets and liabilities and presented in its functional currency.

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

Assets that meet one of the following criteria are classified as current assets, otherwise they are non-current assets:

(1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed.
(2) Assets held primarily for the purpose of trading.
(3) Assets expected to be realized within twelve months following the reporting period.
(4) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle liabilities for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities, otherwise they are non-current liabilities:

(1) Liabilities expected to be settled in the normal operating cycle.
(2) Liabilities held primarily for the purpose of trading.
(3) Liabilities expected to be settled within 12 months after the balance sheet date.
(4) Liabilities that are devoid of the right to defer the settlement for at least 12 months after the reporting period at the end of the reporting date.

7. Cash and cash equivalents

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

8. Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 "Financial Instruments" are measured at fair value upon initial recognition; the transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (except financial assets and financial liabilities classified as at fair value through profit or loss) are added to or subtracted from the fair values of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

Regular trading of financial assets is recognized and derecognized in accordance with trade date accounting.

The Group classifies financial assets as those subsequently measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss based on the two bases below:

A. Business model for financial asset management.
B. Contractual cash flow characteristics of financial assets.

<u>Financial assets measured at amortized cost.</u>

Financial assets that meet both of the following criteria are measured at amortized cost and are recognized in the balance sheet as notes or accounts receivable, financial assets at amortized cost, or other receivables:

A. Business model for financial asset management: Holding financial assets to collect contractual cash flows.
B. Contractual Cash Flow Characteristics of Financial Assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

Such financial assets (excluding those for hedging) are subsequently measured at the amortized cost [the amount measured upon initial recognition, less the principal repaid, plus or less the cumulative amortization of the differences between the initial amount and the due amount (the effective interest approach adopted), with the allowance for losses adjusted]. The gain or loss is recognized in profit or loss upon de-recognition, through the amortization process, or when an impairment gain or loss is recognized.

Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:

A. In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset.
B. it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

Financial assets at fair value through other comprehensive income

Financial assets that meet both of the following criteria are measured at fair value through other comprehensive income and recognized in the balance sheet as financial assets at fair value through other comprehensive income:

A. Business Model for Financial Asset Management: Collection of contractual cash flows and sales of financial assets.
B. Contractual Cash Flow Characteristics of Financial Assets: The cash flow is entirely the payment for principal and the interest on the outstanding principal.

The recognition of relevant gains and losses on such financial assets is specified below:

A. Before de-recognition or reclassification, except for impairment gains or losses and foreign currency exchange gains or losses that are recognized in profit or loss, such gains or losses are recognized in other comprehensive income.

B. Upon de-recognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest accrued using an effective interest method (effective interest rate multiplied by the total book value of a financial asset) or based on the situations below is recognized in profit or loss:

   (a) In the case of a credit-impaired financial asset purchased or created, the credit-adjusted effective interest rate is multiplied by the amortized cost of the financial asset.

(b) If it is not the case but subsequently becomes credit-impaired, the effective interest rate is multiplied by the amortized cost of the financial asset.

In addition, regarding equity instruments within the scope of IFRS 9 that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group, upon initial recognition, elects (irrevocably) to recognize the subsequent changes in the fair values thereof in other comprehensive income. The amount recognized in other comprehensive income must not be subsequently reclassified to profit or loss (when such equity instruments are disposed of, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings) and is recognized in the balance sheet as a financial asset at fair value through other comprehensive income. Investment dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss

Except for the above financial assets in alignment with specific criteria that are measured at amortized cost or fair value through other comprehensive income, financial assets are measured at fair value through profit or loss and recognized in the balance sheet as financial assets at fair value through profit or loss.

Such financial assets are measured at fair value, and any gain or loss arising from remeasurement is recognized in profit or loss. The gain or loss recognized in profit or loss includes any dividends or interest received due to the financial asset.

(2) Impairment of financial assets

The Group's investments in debt instruments at fair value through other comprehensive income and financial assets at amortized cost are recognized as expected credit losses with an allowance for losses provided. An allowance for losses on an investment in a debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income without reducing the carrying amount of the investment.

The Group measures expected credit losses in a way that reflects the following:

A. An unbiased, probability-weighted amount determined by evaluating each potential outcome

B. Time value of money

C. Reasonable and corroborative information related to past events, present conditions, and future economy forecasts (which can be accessed without an excessive cost or investment on the balance sheet date)

The methods of measuring an allowance for losses are specified below:

A. Measured at 12-month Expected Credit Losses: Including financial assets with the credit risk not increasing significantly since the initial recognition or those with an estimated low credit risk on the balance sheet date. Additionally, it also includes an allowance for the lifetime expected credit losses during the prior reporting period, without meeting the indicator that the credit risk has significantly increased since the initial recognition on the balance sheet date of this period.

B. Measured at Lifetime Expected Credit Losses: Including financial assets with the credit risk increasing significantly since the initial recognition or credit-impaired financial assets purchased or created.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures an allowance for lifetime expected credit losses.

D. For lease payments receivable arising from transactions within the scope of IFRS 16, the Company measures an allowance for lifetime expected credit losses.

On each balance sheet date, the Group evaluates whether the credit risk of a financial instrument has increased significantly after the initial recognition by comparing the default risk of the financial instrument on the balance sheet date and the initial recognition date. Please refer to Note 12 for relevant credit risk information.

(3) Derecognition of financial assets

The Group derecognizes a financial asset held in the case of any of the following circumstances:

A. The contractual rights to receive the cash flows from the financial asset have expired.
B. A financial asset is transferred with all the risks and rewards attached to the ownership of the asset substantially transferred to the counterparty.
C. All the risks and rewards attached to the ownership of the asset are neither substantially transferred nor retained, but the control over the asset is transferred.

When a financial asset as a whole is derecognized, the difference between its carrying amount and the sum of the consideration received or receivable plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equity

Liabilities and equity instruments issued by the Group are classified as financial liabilities or equity as per the substance of the agreement and the definitions of financial liabilities and equity instruments.

Equity instruments

Equity instruments refer to any contracts representing the remaining equity of the Group after all liabilities are deducted from the assets. The equity instruments issued by the Group are recognized based on the amount obtained from the payment amount less the direct issuance cost.

Compound instruments

The Group recognizes the components of financial liabilities and equity for the convertible corporate bonds issued in accordance with the contractual terms. Additionally, for the issued convertible corporate bonds, before the equity elements are distinguished, whether the economic characteristics and risks of the embedded call and put options are closely related to the main debt products are assessed.

For the liability without derivatives involved, after the market interest rate assessment of the non-convertible bonds with similar fair values, the amount of the liability is classified as financial liabilities at amortized cost before conversion or redemption. Regarding the embedded derivatives with their economic characteristics and risks not closely related to the master contract (such as the embedded repurchase right and the right for redemption with the exercise price confirmed to be unable to be almost equal to the amortized cost of the debt products on each exercise date), except for equity component, they are classified as a liability component and measured at fair value through profit or loss after the balance sheet date. The amount of the equity component is determined at the fair value of the convertible corporate bonds less the liability component, and its book value is not remeasured in the period following the balance sheet date. If the issued convertible corporate bond does not include an equity element, it is handled as a hybrid instrument in accordance with IFRS 9.

Transaction costs are allocated to the liability and equity components in proportion to the percentage of the initially recognized convertible corporate bonds allocated to the liability and equity components.

When a holder of the convertible corporate bonds requests the exercise of their conversion right before the convertible corporate bonds matures, the carrying amount of the liability component shall be adjusted to the carrying amount that should have been upon conversion as the basis for accounting for ordinary shares issued.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

When satisfying one of the criteria below, it is classified as a liability held for trading:

A. The acquisition is mainly for short-term sale;
B. It is part of a portfolio of identifiable financial instruments that are managed on a consolidated basis upon initial recognition, with evidence showing that the portfolio has recently been used to make a short-term profit; or
C. Derivatives (excluding financial guarantee contracts or effective designated hedging instruments).

For contracts containing one or more embedded derivatives, an overall hybrid (combined) contract can be designated as a financial liability at fair value through profit or loss; when it is aligned with one of the factors below with more relevant information that can be provided, it is designated as a financial liability at fair value through profit or loss upon initial recognition:

A. The designation eliminates or considerably reduces the measurement or recognition inconsistency; or
B. The performance of a group of financial liabilities or a group of financial assets and financial liabilities is managed and measured at fair value in accordance with the written risk management or investment strategies, and the portfolio information provided to the management team within the Group is also measured at fair value.

Any gain or loss arising from remeasurement of such financial liabilities is recognized in profit or loss. The gain or loss recognized in profit or loss includes any interest paid for the financial liability.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost, including payables and borrowings, are subsequently measured using the effective interest rate method after the initial recognition. When financial liabilities are derecognized and amortized with the effective interest rate method, the relevant gains or losses and amortizations are recognized in profit or loss.

The amortized cost is calculated with the discount or premium and the transaction cost upon acquisition taken into account.

Derecognition of financial liabilities

When the obligations of financial liabilities are lifted, canceled, or expire, the financial liabilities are derecognized.

When the Group exchanges debt instruments with materially different terms with a creditor or significantly changes all or part of the terms of the existing financial liabilities (financial difficulties or not), the initial liabilities are derecognized and new liabilities are recognized. When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including non-cash assets transferred or the liabilities assumed) is recognized in profit or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can only be offset and presented in the balance sheet as a net amount when the recognized amount is legally entitled to be offset with an intention to be settled in a net amount or realize the asset and settle the liability at the same time.

9. Fair value measurement

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. It is assumed that the sale of the asset or transfer of the liability takes place in one of the markets below when the fair value is measured:

(1) The principal market for the asset or liability, or
(2) If there is no principal market, the most favorable market for the asset or liability.

The principal or most favorable market should be accessible for the Group to trade in.

The measurement of the fair value of an asset or a liability serves as an assumption that market participants would adopt when pricing the asset or liability in the best economic interest of the market participants.

The fair value of a non-financial asset is measured based on market participants' ability to make the most of or put the asset to the best use or by selling the asset to another market participant who will make the most of or put the asset to the best use to generate economic benefits.

The Group measures the fair value using a valuation technique that is appropriate in relevant situations with sufficient information available and maximizes the use of relevant observable inputs while minimizing the use of unobservable inputs.

10. Inventory

Inventories are valued at the lower of cost or net realizable value with an item-by-item comparison method.

Costs refer to the costs incurred in bringing inventories to a condition and location ready for sale or production.

Raw materials are valued at the actual purchase cost with a weighted average method.
Finished goods and works-in-process include direct raw materials, labor, and fixed manufacturing overhead apportioned based on normal production capacity, excluding the borrowing costs.

The net realizable value is calculated based on the estimated selling price, less the costs and selling expenses required till completion in the ordinary course of business.

The provision of labor is handled in accordance with IFRS 15 and is not within the scope of inventory.

11. Property, plant and equipment

Property, plants, and equipment are accounted for on the basis of acquisition cost and recognized after accumulated depreciation and impairment are deducted. The above costs include the cost of dismantling or removing of property, plants, and equipment and restoring the location, and necessary interest expenses arising from unfinished projects. Each component of property, plants, and equipment is depreciated separately if it is significant. When a major component of property, plants, and equipment needs to be replaced regularly, the Group regards it as an individual asset and recognizes it separately with a specific useful life and a depreciation method. The carrying amount of the replaced part should be derecognized in accordance with the requirement for derecognition under IAS 16 “Property, Plants, and Equipment”. If a major examination or repair cost meets the criteria for recognition, it is regarded as a replacement cost and recognized as part of the carrying amount of plants and equipment, while other repair and maintenance expenses are recognized in profit or loss.

Assets below are depreciated on a straight-line basis over the estimated useful lives:

Buildings: 1~54 years
Machinery and equipment: 1~10 years
Transportation equipment: 3~15 years
Miscellaneous equipment: 3~10 years

After the initial recognition of property, plants, and equipment or any important component, if it is disposed of or no economic effect arising from the use or disposal is expected, it will be derecognized and recognized in profit or loss.

The residual value, years of useful life, and depreciation method of property, plants, and equipment are assessed at the end of each fiscal year. If the expected value is different from the previous estimate, the change is considered as a change in accounting estimates.

12. Leases

The Group assesses whether or not an arrangement is (or includes) a lease arrangement on the inception of the agreement. If an agreement transfers control over the use of an identified asset for a period of time in exchange for consideration, the agreement is (or includes) a lease arrangement. In order to assess whether the agreement transfers control over the use of the identified asset for a period of time, the Company assesses whether it meets both of the following conditions during the entire period of use:

(1) Obtaining the right to almost all economic benefits from the use of the identified asset; and
(2) The right to direct the use of the identified asset.

For the agreement that belongs to (or includes) a lease arrangement, the Group treats each lease component in the agreement as a separate lease and treats it separately from the non-lease component in the agreement. For the agreement that includes one lease component and one or more additional lease or non-lease components, the Group adopts the relative standalone price of each lease component and the aggregate standalone prices of the non-lease components as the basis to distribute the consideration in the agreement to the lease component. The relative standalone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components). If an observable standalone price is not readily available, the Group maximizes the use of observable information to estimate the standalone price.

<u>The Group as Lessee</u>

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, when the Group is the lessee of a lease contract, all leases are recognized in right-of-use assets and lease liabilities.

The Group measures the lease liabilities on the inception date based on the present value of the lease payments not yet paid on that date. The lease payments are discounted using the interest rate in a lease if that rate can be readily determined. If such interest rate is not easily determined, the incremental borrowing rate will be used. On the inception date, the lease payments included in the lease liabilities include the following payments related to the right to use the underlying assets during the lease period and not yet paid on that date:

(1) Fixed payment (including substantive fixed payment) less any lease incentives that can be collected;
(2) Lease payment that depends on changes in an index or rate (using the index or rate on the inception date for initial measurement);
(3) The amount expected to be paid by the lessee under the residual value guarantee;
(4) If the Group can reasonably determine the exercise price of call option, it will exercise

the option; and

(5) The penalty payable for the termination of a lease, if there is a sign that the lessee, in the lease period, will exercise the option of terminating the lease.

After the inception date, the Group measures the lease liabilities at amortized cost, and increases the carrying amount of the lease liabilities using the effective interest method to reflect the interest on the lease liabilities; the lease payments reduce the carrying amount of the lease liabilities.

On the inception date, the Group measures the right-of-use assets at cost. The cost of the right-of-use assets includes:

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

Subsequent measurement of the right-of-use assets is presented after the cost less the accumulated depreciation and accumulated impairment loss, i.e., the cost model is applied to measure the right-of-use assets.

If the ownership of the underlying asset is transferred to the Group when the lease period expires, or if the cost of the right-of-use assets reflects that the Group will exercise the call option, the right-of-use assets will be depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use assets from the inception date to the end of the useful life of the right-of-use assets or to the expiration of the lease period, whichever is earlier.

The Group applies IAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-term leases or leases of low-value underlying assets, the Group presents right-of-use assets and lease liabilities in the balance sheet, and presents lease-related depreciation expenses and interest expenses separately in the statement of comprehensive income.

For short-term leases and leases of low-value underlying assets, the Group chooses to adopt the straight-line basis or another systematic basis to recognize the lease payments related to said leases in expenses over the lease term.

The Group as Lessor

The Group classifies each of its leases as operating leases or financial leases on the contract inception date. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it does not transfer said matters, it is classified as an operating lease. On the inception date, the Group recognizes the assets held under the finance leases in the balance sheet and presents them as financial lease receivables based on the net lease investment.

For agreements that include lease components and non-lease components, the Group applies IFRS 15 to distribute the consideration in the agreements.

The Group recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on change in some index or rate are recognized as rental income when they occur.

13. Intangible assets

Intangible assets that are acquired separately are initially measured at cost. The cost of intangible assets acquired through a business combination is the fair value at the acquisition date. After initial recognition of intangible assets, the carrying amount is the amount of the cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition criteria shall not be capitalized, but shall be recognized in profit or loss when they occur.

The useful life of intangible assets is divided into limited and indefinite useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and method of intangible assets with limited useful life are reviewed at least at the end of each fiscal year. If the estimated useful life of an asset is different from the previous estimate, or the expected pattern of future economic benefit consumption has changed, the amortization method or period will be adjusted and considered as a change in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but impairment tests are conducted on each asset or based on the level of cash-generating units each year. Intangible assets with indefinite useful lives are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from indefinite to limited, the application will be applied prospectively.

The profit or loss arising from the derecognition of an intangible asset is recognized as profit or loss.

The Group's accounting policy for intangible assets is summarized as follows:

	Computer software cost	Patents
Useful life	3~10 years	3~4 years
Amortization method	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internal generation or external acquisition	Acquired externally	Acquired externally

14. Impairment of non-financial assets

At the end of each reporting period the Group assesses whether all assets subject to IAS 36 "Impairment of Assets" show signs of impairment. If there is any indication of impairment or an impairment test is required for an asset on a regular basis each year, the Group tests the individual asset or the cash-generating unit to which the asset belongs. If the carrying amount of an asset or the cash-generating unit to which the asset belongs is greater than the recoverable amount in an impairment test, the impairment loss is recognized. The recoverable amount is the higher of fair value or value in use.

At the end of each reporting period, the Group assesses assets other than goodwill to see whether there are indications that the previously recognized impairment losses may no longer exist or may be decreased. In the event of such an indication, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount has increased due to the change in the estimated service potential of the asset, the impairment amount is reversed. However, the reversed carrying amount shall not exceed that before recognizing impairment loss and after deducting depreciation or amortization.

The cash-generating unit or group to which the goodwill belongs, regardless of whether there are signs of impairment, is subject to impairment tests on an annual basis. If the result of an impairment test needs to be recognized as an impairment loss, the goodwill will be deducted first, and the amount after deduction will be allocated to other assets other than goodwill based on the relative proportion of the carrying amount. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and reversal amount of the continuing operations are recognized in profit or loss.

15. Provision for liabilities

Provisions for liabilities are recognized when there is present legal or constructive obligations 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. When the Group expects that some or all of the provisions can be reimbursed, only when the reimbursement is almost completely certain, it will be recognized as a separate asset.

If the time value of money has a material impact, the provisions discounted at the current pre-tax interest rate can appropriately reflect the specific risks of the liability. When liability is discounted, the increase in the amount of liability due to the passage of time is recognized as a borrowing cost.

If the obligating event occurs over a period of time, the liability arising from levies is gradually recognized.

Provision for repair or maintenance or warranty liabilities

The provision for repair or maintenance or warranty liabilities is estimated based on the agreement in the sales contracts and management's best estimate of the outflow of future economic benefits for repair or maintenance or warranty obligations (based on historical experience in warranty).

16. Treasury stock

When the company acquires its own shares (treasury stock), it is recognized at cost and deducted from equity. The price difference of treasury stock transactions is recognized in equity.

17. Revenue Recognition

The Group's revenue from contracts with customers mainly includes sales of goods, and the accounting treatment details are specified below:

Product Sales

The Group manufactures and sells products and recognizes revenue when the promised products are delivered to a customer and the customer obtains control over them (i.e., the customer's ability to guide the use of the products and obtain almost all the remaining benefits of the products). Its main products are machinery and equipment with high unit prices, and revenue is recognized on the basis of the prices stated in the contracts. The remaining sales of goods usually contain quantity discounts (based on the cumulative total sales over a specific period). Thus, revenue is recognized at the prices stated in the contracts, less estimated quantity discounts. The Group estimates the variable consideration from the quantity discounts based on the cumulative experience and the expected value; however, it is limited to the portion of the cumulative income recognized that is highly probable not to be significantly reversed when the uncertainty associated with the variable consideration is eliminated after the period.

The warranty provided by the Group is based on the guarantee that the goods provided will function as expected by the customers and is handled in accordance with IAS 37.

The credit period of the Group’s goods sold is handled as per contracts. Most of the contracts are recognized as accounts receivable when the control over the goods is transferred with an unconditional right to receive consideration. Such accounts receivable are usually short-term and do not contain significant financial components. A small number of contracts with goods transferred to customers still bear no unconditional right to receive consideration and are recognized as contract assets, for which an allowance for impairment should be measured over the lifetime ECLs in accordance with IFRS 9.

18. Borrowing costs

Borrowing costs that can be directly attributable to the acquisition, construction, or production of qualified assets are capitalized as part of the costs of the assets. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred in relation to borrowings.

19. Government grants

The Group recognizes an amount in government grants when it is reasonably sure that it will meet the conditions set by the government for such grants and can receive the inflow of economic benefits from government grants. When a grant is related to assets, the government grants are recognized in deferred income and recognized in income in installments over the estimated useful lives of the relevant assets. When a government grant is related to an expense, the grant is recognized in income in a reasonable and systematic manner for a period in which relevant costs are expected to be incurred.

When the Group receives a non-monetary government grant, the asset and grant received are recognized at the nominal amount, and the income is recognized in the statement of comprehensive income in equal installments over the estimated useful lives of the underlying assets based on the benefit consumption pattern. The loans with interest rates lower than the market level or similar supports obtained from the government or relevant institutions are regarded as additional government grants.

20. Post-employment benefit plans

The pension plan for the Group's employees applies to all full-time employees. The employee pension fund is fully contributed to the Labor Retirement Reserve Committee and deposited in the pension fund account. The aforementioned pension is deposited in the name of the Labor Retirement Reserve Committee, which is completely separate from the Group, so it is not included in the consolidated financial statements in the preceding paragraph. The pension plan for employees at overseas subsidiaries and branches is handled in accordance with local laws and regulations.

For the defined contribution pension plan, the monthly pension payable rate of the Company and domestic subsidiaries shall not be less than 6% of the employees' monthly salary, and the amount of the provision shall be recognized in current expenses; overseas subsidiaries and branches make contributions at specified local rates and recognize them in current expenses.

21. Share-based payment transaction

For the equity-settled share-based payment transaction between the Group and employees, the cost is measured at the fair value of the equity instrument on the grant date. Fair value is measured based on the appropriate pricing mode.

The cost of the equity-settled share-based payment transaction is recognized over the period in which the service conditions and performance conditions are met, and the corresponding increase in equity is recognized. The cumulative expenses recognized for the equity settlement transaction at the end of each reporting period before the vesting date reflects the background of the vesting period and the Group's best estimate on the number of equity instruments to be vested at the end. The change in cumulative cost recognized for share-based payment transactions at the beginning and end of each reporting period is recognized in profit or loss for the period.

If the share-based payment compensation does not meet the vesting conditions, no expense is required to be recognized. However, if the vesting conditions of an equity settlement transaction are related to market conditions or non-vesting conditions, relevant expenses are recognized regardless of whether the market price conditions or non-vesting conditions have

been met when all the service or performance conditions have been met.
When revising the transaction terms of equity settlement, at least the original benefit cost not revised shall be recognized. If the revision of the transaction terms of a share-based transaction increases the total fair value of the share-based payment transaction or is favorable to employees, additional equity settlement transaction costs are recognized.

If a share-based payment compensation plan with equity settlement is canceled, it is deemed to have vested on the date of cancellation, and the remaining share-based payment expenses not yet recognized are immediately recognized, including the compensation plan for which the non-vesting conditions that can be controlled by the entity or employees have not been met. If the originally canceled compensation is replaced by a new compensation plan and confirmed to replace the canceled plan on the grant date, the canceled and new compensation plans are considered as revision to the original compensation plan.

The dilutive effect of outstanding options will be calculated using additional shares during the calculation of the diluted earnings per share.

During the issuance of restricted employee shares, the fair value of the equity instrument granted on the grant date is used as the basis for issuance. During the vesting period, the salary expenses and corresponding equity increase are recognized. On the grant date, the Group recognizes unearned remuneration of employees, which is a transitional account presented as an equity reduction in the consolidated balance sheet, and is reclassified as salary expense over time.

22. Income tax

Income tax expenses (benefits) refer to the sum related to current income tax and deferred tax included in the current profit or loss.

Current tax

The current income tax liabilities (assets) related to the current and prior periods are measured at the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The current income tax related to the items recognized in other comprehensive income or directly recognized in the equity is recognized in other comprehensive income or equity instead of being recognized in the profit or loss.

A surtax of the profit-seeking enterprise income tax levied on the undistributed earnings is recognized as income tax expenses on the date when the distribution of earnings is resolved in the shareholders' meeting.

Deferred tax

The deferred tax is calculated according to the temporary difference between the taxable amount of assets and liabilities and the carrying amount on the balance sheet at the end of the reporting period.

All taxable temporary differences are recognized as deferred tax liabilities except for the following two items:

(1) The initial recognition of goodwill; Assets and liabilities resulting from non-corporate merger-related transactions are recognized initially at the moment of the transaction, with no impact on accounting profit or taxable income (loss). Additionally, these do not generate temporary differences that are taxable or deductible at the time of the transaction.

(2) The taxable temporary difference arising from the investment in subsidiaries, affiliates, and interests in joint ventures. Additionally, the timing of reversal is controllable, and it is not likely to be reversed in the foreseeable future;

Except for the following two items, deductible temporary difference and deferred tax assets arising from the taxable losses and income tax credit are recognized within the range of probable future taxable income:

(1) Related to deductible temporary difference generated from assets or liabilities of non-business combination transactions, which at the time of the transaction does not affect accounting profit nor taxable income (loss), and at the time of the transaction, does not generate equivalent taxable and deductible temporary differences.

(2) It is related to the deductible temporary differences arising from the investment in

subsidiaries, associates, and interests in joint ventures. It is recognized within the range of probable reversal in the foreseeable future and there is sufficient taxable income at the time the temporary difference occurred.

Deferred tax assets and liabilities are measured at the tax rate of the expected asset realization or in the period in which the liability is settled. The tax rate is based on the legislated or substantially legislated tax rates and tax laws at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the asset is expected to be recovered or the book value of the liability is settled at the end of the reporting period. If the deferred tax is related to items that are not included in the profit or loss, it will not be recognized in profit or loss, but recognized in other comprehensive income according to the relevant transactions or directly recognized in equity. Deferred tax assets are reexamined and recognized at the end of each reporting period.

Deferred tax assets and liabilities can be legally offset against each other only in the current period, and the deferred tax is related to the same taxation entity and is related to the income tax levied by the same taxation authority.

According to the temporary exceptions of "International Tax Reform—Pillar Two Model Rules (Amendment to IAS 12)", the deferred income tax assets and liabilities of pillar two income tax are not recognized and relevant information must not be disclosed.

V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty

When the consolidated financial statements are prepared by the Group, the management must make judgments, estimates, and assumptions at the end of the reporting period, which will affect the disclosures of income, expenses, assets and liabilities, and contingent liabilities. However, the uncertainty of these significant assumptions and estimates may result in a significant adjustment to the book value of an asset or liability in the future period.

Estimation and assumption

The main source of information on the estimation and assumption with uncertainty at the end of the reporting period has significant risks that result in significant adjustments to the carrying amounts of assets and liabilities in the next fiscal year. The explanations are given as follows:

(1) Fair values of financial instruments

When the fair values of financial assets and financial liabilities recognized in the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including the income approach (such as cash flow discount model) or market approach. The changes in the assumptions of said approaches will affect the fair value of the financial instruments reported. Please refer to Note 12 for details.

(2) Accounts receivable - estimation of impairment losses

The impairment loss on the Group's receivables is estimated at the lifetime ECLs, and the present value of the difference between the contractual cash flow (carrying amount) that can be received as per contracts and the cash flows that are expected to be received (forward-looking information evaluated) is credit losses. However, the impact of discounting on short-term receivables is not significant, and credit losses are measured at undiscounted difference. If the actual cash flow in the future is lower than expected, significant impairment losses may be incurred. See Note 6 for details.

(3) Inventory

The net realizable value of inventories is estimated based on the most reliable evidence of the expected realizable number of inventories available upon estimation by taking into account the fact that the inventory may be damaged or wholly or partially obsolete, or the selling price has dropped. Please refer to Note 6 for details.

(4) Income tax

The uncertainty of income tax exists in the interpretation of complex tax regulations and the amount and timing of future taxable income. Due to a wide range of international business relationships and the long-term and complexity of contracts, the differences between actual results and assumptions made, or changes in such assumptions in the future, may cause the booked income tax benefits and expenses to be adjusted in the future. The recognition of income tax is a reasonable estimation made according to the possible audit results of the local tax authorities of the countries in which the Group operates. The amount recognized is based on different factors, such as previous tax audit experience and the difference in tax law interpretation between the tax entity and the tax authority. The difference in interpretation may result in a variety of issues due to the local situation of the country where an individual enterprise of the Group operates.

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

The carryforwards of the taxable loss and income tax credit and deductible temporary differences are recognized as deferred tax assets within the range of probable future taxable income or taxable temporary differences. The amount of the deferred income tax assets to be recognized is estimated according to the possible timing and level of the future taxable income and taxable temporary difference, and also, the future tax planning strategy.

VI. Description of Significant Account Titles

1. Cash and cash equivalents

	2025.12.31	2024.12.31
Cash and petty cash	$1,131	$724
Checks and demand deposit	257,251	242,611
Term deposit (Note)	409,963	33,585
Total	$668,345	$276,920

Note: It refers to that contract period is due in 3 months, and it can be converted into fixed amount of cash at any time with little risk of value changes.

2. Financial assets measured at amortized cost

	2025.12.31	2024.12.31
Time deposit	$28,992	$40,872
Corporate bonds with repurchase agreements	131,950	-
Total	$160,942	$40,872
Current	$28,992	$40,872

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

Non-current	131,950	-
Total	$160,942	$40,872

For details of collateral provided by the Group for financial assets at amortized cost, please refer to Note 8 for details.

3. Financial assets at fair value through profit or loss

	2025.12.31	2024.12.31
Designation as at fair value through profit or loss:		
Preferred shares of non-TWSE/TPEx-listed companies	$2,792	$2,792
USD corporate bonds	140,969	147,045
Valuation adjustment	(1,409)	(9,677)
Subtotal	142,352	140,160
Embedded derivative financial instruments - convertible bonds with the right for redemption	4,400	-
Total	$146,752	$140,160
Current	$-	$-
Non-current	146,752	140,160
Total	$146,752	$140,160

For the Group's financial assets at fair value through profit or loss provided as collateral, please refer to Note 8 for details.

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

4. Financial assets at fair value through other comprehensive income

	2025.12.31	2024.12.31
Investments in equity instruments measured at fair value through other comprehensive income-non-current:		
Unlisted stocks (see Table 2)	$53,507	$20,867
Valuation adjustment	(18,567)	(18,567)
Total	$34,940	$2,300

The Group classified some financial assets as financial assets at fair value through other comprehensive income and did not provide such assets as collateral during this period.

5. Net value of notes receivable

(1) Details of the net amounts of notes receivable are as follows:

	2025.12.31	2024.12.31
Notes receivable - from operations	$144,675	$94,572
Less: Allowance for bad debts	(1,320)	(1,307)
Total	$143,355	$93,265

(2) The Group did not provide notes receivable as collateral.

(3) Information on the transfer of the Group’s notes receivable is as follows:

A. Derecognition of notes receivable transferred

The Group's subsidiaries in China transferred the acceptance bill endorsement and guarantee obtained from other entities to suppliers, in order to pay for the suppliers’ goods. For these transactions, the Group assessed the extent to which the risks and compensations of ownership of these notes receivable are retained and whether control of the notes receivable is retained in accordance with the provisions of IFRS 9.3.2.6 to 3.2.9, in order to determine whether the transfer of these notes receivable meet the conditions for derecognition.

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

For bank acceptance bill endorsement and guarantee secured by the bank and transferred to suppliers, the Group not only assesses the level of retained risks and rewards, but also considers other risks (including interest rate risk and delayed payment risk, etc.). For bank acceptance bill of high credit ratings from the accepting bank, the credit risk and delayed payment risk are relatively small, and the interest rate risk is transferred with the bill endorsement and guarantee. The Group assesses that nearly all risks and compensations of ownership of these bank acceptance bills have been transferred; consequently, they are derecognized when payment to supplier is made. The notes receivable amount derecognized on December 31, 2025 and 2024 were NT$173,396 thousand and NT$129,282 thousand, respectively.

B. Transferred notes receivable not yet recognized

Except for the aforementioned bank acceptance bill of high credit ratings from the accepting bank, since nearly all risks and compensations of ownership of the rest of bank acceptance bills are not transferred, they are not derecognized when payment to supplier is made. The transferred notes receivable amount not yet derecognized on December 31, 2025 and 2024 were NT$102,191 thousand and NT$35,956 thousand, respectively.

(4) The Group evaluated impairment losses in accordance with IFRS 9. See Note 6.20 for information on allowances for losses and Note 12 for information on credit risks.

6. Net value of accounts receivable

(1) Details of net amounts of accounts receivable are as follows:

	2025.12.31	2024.12.31
Trade receivable	$1,259,108	$307,555
Installment accounts receivable	1,892,424	1,206,664
Less: Unrealized interest income - installment accounts receivable	(19,424)	(9,274)
Less: Allowance for bad debts	(182,992)	(80,401)
Total	$2,949,116	$1,424,544

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

(2) The Group's installment accounts receivable arising from sales due as of December 31, 2025 and 2024 are listed below:

	2025.12.31	2024.12.31
Amount falling due in one year	$1,593,861	$1,074,582
Amount due in one or two years	292,734	125,980
Amount due in two or three years	5,829	6,102
Total	$1,892,424	$1,206,664

The Group did not provide accounts receivable as collateral.

The Group's credit period for customers is usually subject to the terms in the sales contracts. The total carrying amounts on December 31, 2025 and 2024 were NT$3,132,108 thousand and NT$1,504,945 thousand, respectively. Please see Note 6.20 for information on allowances for losses for 2025 and 2024 and Note 12 for information on credit risks.

(3) The Group has signed factoring contract with a banks to transfer the accounts receivable to the bank via the non-recourse factoring method. As of December 31, 2025 and December 31, 2024, the status of the agreed transfer amount and the accounts receivables transferred to the bank is as follows:

Transferee	Transferred amount	Prepaid amount	Interest rate range	Guarantor
2025.12.31				
Bank of Nanjing	$44,528	$44,528	2.7%	Ta Liang Technology (Lianshui) Co., Ltd.
2024.12.31				
None				

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

7. Inventories

(1) Details of net amounts of inventories are as follows:

	2025.12.31	2024.12.31
Raw materials	$651,036	$358,054
Work in process	503,777	445,760
Finished goods	983,491	434,078
Net Amount	$2,138,304	$1,237,892

(2) Inventory costs recognized in expenses for 2025 and 2024 by the Group were NT$3,088,936 thousand and NT$1,848,519 thousand, respectively, including the following losses:

	2025	2024
Loss for market price decline and obsolete and slow-moving inventories.	$22,924	$8,352
Loss on obsolescence of inventory	10,302	6,882
Total	$33,226	$15,234

(3) The Group did not provide the aforementioned inventories as collateral.

8. Property, plant and equipment

(1) Property, plants, and equipment for self-use

	Land	Buildings	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Unfinished construction work and equipment to be accepted	Total
Cost:							
2025.01.01	$1,120,394	$338,429	$148,069	$37,609	$73,763	$280,184	$1,998,448
Additions	-	2,166	11,737	6,353	2,818	136,158	159,232

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

	Land	Buildings	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Unfinished construction work and equipment to be accepted	Total
Disposal	-	(9,967)	(997)	(4,782)	(6,058)	-	(21,804)
Reclassification	-	45,344	-	2,000	826	(48,170)	-
Other changes	-	331	(1,569)	-	-	(720)	(1,958)
The Effects of Changes in Foreign Exchange Rates	-	379	400	(21)	42	946	1,746
2025.12.31	$1,120,394	$376,682	$157,640	$41,159	$71,391	$368,398	$2,135,664
2024.01.01	$1,120,394	$332,566	$137,540	$36,526	$71,812	$116,509	$1,815,347
Additions	-	10,202	3,337	1,415	2,409	160,583	177,946
Disposal	-	(10,584)	(4,171)	(1,110)	(2,433)	-	(18,298)
Other changes	-	-	7,820	-	-	-	7,820
The Effects of Changes in Foreign Exchange Rates	-	6,245	3,543	778	1,975	3,092	15,633
2024.12.31	$1,120,394	$338,429	$148,069	$37,609	$73,763	$280,184	$1,998,448
Depreciation and impairment:							
2025.01.01	$-	$100,948	$105,383	$29,851	$59,194	$-	$295,376
Depreciation	-	19,441	11,002	2,978	5,285	-	38,706
Disposal	-	(9,967)	(938)	(4,398)	(5,588)	-	(20,891)
Other changes	-	331	(445)	-	-	-	(114)
The Effects of Changes in Foreign Exchange Rates	-	323	487	30	136	-	976
2025.12.31	$-	$111,076	$115,489	$28,461	$59,027	$-	$314,053

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

	Land	Buildings	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Unfinished construction work and equipment to be accepted	Total
2024.01.01	$-	$90,251	$96,890	$26,653	$54,098	$-	$267,892
Depreciation	-	18,973	9,789	3,070	6,299	-	38,131
Disposal	-	(10,584)	(3,692)	(479)	(2,724)	-	(17,479)
The Effects of Changes in Foreign Exchange Rates	-	2,308	2,396	607	1,521	-	6,832
2024.12.31	$-	$100,948	$105,383	$29,851	$59,194	$-	$295,376
Net carrying amount:							
2025.12.31	$1,120,394	$265,606	$42,151	$12,698	$12,364	$368,398	$1,821,611
2024.12.31	$1,120,394	$237,481	$42,686	$7,758	$14,569	$280,184	$1,703,072

(2) For the status of property, plants, and equipment provided as collateral, please see Note 8 for details.

(3) Significant components of the Group's property, plants, and equipment have depreciated over their applicable useful lives.

9. Intangible assets

	Computer software	Patents	Total
Cost:			
2025.01.01	$15,746	$17,912	$33,658
Additions - acquired separately	5,542	-	5,542
Decrease during this period - derecognized	(1,117)	-	(1,117)

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

	Computer software	Patents	Total
upon due date			
The Effects of Changes in Foreign Exchange Rates	-	72	72
2025.12.31	$20,171	$17,984	$38,155
2024.01.01	$20,148	$17,308	$37,456
Additions - acquired separately	678	-	678
Decrease during this period - derecognized upon due date	(5,080)	-	(5,080)
The Effects of Changes in Foreign Exchange Rates	-	604	604
2024.12.31	$15,746	$17,912	$33,658
Amortization and impairment:			
2025.01.01	$4,854	$13,135	$17,989
Amortization and impairment	2,830	1,736	4,566
Decrease during this period - derecognized upon due date	(1,117)	-	(1,117)
The Effects of Changes in Foreign Exchange Rates	-	116	116
2025.12.31	$6,567	$14,987	$21,554
2024.01.01	$7,335	$10,962	$18,297
Amortization and impairment	2,599	1,785	4,384

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

	Computer software	Patents	Total
Decrease during this period - derecognized upon due date	(5,080)	-	(5,080)
The Effects of Changes in Foreign Exchange Rates	-	388	388
2024.12.31	$4,854	$13,135	$17,989
Net carrying amount:			
2025.12.31	$13,604	$2,997	$16,601
2024.12.31	$10,892	$4,777	$15,669

Amortization amounts of intangible assets are as follows:

	2025	2024
Administrative expenses	$1,704	$1,382
Research expenses	2,862	3,002
Total	$4,566	$4,384

10. Other non-current assets

	2025.12.31	2024.12.31
Prepayments for business facilities	$28,875	$-
Refundable deposits	3,808	3,544
Other current assets - others	45,732	45,549
Total	$78,415	$49,093

11. Short-term borrowings

	Interest rate range (%)	2025.12.31	2024.12.31
Unsecured bank borrowings	1.16~2.80%	$617,931	$80,000

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

	Interest rate range (%)	2025.12.31	2024.12.31
Secured bank borrowings	2.35~2.80%	107,904	291,387
Total		$725,835	$371,387

As of December 31, 2025 and 2024, the amounts of the Group's undrawn short-term borrowings were approximately NT$1,437,909 thousand and NT$772,390 thousand, respectively.

See Note 8 for the assets pledged and provided as collateral.

12. Other payables

	2025.12.31	2024.12.31
Employee benefits payable	$173,102	$88,216
Investment payable	-	2,500
Interests payable	309	423
Payable for technical services	118,904	50,310
Commissions payable	34,252	33,302
Safety production fees payable	39,553	29,402
Remuneration of directors payable	23,597	3,570
Other payables	62,733	40,497
Total	$452,450	$248,220

13. Corporate bonds payable

(1) Statement of corporate bonds payable is as follows:

	2025.12.31	2024.12.31
Elements of liabilities:		
Face value of domestic convertible corporate bonds payable	$495,200	$-
Less: Discounted domestic convertible corporate bonds payable	(29,027)	-

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

	2025.12.31	2024.12.31
Subtotal	466,173	-
Less: Amount due in one year	-	-
Due in more than one year	$466,173	$-
Embedded derivative financial instruments - right for redemption	$4,400	$-
Elements of equity - conversion right	$75,696	$-

See Note 6.23 for the recognized interest expense on corporate bonds.

(2) The Company issued the first domestic unsecured convertible corporate bonds on November 8, 2021, with the main terms specified below:

(A) Total issue amount — NT$400,000 thousand

(B) Issue date: 2021.11.08

(C) Issue price: Issued at 101% of the face value

(D) Coupon rate: 0%

(E) Issue period: 2021.11.08～2024.11.08

(F) Repayment upon maturity: As per Article 5 of the Company's First Domestic Unsecured Convertible Corporate Bonds Issuance and Conversion Rules (hereinafter referred to as the "Rules"), the coupon rate of the bonds is 0%, so there is no need to specify the date and method of interest payment. Except for the fact that the convertible corporate bondholders (hereinafter referred to as "bondholders") converted such bonds into ordinary shares of the Company in accordance with Article 10 of the Rules; the Company redeemed such bonds in advance in accordance with Article 18 of the Rules, or the securities dealer commissioned by the Company repurchased and canceled such bonds, when such bonds mature, the Company will make a repayment in cash in one lump sum at the face value of the bonds within ten business days (the tenth business day included) from the day following the due date.

(G)Conversion period: From the day following the end of three months after the date such bonds were issued (February 9, 2022) to the maturity date (November 8, 2024), the bondholders may notify Taiwan Depository & Clearing Corporation (hereinafter referred to as “TDCC”) through the initial broker to request the Company’s shareholder service agency to convert the convertible corporate bonds into ordinary shares of the Company at any time in compliance with Articles 10, 11, 13, and 15 of the Rules, except for (1) the book closure period as per law; (2) the period commencing 15 business days before the book closure date for the Company’s stock dividends, cash dividends, or share subscription for cash capital increase until the record date of rights distribution; (3) the period between the capital reduction record date and the day before the start of share exchange for capital reduction; and (4) the period between the start date of suspending the conversion for the change of the face value of the stock and the day before the start date of exchange for new shares.

The start date of suspending the conversion for the change of the face value of the stock mentioned in the preceding paragraph refers to the business day before filing an application for change registration to the Ministry of Economic Affairs. The Company shall announce the book closure period for conversion four business days before the start date.

(H)Conversion price: The conversion price of said bonds is set on the record date (October 29, 2021) at the simple arithmetic mean of the closing prices of the Company’s ordinary shares on one business day, three business days, or five business days before the record date, then multiplied by the conversion premium rate of 110% as the basis for the conversion price (rounded to the nearest NT$0.1). In the case of ex-rights or ex-dividends before the pricing record date, the closing price that is sampled and adopted to calculate the conversion price shall first be used to calculate the ex-rights or ex-dividend price. The conversion price shall be adjusted based on the conversion price adjustment formula in the case of ex-rights or ex-dividends after the conversion price is determined before the issuance date. The conversion price of said bonds is NT$85 per share. The conversion price has been adjusted to NT$72.00 per share by November 8, 2024.

(I) The Company's right for redemption:

(I) From the day following the end of three months after such bonds were issued (February 9, 2022) to 40 days before the end of the issuance period (September 29, 2024), if the closing price of the Company's ordinary shares exceeds the conversion price of said bonds by 30% or more for 30 business days, the Company may, within the next 30 business days, send a bond redemption notice with a time limit of 30 days by registered mail (said period shall be counted from the day the Company sends the notice, and the end of the period shall be adopted as the bond redemption record date, and said period shall not be the period of suspending conversion as in Article 9) to the bondholders (the bondholders listed on the register of bondholders on the 5th business day before the date of sending said notice shall prevail. Bondholders who subsequently acquire such bonds through trading or due to other reasons shall be notified through an announcement). The redemption price shall be set at the face value of the bonds, and all the bonds shall be redeemed in cash, and a letter shall be sent to the Taipei Exchange to make an announcement on behalf of the Company. The Company shall redeem the outstanding bonds in cash at the face value of such bonds within five business days after the bond redemption record date to implement the redemption request.

(II) From the day following the end of three months after such bonds were issued (February 9, 2022) to 40 days before the end of the issuance period (September 29, 2024), if the balance of such outstanding bonds is less than 10% of the initial total issuance amount, the Company may, at any time, send a bond redemption notice with a time limit of 30 days by registered mail (said period shall be counted from the day the Company sends the notice, and the end of the period shall be adopted as the bond redemption record date, and said period shall not be the period of suspending conversion as in Article 9) to the bondholders (the bondholders listed on the register of bondholders on the 5th business day before the date of sending said notice shall prevail. Bondholders who subsequently acquire such bonds through trading or due to other reasons shall be notified through an announcement). The redemption price shall be set at the face value of the bonds, and all the bonds shall be redeemed in cash, and a letter shall be sent to the Taipei Exchange to make an announcement on behalf of the Company. The Company shall redeem the outstanding bonds in cash at the face value of such bonds within five business days after the bond redemption record date to implement the redemption request.

(III) If a bondholder fails to reply in writing to the Company's shareholder service agency before the bond redemption record date stated in the notice (takes effect when it is delivered, and the postmark date will be adopted as proof in the case of delivery by mail), the Company shall, within five business days after the bond redemption record date, redeem such bonds in cash at the face value of the bonds.

(IV) If the Company exercises the right to redeem such bonds early, the deadline for bondholders to request conversion is the second business day following the date the trading on the Taipei Exchange has ended; however, they shall apply to their securities dealers no later than one business day before the deadline.

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

(3) The Company issued the second domestic unsecured convertible corporate bonds on August 6, 2025, with the main terms specified below:

(A) Total issue amount	NT$500,000 thousand
(B) Issue date:	2025.08.06
(C) Issue price:	Issued at 109.09% of the face value
(D) Coupon rate:	0%
(E) Issue period:	2025.08.06～2028.08.06
(F) Repayment upon maturity:	As per Article 5 of the Company's Second Domestic Unsecured Convertible Corporate Bonds Issuance and Conversion Rules (hereinafter referred to as the "Rules"), the coupon rate of the bonds is 0%, so there is no need to specify the date and method of interest payment. Except for the fact that the convertible corporate bondholders (hereinafter referred to as "bondholders") converted such bonds into ordinary shares of the Company in accordance with Article 10 of the Rules; the Company redeemed such bonds in advance in accordance with Article 18 of the Rules, or the securities dealer commissioned by the Company repurchased and canceled such bonds, when such bonds mature, the Company will make a repayment in cash in one lump sum at the face value of the bonds within ten business days (the tenth business day included) from the day following the due date.
(G) Conversion period:	From the day following the end of three months after the date such bonds were issued (November 7, 2025) to the maturity date (August 6, 2028), the bondholders may notify Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") through the initial broker to request the Company's shareholder service agency to convert the convertible corporate bonds into ordinary shares of the

Company at any time in compliance with Articles 10, 8, 13, and 15 of the Rules, except for (1) the book closure period as per law; (11) the period commencing 15 business days before the book closure date for the Company's stock dividends, cash dividends, or share subscription for cash capital increase until the record date of rights distribution; (3) the period between the capital reduction record date and the day before the start of the share exchange for capital reduction; (4) the period between the start date of suspending the conversion for the change of the face value of the stock and the day before the start date of exchange for new shares.

The start date of suspending the conversion for the change of the face value of the stock mentioned in the preceding paragraph refers to the business day before filing an application for change registration to the Ministry of Economic Affairs. The Company shall announce the book closure period for conversion four business days before the start date.

(H) Conversion price: The conversion price of said bonds is set on the record date (July 17, 2025) at the simple arithmetic mean of the closing prices of the Company's ordinary shares on one business day, three business days, or five business days before the record date, then multiplied by the conversion premium rate of 108.40% as the basis for the conversion price (rounded to the nearest NT$0.1). In the case of ex-rights or ex-dividends before the pricing record date, the closing price that is sampled and adopted to calculate the conversion price shall first be used to calculate the ex-rights or ex-dividend price. The conversion price shall be adjusted based on the conversion price adjustment formula in the case of ex-rights or ex-dividends after the conversion price is determined before the issuance date. The conversion price of said bonds is NT$170 per share. The conversion price was adjusted to NT$169.1 per share by December 31, 2025.

(I) The Company's (I) From the day following the end of three months after such bonds were issued (November 7, 2025) to 40 days before the right for redemption: end of the issuance period (June 27, 2028), if the closing price of the Company's ordinary shares exceeds the conversion price of said bonds by 30% or more for 30 business days, the Company may, within the next 30 business days, send a bond redemption notice with a time limit of 30 days by registered mail (said period shall be counted from the day the Company sends the notice, and the end of the period shall be adopted as the bond redemption record date, and said period shall not be the period of suspending conversion as in Article 7) to the bondholders (the bondholders listed on the register of bondholders on the 5th business day before the date of sending said notice shall prevail. Bondholders who subsequently acquire such bonds through trading or due to other reasons shall be notified through an announcement). The redemption price shall be set at the face value of the bonds, and all the bonds shall be redeemed in cash, and a letter shall be sent to the Taipei Exchange to make an announcement on behalf of the Company. The Company shall redeem the outstanding bonds in cash at the face value of such bonds within five business days after the bond redemption record date to implement the redemption request.

(II) From the day following the end of three months after such bonds were issued (November 7, 2025) to 40 days before the end of the issuance period (June 27, 2028), if the balance of such outstanding bonds is less than 10% of the initial total issuance amount, the Company may, at any time, send a bond redemption notice with a time limit of 30 days by registered mail (said period shall be counted from the day the Company sends the notice, and the end of the period shall be adopted as the bond redemption record date, and said period shall not be the period of suspending conversion as in Article 7) to the bondholders (the bondholders listed on the register of bondholders on the 5th business day before the date of sending said notice shall prevail. Bondholders who subsequently acquire such bonds through trading or due to other reasons shall be notified through an announcement). The redemption price shall be set at the face value of the bonds, and all the bonds shall be redeemed in cash, and a letter shall be sent to the Taipei Exchange to make an announcement on behalf of the Company. The Company shall redeem the outstanding bonds in cash at the face value of such bonds within five business days after the bond redemption record date to implement the redemption request.

(III) If a bondholder fails to reply in writing to the Company's shareholder service agency before the bond redemption record date stated in the notice (takes effect when it is delivered, and the postmark date will be adopted as proof in the case of delivery by mail), the Company shall, within five business days after the bond redemption record date, redeem such bonds in cash at the face value of the bonds.

(IV) If the Company exercises the right to redeem such bonds early, the deadline for bondholders to request conversion is the second business day following the date the trading on the Taipei Exchange has ended; however, they shall apply to their securities dealers no later than one business day before the deadline.

(4) As of December 31, 2024, for the first domestic unsecured convertible corporate bonds issued by the Company, the amount of application for conversion was NT$399,800 thousand, and 5,553 thousand shares were converted into common shares. The net amount to be written off (including the principal amount and discount of convertible corporate bonds) and exceeding the share par value was NT$359,812 thousand and was recorded as capital reserve - issue at premium. In addition, the Company repurchased convertible bonds at a par value of NT$200 thousand for NT$200 thousand in 2024, writing down the payable corporate bonds by NT$200 thousand and financial liabilities with fair value changes recognized in profit or loss at NT$0 thousand.

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

(5) As of December 31, 2025, for the second domestic unsecured convertible corporate bonds issued by the Company, the amount of application for conversion was NT$4,800 thousand, and 28 thousand shares were converted into common shares. The net amount to be written off (including the principal amount and discount of convertible corporate bonds) and exceeding the share par value was NT$4,964 thousand and was recorded as capital reserve - issue at premium.

14. Long-term borrowings

	2025.12.31	2024.12.31
Unsecured bank borrowings	$-	$44,780
Secured bank borrowings	451,799	542,106
Total	451,779	586,886
Less: Long-term borrowings due within one year	(28,838)	(32,364)
Long-term borrowings due in more than one year	$422,961	$554,522
Interest rate	1.825%	1.7%~2.99%
Maturity date	130.08.23	130.08.23

See Note 8 for the assets pledged and provided as collateral.

15. Post-employment benefit plans

Defined contribution plans

The Group has an employee retirement plan stipulated in accordance with the “Labor Pension Act”, which is a defined contribution plan. According to the Act, the Group’s monthly labor pension contribution rate shall not be less than 6% of employees’ monthly salary. The Group makes a monthly contribution equivalent to 6% of employees’ monthly salary to their personal pension accounts with the Bureau of Labor Insurance.

Subsidiaries in China, in accordance with local government laws and regulations, make a monthly contribution to the pension insurance fund at a certain percentage of the total employee salary to each employee's account managed by relevant government departments.

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

The amount of expenses of the defined contribution pension plan recognized by the Group for 2025 and 2024 was NT$7,500 thousand and NT$6,898 thousand, respectively. The expenses of the defined benefit plan recognized by the Group for 2025 and 2024 were both NT$8 thousand.

16. Provision for liabilities

	Repair or maintenance or warranty
Balance as at 2025.01.01	$ 20,046
Additions and reversals during this period	22,503
Used during this period	(23,015)
The Effects of Changes in Foreign Exchange Rates	541
Balance as at 2025.12.31	$20,075
Balance as at 2024.01.01	$10,999
Additions and reversals during this period	21,216
Used during this period	(12,271)
The Effects of Changes in Foreign Exchange Rates	102
Balance as at 2024.12.31	$20,046

Repair or maintenance or warranty

This provision for liabilities is based on historical experience, judgment by management, and other known factors to estimate potential services related to product repair or maintenance or warranty in the future.

17. Equity

(1) Common shares

As of December 31, 2025 and 2024, the authorized share capital was NT$1,500,000 thousand, and the issued share capital were NT$883,902 thousand and NT$882,528 thousand, 88,390,172 shares and 88,252,787 shares, respectively, at a par value of NT$10 per share.

On January 19, 2024, the Board of Directors resolved to cancel treasury shares, and set January 23, 2024 as the treasury share capital reduction base date, to cancel 38,000 shares. Share capital of NT$380 thousand was written off at par value, and capital reserve was written down by NT$63 thousand and undistributed earnings by NT$1,399 thousand. The change registration has been completed on February 2, 2024.

On May 30, 2024, the Company’s shareholders’ meeting resolved to issue 600,000 new restricted employee shares with capital increase. The resolution was approved by the Financial Supervisory Commission in accordance with the Jin-Guan-Zheng-Fa-Zi No. 1130349093 Letter dated July 11, 2024. In addition, the Board of Directors’ meeting dated August 12, 2024 resolved the capital increase base date to be August 30, 2024, with an issue price of NT$10 per share, and a total of 200,000 shares have been issued.

The Company's first domestic unsecured convertible corporate bonds were converted for NT$399,800 thousand in 2024, with the conversion of common share capital of NT$55,527 thousand for 5,552,647 shares. On November 11, 2024, the Board of Directors resolved to set November 11 of the same year as the record date for the capital increase.

On May 12, 2025, the Board of Directors resolved to cancel 60,000 new restricted employee shares with a capital reduction, and set May 29 of the same year as the record date for the capital reduction.

On May 29, 2025, the Board of Directors resolved to issue the second new restricted employee shares for 170,000 shares, and among which 169,000 shares with the setting of June 10 of the same year as the record date for the capital increase.

The Company's second domestic unsecured convertible corporate bonds were converted for NT$4,800 thousand in 2025, with the conversion of common share capital of NT$284 thousand for 28,385 shares. On January 13, 2026, the Board of Directors resolved to set the record date for the capital increase as January 13 of the same year.

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

(2) Additional paid-in capital

	2025.12.31	2024.12.31
Additional paid-in capital	$501,244	$496,280
New restricted employee shares	22,861	14,020
Employee stock options	5,059	4,929
Stock options	75,696	-
Lapsed stock options	8	8
Total	$604,868	$515,237

As per law, paid-in capital shall not be used for any purpose except for making up for the Company’s losses. When the Company has no losses, a certain percentage of the paid-in capital from the stock premium and the gift can be applied to replenish the capital per year. The aforementioned paid-in capital can be allocated in cash to shareholders in proportion to their shareholdings.

(3) Treasury stock

The Company's held no treasury stocks up to 2025, and the change in treasury stocks in 2024 is as follows:

Reason for recovery	Number of shares, beginning of period	Increase during this period	Decrease during this period	Number of shares, end of period
Safeguarding the Company's credit and shareholders' equity	38 thousand shares	-thousand shares	38 thousand shares	-thousand shares

In accordance with regulations governing the securities industry, a company is prohibited from repurchasing more than 10% of the outstanding shares it has issued. In addition, the aggregate expenditure for acquiring these shares ought not to surpass the combination of the realized capital surplus, the premium on issued shares, and the retained earnings.

According to the Securities and Exchange Act, the Company's treasury stock may not be pledged, nor is it entitled to the distribution of dividends, voting rights, etc.

(4) Earnings distribution and dividend policy

A. Distribution of retained earnings

According to the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for paying taxes, offsetting a cumulative deficit, providing 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company’s total capital, providing an amount for or reversing a special reserve in accordance with laws and regulations or the competent authority’s regulations, followed by which the distributable earnings after tax of the current year combined with the accumulated undistributed earnings of the previous year shall be adopted as the basis for making a distribution proposal, which shall then be submitted to the shareholders’ meeting for a resolution before distribution of shareholder dividends.

All or part of the dividends to be paid out to shareholders shall be made in cash, with the consent of more than half of the directors present at a Board meeting attended by two-thirds or more of all directors. This shall then be reported to the shareholders’ meeting.

B. Dividend policy

The Company is in the precision machinery manufacturing industry and is entering a stage of stable growth. It shall consider its capital needs and capital structure to determine the dividends to be paid out. It shall adopt a balanced dividend policy and pursue steady development and sustainable development. In principle, the annual dividend to shareholders shall not be less than 20% of the distributable earnings after tax of the current year, and the cash dividends paid each year shall not be less than 10% of the total dividends to shareholders of the current year.

C. Statutory reserves

As per the Company Act, the Company shall provide a legal reserve unless its total amount has reached the amount of the total paid-in capital. The legal reserve may be used to offset a deficit. When the Company has no losses, the portion of the legal reserve that exceeds 25% of the paid-in capital may be used to distribute shares or cash to shareholders in proportion to their shareholdings.

D. Special reserves

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

In accordance with Letter Jin-Guan-Zheng- Fa-Zi No. 1090150022 issued by the FSC dated March 31, 2021, a special reserve shall be set aside for unrealized revaluation gains and cumulative translation adjustment (gains), which were reclassified to retained earnings on the conversion date due to the adoption of exemptions under IFRS 1 “First-time Adoption of International Financial Reporting Standards” when IFRS was first adopted. When the Company uses, disposes of, or re-classifies the relevant assets later, it may reverse the portion of the special reserve in the same percentage to distribute earnings. The special reserve adopted by the Company for the first time was NT$17,293 thousand.

E. The Company’s shareholders’ meetings on March 31, 2026 and May 29, 2025 made and resolved a decision to the 2025 and 2024 earnings appropriation and distribution proposal, as well as earnings per share, respectively. The details are as follows:

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

	Earnings appropriation and distribution proposal		Dividends per share (NT$)	
	2025	2024	2025	2024
Statutory reserves	$71,619	$12,300		
Special reserves appropriated (reversed)	(24,856)	(66,602)		
Ordinary share cash dividends (Note)	353,561	88,253	$4.00	$1.00
Total	$400,324	$33,951		

See Note 6.22 for details of the basis for estimation and recognized amounts of remuneration of employees and directors' remuneration.

Note: As per the Articles of Incorporation, shareholder dividends distributed in cash shall be resolved by the Board of Directors as delegated and reported to the shareholders' meeting. The Company's 2025 and 2024 earnings distribution proposal and cash dividends were resolved by the Board of Directors' meetings on March 31, 2026 and April 17, 2025. The common stock cash dividends were NT$353,561 thousand and NT$88,253 thousand, with earnings per share, NT$4 and NT$1, respectively.

18. Share-based payment plan

Employees of the Group may receive share-based payments as part of their remuneration plan. Employees provide services in exchange for equity instruments, and these transactions are equity-settled share-based payment transactions.

(1) Group's parent company remuneration-based new restricted employee shares plan

On May 30, 2024, the shareholders' meeting of the Company passed a resolution to issue 600,000 new restricted employee shares at a price of NT$10 per share. The recipients of such shares are the Company's employees satisfying specific criteria, which has been approved by the Financial Supervisory Commission according to the Jin-Guan-Zheng-Fa No. 1130349093 Letter dated July 11, 2024.

The Company issued 200,000 shares according to the resolution of the Board of Directors on August 12, 2024, and set the base date for the capital increase as August 30, 2024.

On May 29, 2025, the Board of Directors resolved to Issue new restricted employee shares for 170,000 shares, and June 10, 2025 was set to be the record date for the capital increase, and the total number of new shares actually issued for the capital increase was 169,000 shares.

The employees entitled to the grant of the new restricted employee shares must have served for one full year after subscribing for the new restricted employee shares, and has not violated the Company's labor contract, work rules, non-competition, non-disclosure agreement, or contractual agreements with the Company during such period, while achieving performance evaluation indicators, the Company, for acquiring 100% of the shares.

The restricted rights for employees failing to satisfy vesting conditions after the grant of the new shares are as follows:

A. After the subscription of new shares but before the vesting conditions are met, other than inheritance, employees shall not sell, pledge, transfer, gift, setup, or dispose for otherwise such new restricted employee shares. Once the employee meets the vesting conditions, the shares will be disbursed from the trust account to the employee's personal securities depository account in accordance with the trust custodian agreement.

B. The rights to attend, propose, speak, vote and elect at the shareholders' meetings shall be implemented in accordance with the trust custodian agreement.

C. New restricted employee shares are entitled to participate in the distribution of dividends, and the distribution of shares and dividends obtained is not subject to the restriction of vesting period. The distribution of shares and dividends will be disbursed from the trust account to the employee's personal account within one month from the date of distribution.

D. Except as provided in the trust agreement referred to in the preceding paragraph, for the new restricted employee shares subscribed in accordance with the Procedures by employees, before the vesting conditions are met, other rights are identical to the common shares issued by the Company, include but are not limited to: dividends, bonuses, rights of capital reserve distribution, rights of subscription for cash capital increase.

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

E. Where the Company decreases the capital in cash, or due to compensation of deficits and other non-statutory capital decrease during the vesting period, the new restricted employee shares shall be written off pro rata to the capital decrease. In the case of a cash capital reduction, the returned cash must be entrusted, and only to be returned to the employees after the vesting conditions are met; however, if the vesting conditions are not met, the Company will retrieve such cash.

On August 30, 2024, 200,000 new restricted employee shares were issued with capital increase, generating capital surplus - restricted employee rights of NT$14,020 thousand. In addition, as of December 31, 2025, the Company canceled and recovered 60,000 common shares of restricted employee rights new shares and reduced capital reserve by NT$4,206 thousand.

On June 10, 2025, 169,000 new restricted employee shares were issued with capital increase, generating capital surplus - restricted employee shares of NT$13,047 thousand. As of December 31, 2025, the unearned compensation of employees amounted to NT$5,436 thousand.

(2) Employees share-based payment plan of the Group's subsidiaries

A total of 850 employee stock warrants were issued by the Company, with each unit entitled to subscribe for 1,000 common shares. The duration of share options is five years. Warrant holders may exercise the stock options on a certain schedule and at a certain percentage one year after the issue date.

Information related to the aforementioned share-based payment plan is as follows:

Stock warrant grant date	Total number of units issued	Exercise price per unit (NT$)
2025.06.11	850	10

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

(A) For the aforementioned grant of share-based payment plan, the pricing model and assumption adopted are as follows:

	2025			
Maturity schedule	Matured for one year	Matured for two years	Matured for three years	Matured for four years
Expected volatility (%)	61.65%	26.93%	39.76%	44.22%
Risk-free interest rate (%)	1.1313%	1.1821%	1.2153%	1.2429%
Expected duration (years)	2	3	4	5
Weighted average share price (NT$)	0.6014	0.0754	0.4996	0.8465
Pricing model adopted	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The expected duration of the stock options is estimated based on historical data and current expectations; therefore, it may not be consistent with the actual execution status. The expected volatility rate is based on the assumption that historical volatility over a period similar to the share option's duration represents the future trend; however, it may not be consistent with actual future results.

(B) Details of the aforementioned share-based plan for the issuance of employee stock options in 2025 are as follows:

	2025	
	Number of outstanding shares (units)	Weighted-average exercise price (NT$)
Outstanding stock options as of January 1	-	$-
Stock options granted in the current period	850	10

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

	2025	
	Number of outstanding shares (units)	Weighted-average exercise price (NT$)
Stock options exercised in the current period	-	-
Stock option forfeited in the current period	-	-
Outstanding stock options as of December 31	850	
Exercisable stock options as of December 31	-	
Weight average fair price of stock options granted in the current period		$0.5057

(C) Information on the aforementioned outstanding share-based payment plan as of December 31, 2025 is as follows:

2025.12.31	Exercise price	Weighted-average remaining duration (years)
Granted on 2025.06.11	$10	2.08

(3) Expenses of employees share-based payment plan recognized by the Group is as follows:

	2025	2024
Expenses recognized for share-based payment transactions (all of which are equity-settled share-based payments)	$12,166	$5,389

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

(4) The Company did not cancel or modify the share-based payment plan in 2025 and 2024.

(5) For the issuance of new restricted employee shares by the Company with compensation, if the grant date was before October 10, 2024, it shall be handled in accordance with the Q&A set regarding the retrospective application issued by the Accounting Research and Development Foundation as described in the "Accounting Issues for Restricted Stock Awards" of the Securities and Futures Bureau of the Financial Supervisory Commission.

19. Operating revenue

	2025	2024
Sales revenue	$4,997,690	$2,541,284
Revenue from provision of services	70,365	55,235
Other operating revenue	9,882	2,866
Total	$5,077,937	$2,599,385

The information on revenue from customer contracts of the Group during the years ended December 31, 2025 and 2024 is as follows:

(1) Revenue details

	2025	2024
Sales of goods - machines	$4,875,827	$2,462,753
Sales of goods - parts	121,863	78,531
Service income	70,365	55,235
Other operating revenue	9,882	2,866
Total	$5,077,937	$2,599,385
Timing of revenue recognition:		
A point in time	$5,077,937	$2,599,385

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

(2) Contract balance

A. Contract liabilities - current

	2025.12.31	2024.12.31	2024.01.01
Product Sales	$750,089	$158,060	$123,220

Major changes in the balance of the Company's contract liability during 2025 and 2024 are specified below:

	2025	2024
Opening balance transferred to revenue in this period	$(151,297)	$(103,281)
Increase in advance receipts for this period (those for this period were deducted and transferred to revenue)	743,326	138,121

(3) Transaction prices apportioned to the outstanding performance obligations: None.

(4) Assets recognized from the cost of obtaining or fulfilling a customer contract: None.

20. Expected credit impairment losses (gains)

	2025	2024
Operating expenses - expected credit impairment losses (gains)		
Notes receivable	$8	$628
Trade receivable	99,122	30,715
Total	$99,130	$31,343

Please refer to Note 12 for relevant credit risk information.

The Group's receivables (including notes and accounts receivable) are measured at the lifetime expected credit losses. The information on the amounts of the allowances for losses estimated as of December 31, 2025 and 2024 is as follows:

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

(1) The records of credit losses arising from receivables indicate that different customer groups do not show significantly different loss patterns. Therefore, the amount of the allowance for losses was measured at the expected credit losses without grouping customers. The relevant information is as follows:

2025.12.31

	Not past due	Number of days past due			
	(Note)	Less than 6 months	6-12 months	More than 12 months	Total
Total carrying amount	$2,240,155	$868,602	$125,911	$42,115	$3,276,783
Loss ratio	1%	5%	50%	100%	
Lifetime expected credit losses	(35,811)	(43,430)	(62,956)	(42,115)	(184,312)
Carrying amount	$2,204,344	$825,172	$62,955	$-	$3,092,471

2024.12.31

	Not past due	Number of days past due			
	(Note)	Less than 6 months	6-12 months	More than 12 months	Total
Total carrying amount	$1,150,835	$368,522	$68,250	$11,910	$1,599,517
Loss ratio	1%	5%	50%	100%	
Lifetime expected credit losses	(17,247)	(18,426)	(34,125)	(11,910)	(81,708)
Carrying amount	$1,133,588	$350,096	$34,125	$-	$1,517,809

Note: None of the Group's notes receivable were overdue.

(2) The movements in the allowances for losses on the Group's notes and accounts receivable for 2025 and 2024 are as follows:

	Notes receivable	Trade receivable	Total
Balance as at 2025.01.01	$1,307	$80,401	$81,708
Amount of additions (reversals) during this	8	99,122	99,130

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

	Notes receivable	Trade receivable	Total
period			
Effect of changes in foreign exchange rates	5	3,469	3,474
Balance as at 2025.12.31	$1,320	$182,992	$184,312
Balance as at 2024.01.01	$655	$48,316	$48,971
Amount of additions (reversals) during this			31,343
period	628	30,715	
Write-off due to the inability to recover	-	(56)	(56)
Effect of changes in foreign exchange rates	24	1,426	1,450
Balance as at 2024.12.31	$1,307	$80,401	$81,708

21. Leases

(1) The Group as Lessee

The Group has leased a number of different assets, including property (land and buildings) and transportation equipment. The lease terms of each contract ranges from one to 50 years. Some of the contracts stipulate that the lessee, without the lessor's consent, shall not lend, sublease, transfer, or use in other disguised methods all or part of the leased property, or transfer the right to lease to another party.

The impact of leasing on the Group's financial position, financial performance, and cash flows is specified below:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

Carrying amount of right-of-use assets

	2025.12.31	2024.12.31
Land	$64,797	$66,459
Buildings	11,714	1,287
Transportation Equipment	4,219	-
Total	$80,730	$67,746

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

For the information on the pledge of right-of-use assets of the Group, please refer to Note 8 for details.

(b) Lease liabilities

	2025.12.31	2024.12.31
Lease liabilities	$16,212	$1,164
Current	$4,582	$1,164
Non-current	11,630	-
Total	$16,212	$1,164

See Note 6.23(3) Financial Costs for the details of interest expenses for the Group's lease liabilities for 2025 and 2024 and Note 12.5 Liquidity Risk Management for the details of the maturity analysis of lease liabilities as of December 31, 2025 and 2024.

B. Amounts recognized in the statement of comprehensive income

Depreciation of right-of-use assets

	2025	2024
Land	$1,862	$1,915
Buildings	3,492	2,847
Transportation Equipment	422	-
Total	$5,776	$4,762

C. Lessee's income and expenses related to leasing activities

	2025	2024
Expenses relating to short-term leases	$3,143	$1,400

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

D. Lessee's cash outflows from leasing activities

The amounts of the Group's cash outflows from leasing activities during 2025 and 2024 were NT$7,314 thousand and NT$4,369 thousand, respectively.

22. The summary table of the employee benefits, depreciation, depletion and amortization expense by functions is as follows:

By function / Classified as	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salary expense	$123,144	$170,670	$293,814	$104,449	$140,499	$244,948
Labor and health insurance expense	5,610	11,193	16,803	4,726	9,995	14,721
Pension costs	2,198	5,310	7,508	2,001	4,905	6,906
Remuneration to directors	-	25,490	25,490	-	5,457	5,457
Other employee benefit expenses	117,977	130,970	248,947	78,014	64,721	142,735
Depreciation expense	13,606	30,876	44,482	14,318	28,575	42,893
Amortization cost	-	4,566	4,566	-	4,384	4,384

In accordance with the Articles of Incorporation, the Company shall provide no less than 2.5% of a profit, if any, as employee remuneration and no more than 2.5% as directors' remuneration, while the Company shall reserve an amount in advance to offset a cumulative deficit, if any. The remuneration of entry-level employees appropriated shall not be less than 50% of the total amount. The definition of the entry-level employees shall refer to relevant regulations of competent authorities. The above employee remuneration may be distributed in stock or cash, which shall be approved by half of all directors present at a Board meeting attended by more than two-thirds of all directors and then reported to the shareholders' meeting.

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

Please visit the Market Observation Post System (MOPS) for information on employee remuneration and directors' remuneration approved by the Board of Directors.

The Group provided no less than 2.5% and no more than 2.5% of the profit for the year as employee remuneration and director's remuneration. The 2025 and 2024 employee remuneration recognized amounted to NT$23,597 thousand and NT$3,570 thousand, respectively, while the 2025 and 2024 directors' remuneration recognized totaled NT$23,597 thousand and NT$3,570 thousand, all accounted for under Salary Expenses.

On April 17, 2025, the Company's Board of Directors resolved a decision to pay out 2024 employees' remuneration and directors' remuneration of NT$3,570 thousand and NT$3,565 thousand in cash, while such amounts recognized in the 2024 financial statements were both NT$3,570 thousand, and the difference has been recognized in profit or loss for 2025.

On March 11, 2026, the Company's Board of Directors resolved a decision to pay out 2025 employees' remuneration and directors' remuneration of NT$23,597 thousand and NT$6,202 thousand in cash, while such amounts recognized in the 2025 financial statements were both NT$23,597 thousand, and the difference has been recognized in profit or loss for 2026.

23. Non-operating income and expenses

(1)Other income

	2025	2024
Interest revenue		
Financial assets at amortized cost	$15,664	$18,941
Realized interest revenue from installment accounts receivable	14,308	7,317
Rental income	6,732	6,715
Government grant income (Note 1 and 2)	36,002	42,513
Other income - others	25,382	11,008
Total	$98,088	$86,494

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

Note 1: The government incentives for land development and relocation received by the Company's sub-subsidiaries and the application for industry development support are recognized as government grants since the Company has met the criteria for government grants.

Note 2: In which, the government subsidy income is recognized due to the reason that the Company has received government subsidies for applying for the industrial innovation plan of the Ministry of Economic Affairs and has met the conditions of government subsidies and received government subsidies.

(2) Other gains and losses

	2025	2024
Gains (losses) of disposal of investments	$-	$(299)
Gain(loss) on disposal of property, plant and equipment	(307)	(267)
Net foreign currency exchange gains (losses)	(14,713)	22,578
Net gains (losses) on valuation of financial assets or liabilities at fair value through profit or loss	10,418	(8,597)
Miscellaneous expenses	(1,766)	(629)
Total	$(6,368)	$12,786

(3) Financial costs

	2025	2024
Interest on bank borrowings	$32,332	$18,649
Interest on lease liabilities	645	54
Interest on corporate bonds payable	4,437	4,046
Total	$37,414	$22,749

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

24. Components of other comprehensive income

Components of 2025 other comprehensive income are as follows:

	Generated during this period	Reclassification adjustments during this period	Other comprehensive income	Tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	$-	$-	$-	$-	$-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	31,070	-	31,070	(6,214)	24,856
Total	$31,070	$-	$31,070	$(6,214)	$24,856

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

Components of 2024 other comprehensive income are as follows:

	Generated during this period	Reclassification adjustments during this period	Other comprehensive income	Tax benefit (expense)	After-tax amount
Items not reclassified subsequently to profit or loss:					
Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	$(3,802)	$-	$(3,802)	$-	$(3,802)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	57,689	-	57,689	12,715	70,404
Total	$53,887	$-	$53,887	$12,715	$66,602

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

25. Income tax

(1) Main components of income tax expenses (benefits) are as follows:

Income tax recognized in profit/loss

	2025	2024
Current income tax expenses:		
Income tax payable for the current period	$119,362	$15,721
Income taxes for prior years adjusted into this year	(2,988)	(14,582)
Deferred tax expenses (income):		
Deferred tax expenses (income) related to the initial temporary differences and reversal of temporary differences	133,721	23,076
Surtax on undistributed earnings	4,453	-
Income tax expense	$254,548	$24,215

Income tax recognized in other comprehensive income

	2025	2024
Deferred tax expenses (income):		
Share of other comprehensive profits/losses of subsidiaries accounted for using equity method	$6,214	$(12,715)

(2) The amount of income tax expenses and accounting profit multiplied by the applicable income tax rate is adjusted as follows:

	2025	2024
Net income before tax of the continuing operations	$970,735	$148,610
Amounts of taxes calculated at relevant countries' domestic tax rates applicable to income	$292,123	$48,943
Income tax effect of tax exempt income	-	(18)
Income tax effects of other adjustments in accordance with the tax laws	(36,275)	(14,989)

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

	2025	2024
Income tax effect of expenses not deductible for tax purposes	3,322	1,370
Surtax on undistributed earnings	4,453	-
Income tax effect of deferred tax assets/liabilities	(6,087)	3,491
Income taxes for prior years adjusted into this year	(2,988)	(14,582)
Total income tax expenses recognized in profit or loss	$254,548	$24,215

(3) Balances of deferred tax assets (liabilities) related to the following items:

2025

	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference					
Loss for market price decline and obsolete and slow-moving inventories.	$14,214	$2,597	$-	$26	$16,837
Losses on bad debts	12,497	13,064	-	45	25,606
Gross profit	(2,764)	(18,227)	-	(11)	(21,002)
Exchange gains (losses)	(2,870)	1,347	-	-	(1,523)
Unrealized transactions between entities within the Group	5,866	(726)	-	-	5,140
Amount payable overdue for over two years	78	-	-	-	78
Provision for liabilities - repair or maintenance or	3,698	(190)	-	5	3,513

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

	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
warranty					
Investment accounted for using the equity method	(257,507)	(130,840)	-	-	(388,347)
Unused tax losses	16,239	1,413	-	65	17,717
Loss on valuation of financial assets	1,935	(2,083)	-	-	(148)
Loss on obsolescence of supplies	5,209	(76)	-	-	5,133
Exchange differences on translation of the financial statements of foreign operations	12,715	-	(6,214)	-	6,501
Land value increment tax	(5,566)	-	-	-	(5,566)
Deferred tax expenses/income		$(133,721)	$(6,214)	$130	
Deferred tax assets/liabilities, net	$(196,256)				$(336,061)
The information presented in the balance sheet is as follows:					
Deferred tax assets	$59,736				$74,024
Deferred tax liabilities	$(255,992)				$(410,085)

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

2024

	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
Temporary difference					
Loss for market price decline and obsolete and slow-moving inventories.	$12,668	$1,316	$-	$230	$14,214
Losses on bad debts	8,568	3,689	-	240	12,497
Gross profit	(1,902)	(795)	-	(67)	(2,764)
Exchange gains (losses)	(1,508)	(1,362)	-	-	(2,870)
Unrealized transactions between entities within the Group	10,396	(4,530)	-	-	5,866
Amount payable overdue for over two years	78	-	-	-	78
Provision for liabilities - repair or maintenance or warranty	2,470	1,207	-	21	3,698
Investment accounted for using the equity method	(234,775)	(22,732)	-	-	(257,507)
Unused tax losses	18,211	(2,607)	-	635	16,239
Loss on valuation of financial assets	(508)	2,443	-	-	1,935
Loss on	4,914	295	-	-	5,209

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

	Beginning retained earnings	Defined benefit costs recognized in profit or loss	Defined benefit costs recognized in other comprehensive income	Exchange difference	Ending balance
obsolescence of supplies					
Exchange differences on translation of the financial statements of foreign operations	-	-	12,715	-	12,715
Land value increment tax	(5,566)	-	-	-	(5,566)
Deferred tax expenses/income		$(23,076)	$12,715	$1,059	
Deferred tax assets/liabilities, net	$(186,954)				$(196,256)
The information presented in the balance sheet is as follows:					
Deferred tax assets	$57,305				$59,736
Deferred tax liabilities	$(244,259)				$(255,992)

(4) Information on unused tax losses for entities within the Group is as follows:

		Unused balance	
Year	Amount of losses	2025.12.31	Last valid year
2017	$4,833	$4,833	2027
2019	10,702	10,702	2029
2021	50,054	50,054	2031
2022	12,812	12,812	2032

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

Year	Amount of losses	Unused balance 2025.12.31	Last valid year
2023	26,123	26,123	2033
2024	95,438	95,438	2034
2025	3,913	3,913	2035

(5) Unrecognized deferred tax assets

As of December 31, 2025 and 2024, the total amounts of deferred income tax assets not yet recognized by the Group were NT$11,242 thousand and NT$14,846 thousand, respectively.

(6) Income tax return filings and approval

As of December 31, 2025, the income tax returns filed by the Company and its subsidiaries and the approval status are as follows:

	Income tax return filings and approval
The Company	Approved up to 2023
Subsidiary - Ta Liang Medtech Co., Ltd.	Established in 2024
Subsidiary - Ta Liang Advanced Smart Technology Co., Ltd.	Established in 2025

26. Earnings per share

The basic earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the parent company divided by the weighted average number of ordinary shares outstanding in the current period.

The diluted earnings per share is calculated with the net income attributable to the holders of the ordinary shares of the Company (after being adjusted for the interest on convertible corporate bonds) divided by the weighted average number of ordinary shares outstanding in the current period plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares were converted into ordinary shares.

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

	2025	2024
(1)Basic earnings per share		
Net income attributable to the holders of common stock of the parent company (NT$ thousand)	$716,187	$124,395
Weighted average number of ordinary shares (in thousand shares) for the earnings per share	88,101	84,154
Basic earnings per share (NT$)	$8.13	$1.48
(2)Diluted earnings per share		
Net income attributable to the holders of common stock of the parent company (NT$ thousand)	$716,187	$124,395
Interest on convertible corporate bonds (NT$ thousand)	3,551	3,236
Financial assets at fair value through profit or loss (NT$ thousand)	(1,720)	-
Net income after being adjusted and diluted attributable to the holders of common stock of the parent company (NT$ thousand)	$718,018	$127,631
Weighted average number of ordinary shares (in thousand shares) for the earnings per share	88,101	84,154
Dilution effect:		
Employee remuneration - stock (in thousand shares)	113	36
New restricted employee shares (in thousand shares)	217	35
Convertible corporate bonds (in thousand shares)	1,214	3,901
Weighted average number of ordinary shares (in thousand shares) with the dilution effect adjusted	89,645	88,126
Diluted earnings per share (NT$)	$8.01	$1.45

There was no other transaction performed to cause significant changes to the outstanding ordinary shares or the potential ordinary shares after the reporting period and before the release of the financial statements.

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

VII. Related Party Transactions

1. The related parties who have transactions with the Group during the financial reporting period are as follows:

Name and relationship of the related parties

Related party name	Relationship with the Group
LIV Medical Technology Inc.,	Other related parties of the Group

Significant transactions with related parties

(1) Other receivables - related party

	2025.12.31	2024.12.31
LIV Medical Technology Inc.,	$31,485	$-

(2) Remuneration for the Group’s key management personnel

	2025	2024
Short-term employee benefits	$53,761	$27,535
Post-employment benefits	530	383
Total	$54,291	$27,918

VIII. Assets Pledged

	Carrying amount		
Item	2025.12.31	2024.12.31	Content of secured debts
Financial assets measured at amortized cost	$28,992	$-	Short term secured borrowings, issued bill deposits
Property, plants, and equipment - land	1,092,301	1,092,301	Secured long-term borrowings
Property, plants, and equipment - buildings (book value)	155,529	120,027	Secured long-term borrowings

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

Right-of-use assets - land	35,054	36,162	Secured short-term borrowings
Property, plants, and equipment - buildings (book value)	41,265	46,736	Secured short-term borrowings
Financial assets measured at fair value through profit or loss - Corporate bond in USD	104,558	129,690	Secured short-term borrowings
Total	$1,457,699	$1,424,916	

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

1. As of December 31, 2025, the Company issued notes totaling NT$1,215,790 thousand for letters of guarantee and loan performance guarantees, with respect to the government projects. Due to the nature of contingent liabilities, such amounts were not included in the financial statements.

2. As of the date of the issuance of the financial statements, the ruling on the litigation-related expenses for the Company's request for confirmation of the non-existence of pre-emptive rights was still in progress in the court.

3. As of December 31, 2025, the Group's major construction contracts not yet completed are as follows:

Nature of contract	Prepaid (paid) Amount	Unpaid amount
Construction in progress of Nanjing Taliang Technology. Co., Ltd.	$199,601	$6,173

X. Losses Due to Major Disasters

None.

XI. Material Events After the Balance Sheet Date

None.

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

XII. Others

1. Categories of financial instruments

Financial assets

	2025.12.31	2024.12.31
Financial assets at fair value through profit or loss	$146,752	$140,160
Financial assets at fair value through other comprehensive income	34,940	2,300
Financial assets measured at amortized cost (Note 1)	3,970,724	1,850,143
Total	$4,152,146	$1,992,603

Financial liabilities

	2025.12.31	2024.12.31
Financial liabilities at amortized cost:		
Short-term borrowings	$725,835	$371,387
Payables (including long-term payables)	2,069,337	1,059,403
Lease liabilities (current and non-current)	16,212	1,164
Long-term borrowings (including those due within one year)	451,799	586,886
Corporate bonds payable (including those due within one year)	466,173	-
Total	$3,729,356	$2,018,840

Note 1: Including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, and other receivables.

2. Financial risk management objectives and policies

The Group's financial risk management objectives are mainly to manage market, credit, and liquidity risks related to operating activities. The Group identifies, measures, and manages the above risks as per the Group's policies and risk preferences.

The Group has established appropriate policies, procedures, and an internal control system in accordance with applicable regulations on the above financial risk management; important financial activities should be reviewed by the Board of Directors and Audit Committee in accordance with applicable regulations and the internal control system. During the implementation of financial management activities, the Group should comply with applicable regulations on financial risk management.

3. Market risk

The Group's market risk refers to the risk arising from fluctuations in the fair values or cash flows of financial instruments due to movements in market prices. Market risk mainly includes exchange rate risk, interest rate risk, and other price risks, such as equity instruments.

In practice, one movement by a single change in risk variables is rare, and changes in risk variables are always interrelated; however, the sensitivity analysis of the following risks did not consider the interaction between relevant risks and variables.

Foreign exchange risk

The Group's exchange rate risk is mainly related to operating activities (when a currency used for income or expenses is different from the Group's functional currency) and net investment in foreign operations.

The Group's foreign currency receivables and foreign currency payables are partially in the same currency. Thus, there will be a natural hedging effect for a part of the foreign currency position. The exchange rate risk of some foreign currency payments is managed through forward exchange agreements. The above natural hedging effect and the management of exchange rate risk through forward exchange agreements do not meet the requirement of hedging accounting, so hedging accounting has not been adopted; also, the net investment in foreign operations is a strategic investment, so the Group has not adopted a hedging approach thereto.

The sensitivity analysis of the Group's exchange rate risk is mainly focused on the main foreign currency monetary items on the end date of the financial reporting period and the impact of relevant foreign currency appreciation/depreciation on the Group's profit and loss and equity. The Group's exchange rate risk is mainly affected by fluctuations in the exchange rates of USD and CNY. The sensitivity analysis information is as follows:

When the NTD appreciated/depreciated by 1% against the USD, the Group's profit or loss for the year ended December 31, 2025 and 2024 would have decreased/increased by NT$288 thousand and NT$881 thousand, respectively.

When the NTD appreciated/depreciated by 1% against the CNY, the Group's profit or loss for the year ended January 1 to December 31, 2025 and 2024 would have decreased/increased by NT$1,635 thousand and NT$4,481 thousand, respectively.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to movements in market interest rates. The Group's interest rate risk is mainly from investments at floating rates, which are classified as loans and receivables and borrowings at fixed and floating rates.

The sensitivity analysis of the Group's interest rate risk was mainly focused on investments and borrowings at floating rates at the end date of the financial reporting period. With an assumption that such investments and borrowings are held for Three years fiscal year, when the interest rate increased/decreased by 0.1%, the Group's January 1 to December 31, 2025 and 2024 profit or loss would have decreased/increased by NT$920 thousand and NT$716 thousand, respectively.

4. Credit risk management

Credit risk refers to the risk of financial loss arising from default by counterparties on contract obligations. The Group's credit risk arises from the operating activities (mainly from accounts and notes receivables) and financial activities (mainly from cash in banks and various financial instruments).

Each unit of the Group follows the credit risk policy, procedures, and control mechanism to manage credit risk. The credit risk assessment of all transaction counterparties is based on factors, such as each counterparties' financial position, ratings by credit rating agencies, historical trading experience from the past, current economic environment, and the Group's internal rating criteria. The Group also uses certain credit enhancement tools (such as advance sales receipts and insurance) at appropriate times to reduce specific counterparties' credit risk.

As of December 31, 2025 and 2024, the Group's credit concentration risk to its receivables was relatively insignificant.

The Group's finance department manages the credit risk of bank deposits, fixed-income securities, and other financial instruments in accordance with the Group's policies. The Group's counterparties are determined by internal control procedures, such as banks with good credit, financial institutions with investment-grade ratings, corporate organizations, and government agencies, and there is no major concern about their contract performance, hence there is no significant credit risk.

The Group adopts the IFRS 9 standard to assess ECLs. Except for an allowance for losses on receivables that is estimated at lifetime ECLs, for investments in debt instruments that are not measured at fair value through profit or loss and purchased due to a low credit risk, the Group assesses if the credit risk arising from such investments has increased significantly since the initial recognition on each balance sheet date, to determine the method of estimating an allowance for losses and an loss ratio.
Additionally, when the Group believes that a financial asset cannot be reasonably expected to be recovered as per the assessment (e.g., the issuer or the debtor has significant financial difficulties or has gone bankrupt), it will be written off.

5. Liquidity risk management

The Group maintains financial flexibility through cash and cash equivalents, highly liquid securities, bank borrowings, and other relevant contracts. The table below summarizes the maturity of the payments contained in the contracts of the Group's financial liabilities. It is compiled based on the earliest possible date for repayment and its undiscounted cash flow. The amounts listed also include the agreed interest. For the interest cash flow paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

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

Non-interest-bearing liabilities

	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years or more	Total
2025.12.31							
Borrowings	$763,557	$29,365	$29,365	$29,365	$29,365	$313,221	$1,194,238
Payables	2,069,337	-	-	-	-	-	2,069,337
Lease liabilities	5,248	4,981	3,376	4,186	-	-	17,791
Corporate bonds payable	-	-	495,200	-	-	-	495,200
2024.12.31							
Borrowings	$410,623	$79,029	$32,955	$32,955	$32,955	$387,224	$975,741
Payables	1,059,403	-	-	-	-	-	1,059,403
Lease liabilities	1,166	-	-	-	-	-	1,166

6. Reconciliation of liabilities from financing activities

Information on reconciliation of liabilities for the year ended December 31, 2025:

	Short-term borrowings	Long-term borrowings	Deposits received	Lease liabilities	Corporate bonds payable	Total liabilities from financing activities
2025.01.01	$371,387	$ 586,886	$7,744	$1,164	$-	$967,181
Cash flows	354,448	(135,267)	(6,413)	(4,171)	540,430	749,027
Non-cash changes	-	180	-	18,574	(78,694)	(59,940)
Interest expenses	-	-	-	645	4,437	5,082
2025.12.31	$725,835	$451,799	$1,331	$16,212	$466,173	$1,661,350

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

Information on reconciliation of liabilities for the year ended December 31, 2024:

	Short-term borrowings	Long-term borrowings	Deposits received	Lease liabilities	Corporate bonds payable	Total liabilities from financing activities
2024.01.01	$274,616	$574,471	$14,008	$3,976	$395,251	$1,262,322
Cash flows	96,771	12,415	(6,264)	(2,969)	(200)	99,753
Non-cash changes	-	-	-	103	(399,097)	(398,994)
Interest expenses	-	-	-	54	4,046	4,100
2024.12.31	$371,387	$ 586,886	$7,744	$1,164	$-	$967,181

7. Fair values of financial instruments

(1) Valuation techniques and assumptions adopted to measure fair values

Fair value is the price that can be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants. The methods and assumptions adopted by the Group to measure or disclose the fair values of its financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, payables, and other current liabilities are reasonable approximations of their fair values, mainly due to the short durations of such instruments.

B. The fair values of equity instruments not traded in an active market (such as publicly listed companies' stocks without an active market, and privately offered company stocks) are estimated with a market approach. The fair values are estimated based on the prices of the transactions of the same or comparable companies' equity instruments in the market and other relevant information (such as discounting factors due to lack of liquidity, price-earnings ratios of similar companies' stocks, price-to-book ratios, of similar companies' stocks).

C. Regarding debt instrument investments without quoted prices in an active market, bank borrowings, and other non-current liabilities, the fair values are determined based on counterparties' quotes or valuation techniques. Valuation techniques are determined on the basis of discounted cash flow analysis; assumptions about interest rates and discount rates are made with reference to similar instruments (such as the Taipei Exchange's yield curves for reference, the average quotes of Reuters commercial paper interest rates, and credit risks).

(2) Fair values of financial instruments at amortized cost

Except as stated in the table below, the carrying amounts of the Group's financial instruments at amortized cost are reasonable approximations of the fair values thereof.

	Book value	
	2025.12.31	2024.12.31
Financial liability:		
Corporate bonds payable	$466,173	$-

	Fair value	
	2025.12.31	2024.12.31
Financial liability:		
Corporate bonds payable	$469,846	$-

(3) Information on the financial instrument fair value hierarchy

See Note 12.9 for information on the Group's financial instrument fair value hierarchy.

8. Derivative financial instruments

Embedded derivative financial instruments

The embedded derivative financial instruments identified by the Group due to the issuance of convertible corporate bonds have been separated from the host contract and are measured at fair value through profit or loss. See Note 6.13 for contract details of this transaction.

9. Fair value hierarchy

(1) Fair value hierarchy definitions

All assets and liabilities measured or disclosed at fair value are the lowest level inputs, which are important to the overall fair value measurement, classified to the fair value levels to which they belong. The input at each level is as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.

Level 2: Inputs, other than quoted market prices within Level 1 that are observable, either directly or indirectly, for assets or liabilities.

Level 3: The unobservable input value of an asset or liability.

For assets and liabilities that are recognized in the financial statements on a repetitive basis, the classification is reevaluated at the end of each reporting period to determine whether there is a transfer between the fair value levels.

(2) Information on the hierarchy of fair value measurement

The Group does not have assets measured at fair value on a non-recurring basis. Information on the fair value levels of assets and liabilities on a recurring basis is shown below:

2025.12.31	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	$-	$-	$34,940	$34,940
Financial assets at fair value through profit or loss				
Preference share	$-	$-	$1,040	$1,040

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

2025.12.31	Level 1	Level 2	Level 3	Total
USD corporate bonds	$141,312	$-	$-	$141,312
Convertible corporate bonds	$-	$-	$4,400	$4,400

2024.12.31	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	$-	$-	$2,300	$2,300
Financial assets at fair value through profit or loss				
Preference share	$-	$-	$1,040	$1,040
USD corporate bonds	$139,120	$-	$-	$139,120

Transfer between Level 1 and Level 2 fair values

The Group’s assets were not transferred between Level 1 and Level 2 during 2025 and 2024.

Details of movements in Level 3 fair values

The balances of the Group’s assets and liabilities measured at Level 3 fair value on a repetitive basis are reconciled as follows from the beginning to the end of 2025 and 2024:

	Asset		
	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income
	Preference share	Right of redemption of corporate bonds	Stock

January 1, 2025	$1,040	$-	$2,300
Total gains (losses) recognized from January 1 to December 31, 2025:			
Recognized in other comprehensive income (listed in unrealized equity instrument profit or loss measured at fair value through other comprehensive income)	-	2,150	-
Acquired from January 1 to December 31, 2025	-	2,250	32,640
December 31, 2025	$1,040	$4,400	$34,940

	Asset		
	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income
	Preference share	Right of redemption of corporate bonds	Stock
January 1, 2024	$1,040	$-	$ 6,102
Total gains (losses) recognized from January 1 to December 31, 2024:			
Recognized in other comprehensive income (listed in unrealized equity instrument profit or loss measured at fair value through other comprehensive income)	-	-	(3,802)
Acquired from January 1 to December 31, 2024	-	-	-
December 31, 2024	$1,040	$-	$2,300

<u>Information on significant unobservable inputs categorized within Level 3 of the fair value hierarchy</u>

Description of significant unobservable inputs to assets measured at Level 3 fair value on a repetitive basis is as follows:

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

December 31, 2025

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis on relationship between inputs and fair value
Financial asset:					
Financial assets at fair value through profit or loss					
Corporate bonds	Binomial Convertible Bond Pricing Model	Volatility rate	64.29%	The higher the volatility rate is, the higher the estimate of fair value.	The Group's income increases/decreases by NT$20 thousand and NT$60 when the volatility rate increases (decreases) by 2%.
Financial assets at fair value through other comprehensive income					
Stock	market approach	Discount for lack of marketability	30%	The higher the lack of marketability is, the higher the estimate of fair value.	The Group's income increases/decreases by NT$149 thousand and NT$149 thousand when the lack of marketability increases (decreases) by 5%.

December 31, 2024

	Valuation technique	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis on relationship between inputs and fair value
Financial asset:					
Financial assets at fair value through other comprehensive income					

Stock	market approach	Discount for lack of marketability	30%	The higher the lack of marketability is, the higher the estimate of fair value.	The Group's income increases/decreases by NT$131 thousand and NT$127 thousand when the lack of marketability increases (decreases) by 5%.

(3) Information on those not measured at fair value but need to be disclosed

The Group does not have assets measured at fair value on a non-recurring basis. Information on the fair value levels of assets and liabilities on a recurring basis is shown below:

December 31, 2025:

	Level 1	Level 2	Level 3	Total
Liabilities with only fair value disclosed:				
Corporate bonds payable (See Note 6.13)	$-	$-	$469,486	$469,486

December 31, 2024:

None.

10. Information on foreign currency financial assets and liabilities with significant impact is as follows:

The Group's foreign currency financial assets and liabilities with significant impact are as follows:

Unit of foreign currency: in thousands of dollars

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

	2025.12.31			2024.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$10,772	31.59	$340,278	$8,925	32.64	$291,303
RMB	$620,637	4.50	$2,790,384	$326,278	4.48	$1,461,073
Financial liabilities						
Monetary items:						
USD	$9,869	31.56	$311,465	$1,727	32.50	$56,118
RMB	$584,269	4.50	$2,626,875	$226,159	4.48	$1,012,965

The above information is disclosed in the foreign currency carrying amount (already converted to the functional currency).

Due to the wide variety of functional currencies adopted by individual entities within the Group, it is impossible to disclose the exchange gains and losses on monetary financial assets and liabilities in each significant foreign currency. The Group's foreign currency exchange gains (losses) during the years ended December 31, 2025 and 2024 were $(14,713) thousand and $22,578 thousand, respectively.

11. Capital management

The Group's capital management mainly aims to ensure and maintain high credit ratings and appropriate capital ratios to support corporate operations and maximize shareholders' equity. The Group manages and adjusts the capital structure based on the financial position and may maintain and adjust the capital structure by adjusting dividend payments, returning capital, or issuing new shares.

XIII. Other disclosures

(I) Information on Significant Transactions

1. Loaning funds to others: Please refer to Table 1.

2. Endorsements/guarantees provided to others: None.

3. Material marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Table 2.

4. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of paid-in capital: Please refer to Table 3.

5. Receivables from related parties amounting to at least NT$100 million or 20% of paid-in capital: Please refer to Table 4.

6. Others: Business relations between the parent company and its subsidiaries and among subsidiaries, and important intercompany transactions and amounts: Table 9.

(II) Information on Investees

1. Names and Location of Investees (Excluding Those in Mainland China): Please refer to Table 5.

2. When the Group has the ability to control an investee, it shall disclose the information on the investee as in Note 13.(1):

   (1) Loaning funds to others: Please refer to Table 1.

   (2) Endorsements/guarantees provided to others: Please refer to Table 6.

   (3) Material marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures): Please refer to Table 2.

   (4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of paid-in capital: Please refer to Table 7.

   (5) Receivables from related parties amounting to at least NT$100 million or 20% of paid-in capital: Please refer to Table 8.

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

(III) Information on Investment in China:

1. Names of investees in China, main business scope, paid-in capital, investment methods, outward and inward capital remittance, shareholdings, investment income and loss, book values of investments at the end of the period, investment income and loss repatriated, and maximum investments in China:

Unit: NT$ Thousand

Name of Investee in China	Main business	Paid-in capital	Investment method	Opening balance of cumulative investment remitted from Taiwan for this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Investment income or loss on investees	Ownership percentage of direct or indirect investment	Investment income or loss recognized for this period	Book value of investments at the end of this period	Cumulative investment income repatriated as of the end of this period	Accumulated outward remittance for investment in China region at end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
					Outward remittance	Repatriation									
Nanjing Taliang Technology. Co., Ltd. (Note 1)	Manufacturing and sales of CNC machines and accessories and development of CNC machine application software	$1,504,543	Investing in companies in China by investing in existing companies in third regions	$236,506	$	$-	$236,506	$558,751 (Notes 3 and 4)	100.00%	$561,095 (Notes 3, 4, 5 and 7)	$2,525,583 (Notes 3 and 7)	$179,049	$236,506	$236,506	$2,050,433
Kunshan Shuoliang Digital Co. Ltd. (Note 1)	Sales of CNC machines and accessories	$9,236	Investing in companies in China by investing in existing companies in third regions	$9,236	$-	$-	$9,236	$12,059 (Notes 3 and 4)	100.00%	$12,059 (Notes 3, 4 and 7)	$117,599 (Notes 3 and 7)	$-	$9,236	$9,236	

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

Name of Investee in China	Main business	Paid-in capital	Investment method	Opening balance of cumulative investment remitted from Taiwan for this period	Investment amount remitted from Taiwan or recovered during this period		Ending balance of cumulative investment remitted from Taiwan for this period	Investment income or loss on investees	Ownership percentage of direct or indirect investment	Investment income or loss recognized for this period	Book value of investments at the end of this period	Cumulative investment income repatriated as of the end of this period	Accumulated outward remittance for investment in China region at end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
					Outward remittance	Repatriation									
Ta Liang Technology (Lianshui) Co., Ltd. (Note 1)	Manufacturing and sales of CNC machines and accessories and development of CNC machine application software	$709,804	Investing in companies in China by investing in existing companies in third regions	$126,963	$-	$-	$126,963	$95,859 (Notes 3 and 4)	100.00%	$79,101 (Notes 3, 4, 6 and 7)	$716,993 (Notes 3 and 7)	$-	$126,963	$126,963	$2,050,433
Nanjing Ruiliang CNC Software Technology Co., Ltd. (Note 2)	Manufacturing, sales and development of software for CNC machines	$4,363	(Note 2)	$-	$-	$-	$-	$(4,250) (Notes 3 and 4)	100.00%	$(4,250) (Notes 3, 4 and 7)	$(4,186) (Notes 3 and 7)	$-	$-	$-	

Note 1: These refer to companies invested by the Company's 100% owned subsidiary TA LIANG TECHNOLOGY CO.,LTD. in China. In addition, during December 2025, Ta Liang Technology (Lianshui) Co., Ltd. and Kunshan Shuoliang Digital Co. Ltd. originally invested by the subsidiary TA LIANG TECHNOLOGY CO.,LTD., the structure was changed to having Nanjing Taliang Technology. Co., Ltd. to invest investment in Ta Liang Technology (Lianshui) Co., Ltd. and Kunshan Shuoliang Digital Co. Ltd.

Note 2: On July 20, 2023, the Board of Directors of Nanjing Taliang Tchnology. Co., Ltd.. Approved the establishment of Nanjing Ruiliang CNC Software Technology Co., Ltd.

Note 3: The amount in a foreign currency has been converted into NTD at the exchange rate on December 31, 2025.

Note 4: The basis for recognizing the investment income and losses is the financial statements for the same period that have been audited and certified by a certified public accountant (CPA) appointed by the parent company in Taiwan.

Note 5: It includes the share of profit or loss of subsidiaries, associates and joint ventures recognized using the equity method of NT$558,751 thousand, unrealized sales profit or loss recognized of NT$ (17,316) thousand, and realized sales profit or loss recognized of NT$ 19,660 thousand.

Note 6: It includes the share of profit or loss of subsidiaries, associates and joint ventures recognized using the equity method of NT$95,859 thousand, unrealized sales profit or loss recognized of NT$ (36,131) thousand, and realized sales profit or loss recognized of NT$ 19,373 thousand.

Note 7: The amount was written-off when the consolidated financial statements were prepared.

2. Significant transactions with investees in China:

   (1) Amount and percentage of purchases and ending balance of relevant payables: Please refer to Table 9.

   (2) Amount and percentage of sales and ending balance of relevant receivables: Please refer to Table 9.

   (3) Amount of property transactions and amount of resulting gains or losses: None.

   (4) Ending balance and purpose of negotiable instrument endorsements or guarantees or collateral provided: Please refer to Table 6.

   (5) Maximum balance of financing, ending balance, interest rate range, and total interest for the current period: Please refer to Table 1.

   (6) Other transactions with a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Please refer to Table 9.

XIV. Segment Information

1. The Group's revenue is mainly generated from the design and manufacture of CNC machine tools. The Group's operational decision-makers review the Company's overall operating results, in order to make decisions on the Company's resources and to assess its overall performance. Accordingly, the Company operates as a single operating segment and prepares its financial statements on the same basis as the aggregate description of the key accounting policies described in Note 4.

2. Information by region:

   (A) Income from external customers (Note):

	2025	2024
Taiwan	$924,570	$454,115
China	3,413,479	1,812,529

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

	2025	2024
Vietnam	87,409	15,025
USA	156,368	4,971
Thailand	390,822	281,738
Singapore	45,467	-
South Korea	16,686	16,286
Other countries	43,136	14,721
Total	$5,077,937	$2,599,385

Note: Revenue is classified based on the country where each customer is based.

(B) Non-current assets:

	2025.12.31	2024.12.31
Taiwan	$1,333,293	$1,321,889
China	613,496	468,142
Total	$1,946,789	$1,790,031

3. Information on major customers:

The net sales revenue of each customer in 2025 and 2024 did not reach 10% of the Group's net operating revenue and thus will not be disclosed.

Table 1

Loaning of funds to others:

Unit: NT$ Thousand

No. (Note 1)	Lender	Loan recipient	Account (Note 2)	Related party status	The highest balance during this period	Ending balance (Note 8)	Amount actually drawn	Interest rate range	Nature of loan (Note 4)	Amount of business transactions (Note 5)	Reason for necessity for short-term financing	An allowance for bad debts	Collateral		Maximum loans to individual entities	Total maximum amount of loans (Note
													Name	Value		
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	Other receivables	Y	$135,360	$-	$-	2%~ 3%	Necessity for short-term financing	$-	Business turnover	$-	-	$-	$1,196,086	$1,366,956
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	Other receivables	Y	$91,460	$-	$-	-	Necessity for short-term financing	$-	Business turnover	$-	-	$-	$1,196,086	$1,366,956
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	Other receivables	Y	$137,190	$134,880	$-	-	Business dealings	$147,211	Business dealings	$-	-	$-	$1,196,086	$1,366,956
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	Other receivables	Y	$134,880	$134,880	$134,880	2%~ 3%	Necessity for short-term financing	$-	Business turnover	$-	-	$-	$1,196,086	$1,366,956
1	Nanjing Taliang Technology. Co., Ltd.	Nanjing Ruiliang CNC Software Technology Co., Ltd.	Other receivables	Y	$2,287	$2,248	$2,248	2%~ 3%	Necessity for short-term financing	$-	Business turnover	$-	-	$-	$508,706	$1,017,411
2	Ta Liang Medtech Co., Ltd.	LIV Medical Technology Inc	Other receivables	Y	$31,430	$31,430	$31,430	5%	Necessity for short-term financing	$-	Business turnover	$-	-	$-	$31,510	$31,510
Remarks	The Company’s maximum loan to an individual entity shall be no more than 35% of the Company’s net worth. The Company's total maximum loan to a related party shall be no more than 40% of the Company’s net worth. Second-tier subsidiary’s maximum loan to an individual entity shall be no more than 20% of that company’s net worth. Second-tier subsidiary’s total maximum loan to a related party shall be no more than 40% of that company’s net worth. Subsidiary’s maximum loan to an individual entity shall be no more than 50% of that company’s net worth. Subsidiary's total maximum loan to a related party shall be no more than 50% of that company’s net worth.															

Note 1: The number shall be entered in the No. column as follows:

1. Enter 0 for the issuer.
2. Investees are numbered by company starting with the Arabic numeral 1 in order.

Note 2: Columns, such as accounts receivable from affiliates, accounts receivable from related parties, transactions with shareholders, prepayments, and temporary debits, shall be entered if they belong to financing to others.

Note 3: The maximum balance of loans to others throughout the year.

Note 4: Regarding the nature of loans to others, a business transaction or a necessity for short-term financing shall be indicated.

Note 5: If a loan to others is a business transaction, the amount of the business transaction shall be entered. The amount refers to the amount of business transactions between the company lending the funds and the loan recipient during the most recent year.

Note 6: If a loan to others is out of a necessity for short-term financing, the reason for the necessary loan and the purpose of the loan shall be stated, such as repayment of loans, purchase of equipment, or business turnover.

Note 7: The maximum loans to individual entities and the total maximum loans as stipulated in the operating procedures for loans to others shall be entered; the method of calculating loans to individual entities and the total maximum loans shall be indicated in the Remarks column.

Note 8: If the publicly listed company puts each loan to others to the Board of Directors for resolution as per Article 14, Paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even if the loan is not yet disbursed, the company shall include the amount as resolved in the balance to be announced, to disclose the risks it bears; however, if the loan is repaid later, the balance after repayment shall be disclosed to reflect the adjustment to the risks assumed. If the publicly listed company delegates its Chairman to disburse a loan in installments within a certain amount or use them in a revolving manner over a period of one year by the resolution of the Board of Directors in accordance with Article 14, Paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the amount of the loan approved by the Board of Directors shall still be included as the balance to be announced and reported. Although repayments will be made later, as funds may be disbursed again, the amount of the loan approved by the Board of Directors shall still be adopted as the balance to be announced and reported.

Table 2

Significant securities held (excluding investment in subsidiaries, associates, and joint venture equity)

Unit: In thousands of shares/NT$ thousand

Holding company name	Marketable securities types and name (Note 1)	tions with the issuer (No	Financial statement account	End of period				Remarks (Note 4)
				Number of shares/unit	Carrying amount (Note 3)	Shareholding Ratio	Fair value	
	Financial assets measured at amortized cost							
Ta Liang Technology Co., Ltd.	Nan Shan Life Insurance Co., Ltd. The first unsecured cumulative subordinated common corporate bond, Class A, issued in 2025	-	Financial assets measured at amortized cost	-	$131,950		$131,950	None
	Financial assets at fair value through profit or loss							
Ta Liang Technology Co., Ltd.	ChEmpower Corporation	-	Financial assets at fair value through profit or loss	81	$2,792	0.8%	$1,040	None
Ta Liang Technology Co., Ltd.	Intel USD corporate bonds	-	Financial assets at fair value through profit or loss	-	27,700		27,308	None
Ta Liang Technology Co., Ltd.	TSMC USD Corporate Bonds	-	Financial assets at fair value through profit or loss	-	113,269		114,004	Note 7
Add: Valuation adjustment					(1,409)			
Net Amount					$142,352			
	Financial assets at fair value through other comprehensive income							
Ta Liang Technology Co., Ltd.	Li Tsang Plastics Co., Ltd.	-	Financial assets at fair value through other comprehensive income	175	$15,000	1.69%	$1,833	None
Ta Liang Technology Co., Ltd.	eTurboTouch Technology Inc.	-	Financial assets at fair value through other comprehensive income	180	5,400	0.6%	-	None
Ta Liang Technology Co., Ltd.	JTDM Co., Ltd.	-	Financial assets at fair value through other comprehensive income	-	467	18.2%	467	None
Ta Liang Technology Co., Ltd.	aePlasma 41 Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,780	-	62.06%	-	Note 6
Ta Liang Medtech Co., Ltd.	LIV Medical Technology Inc.	-	Financial assets at fair value through other comprehensive income	1	32,640	10.00%	32,640	None
Add: Valuation adjustment					(18,567)			
Net Amount					$34,940			

Note 1: Marketable securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and marketable securities derived from the above items within the scope of IAS 9 “Financial Instruments”.

Note 2: If the marketable securities issuer is not a related party, this column is exempt.

Note 3: If it is measured at fair value, please enter the book balance in “Carrying amount” after the fair value was adjusted and the cumulative impairment loss was deducted. If it is not measured at fair value, please enter the book balance of the initial acquisition cost or amortized cost, less the cumulative impairment loss, in “Carrying amount”.

Note 4: If the marketable securities listed are subject to restricted use as they are provided as collateral, pledged for loans, or for other agreements, the number of shares provided as collateral or pledged, the amount of collateral or pledge, and the restricted use shall be indicated in the Remarks column.

Note 5: This table lists the securities that the Company is required to disclose based on the principle of materiality.

Note 6: The investee has applied for bankruptcy proceedings.

Note 7: It refers to partial collateral for short-term borrowings.

Table 3

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of paid-in capital

Unit: NT$ Thousand

Purchaser/Seller	Transaction counterparty	Relationship	Transaction				Circumstances for the differences of the trading terms from the general ones		Notes or accounts receivable/payable		Remarks
			Purchases/ Sales	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes or accounts receivable/payable	
Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	Purchase	$172,553	21.85%	Net 180 days after end of month	Same as those offered to general suppliers	Same as those offered to general suppliers	$(144,927)	38.39%	Note
Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	Sales	$110,853	7.80%	Net 180 days after end of month	Equivalent to those offered to general customers	Equivalent to those offered to general customers	$80,333	16.67%	Note

Note: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Table 4

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

Unit: NT$ Thousand

Company listed under accounts receivable	Transaction counterparty	Relations	Balance of receivables from related parties (Note 1)	Turnover	Overdue receivables from related parties		Amount of receivables from related parties recovered after the balance sheet date	An allowance for bad debts	Remarks
					Amount	Response method			
Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	A sub-subsidiary of Ta Liang Technology Co., Ltd.	Trade receivable $35,777	1.27	$-	-	$2,158	$-	Note 3
			Other receivables $134,880	-	$-	-	$-	$-	Note 3

Note 1: Please enter the accounts receivable from related parties, notes receivable, other receivables, etc. separately.

Note 2: Paid-in capital refers to that of the parent company. If the issuer's stock is no-par-value stock, or the par value per share is not NT$10, regarding the requirement that the transaction amount shall not exceed 20% of the paid-in capital, 10% of the equity attributable to the owner of the parent company on the balance sheet shall prevail.

Note 3: The amount was written-off when the consolidated financial statements were prepared.

Table 5

Names and Location of Investees (Excluding Those in Mainland China):

Unit: NT$ Thousand

Investor	Name of investee (Notes 1 and 2)	Location	Main business	Initial investment amount		Held at end of period			Investment income or loss on investees (Note 2(2))	Investment income or loss recognized for this period (Note 2(3))	Remarks
				End of this period	End of last year	Number of shares	Ratio %	Carrying amount			
Ta Liang Technology Co., Ltd.	TA LIANG TECHNOLOGY CO., LTD.	British Virgin Islands	A holding company for investment	$574,565	$574,565	18,775,600	100.00%	$2,471,726	$654,198	$654,198	Note 3
Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	Taiwan	Manufacturing and sales of medical	$70,000	$100	7,000,000	100.00%	$63,067	$(7,111)	$(7,063)	Note 3
Ta Liang Technology Co., Ltd.	Ta Liang Advanced Smart Technology Co., Ltd.	Taiwan	Assembly and sales of semiconductor equipment	$1,000	$-	100,000	100.00%	$975	$(25)	$(25)	Note 3

Note 1: If a publicly listed company has an overseas holding company in place and adopts consolidated statements as its main financial statements in accordance with local laws and regulations, the disclosure of information on overseas investees may only be listed in the information on the holding company.

Note 2: If it does not fall under the circumstances in Note 1, the information shall be entered as per the rules below:

(1) For “Name of investee”, “Location”, “Principal business”, “Initial investment”, and “Shareholdings at the end of the period”, they shall be entered based on the circumstances of this (publicly listed) company’s investment status and investment by each investee directly or indirectly in order, and the relations between each investee and this (publicly listed) company (such as a subsidiary or a sub-subsidiary) shall be indicated.

(2) The amount of profit or loss on each investee for this period shall be entered in “Profit or loss on investee for this period”.

(3) It is only necessary to enter the profit or loss on each subsidiary recognized by the (publicly listed) company as a direct investee and each investee valuated using the equity method in “Profit or loss recognized for this period”. When entering “Profit or loss on each subsidiary directly invested for this period”, it is necessary to confirm that the profit or loss on each subsidiary for this period has included the investment income or loss that should be recognized as per the rules.

Note 3: The amount was written-off when the consolidated financial statements were prepared.

Table 6

Endorsements/guarantees provided:

Unit: NT$ Thousand

No. (Note 1)	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 3)	Maximum endorsement/guarantee balance for this period (Note 4)	Endorsement/Guarantee balance at the end of the period (Note 5)	Amount actually drawn (Notes 6, 8)	Amount of property pledged for endorsements/guarantees	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum amount of endorsement/guarantee allowance (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by subsidiary (Note 7)	Guarantee provided to subsidiaries in China (Note 7)
		Company Name	Relations (Note 2)										
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	$508,706	$45,730	$-	$-	$-	-%	$1,271,764	N	N	Y
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	$508,706	$44,960	$44,960	$44,960	$-	1.77%	$1,271,764	N	N	Y
2	Ta Liang Technology (Lianshui) Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	$150,888	$45,730	$44,960	$44,960	$-	5.96%	$377,219	N	N	Y
2	Ta Liang Technology (Lianshui) Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	The Company's direct or indirect wholly-owned affiliate	$150,888	$44,960	$44,960	$44,960	$-	5.96%	$377,219	N	N	Y

Note 1: The number shall be entered in the No. column as follows:

1. Enter 0 for the issuer.
2. Investees are numbered by company starting with the Arabic numeral 1 in order.

Note 2: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; indicate the type:

1. Companies with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting shares in the Company.
4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contractual provisions based on the needs for contracting construction projects.
6. A company that is endorsed and guaranteed by all shareholders of the Company based on their ownership percentage due to a joint investment relationship.
7. Companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the Consumer Protection Act.

Note 3: The maximum endorsements/guarantees for individual entities and the total maximum endorsements/guarantees as stipulated in the operating procedures for endorsements and guarantees for others shall be entered. As per the Company's Operational Procedures for Endorsements and Guarantees for Others, the total amount of the endorsements and guarantees provided by Nanjing Taliang Technology. Co., Ltd. to external entities shall not exceed 50% of the company's net worth for the period. The amount of endorsements/guarantees for a single enterprise shall not exceed 20% of Nanjing Taliang Technology. Co., Ltd.'s net worth; however, the endorsements/guarantees provided to the Company and the Company's subsidiary shall be limited to 20% of Nanjing Taliang Technology. Co., Ltd.'s net worth. The total amount of Ta Liang Technology (Lianshui) Co., Ltd.'s external endorsements/guarantees: shall not exceed 50% of the company's net worth. The amount of endorsements/guarantees for a single enterprise shall not exceed 20% of Ta Liang Technology (Lianshui) Co., Ltd.'s net worth.

Note 4: It shall be the maximum balance of endorsements/guarantees for others for the year.

Note 5: The amount approved by the Board of Directors shall be entered. However, when the Board of Directors delegates the Chairman to make a decision in accordance with Article 12, Subparagraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the Chairman.

Note 6: The actual amount of the endorsements/guarantees drawn by the endorsed/guaranteed within the scope of the endorsement/guarantee balance shall be entered.

Note 7: "Y" shall be entered in cases of endorsement/guarantee by the publicly listed parent company to a subsidiary; by a subsidiary to the publicly listed parent company; to entities in China.

Note 8: The actual amount drawn includes the amount of endorsements/guarantees that is drawn by the endorsed/guaranteed in the form of a note.

Table 7

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

Unit: NT$ Thousand

Purchaser/Seller	Name of transaction counterparty	Relationship	Transaction				Circumstances for the differences of the trading terms from the general ones		Notes or accounts receivable/payable		Remarks
			Purchases/ Sales	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes or accounts receivable/payable	
Ta Liang Technology (Lianshui) Co., Ltd.	Ta Liang Technology Co., Ltd.	A sub-subsidiary of Ta Liang Technology Co., Ltd.	Sales	$172,553	13.00%	Net 180 days from the end of each month	Equivalent to those offered to general customers	Equivalent to those offered to general customers	$144,927	12.48%	Note
Ta Liang Technology (Lianshui) Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	A sub-subsidiary of Ta Liang Technology Co., Ltd.	Sales	$721,764	54.39%	Net 180 days from the end of each month	Equivalent to those offered to general customers	Equivalent to those offered to general customers	$553,456	47.66%	Note
Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology Co., Ltd.	A sub-subsidiary of Ta Liang Technology Co., Ltd.	Purchase	$110,853	4.03%	Net 180 days from the end of each month	Same as those offered to general suppliers	Same as those offered to general suppliers	$(80,333)	5.43%	Note

Note: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Table 8

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

Unit: NT$ Thousand

Company listed under accounts receivable	Transaction counterparty	Relations	Balance of receivables from related parties (Note 1)	Turnover	Overdue receivables from related parties		Amount of receivables from related parties recovered after the balance sheet date	An allowance for bad debts	Remarks
					Amount	Response method			
Ta Liang Technology (Lianshui) Co., Ltd.	Ta Liang Technology Co., Ltd.	A sub-subsidiary of Ta Liang Technology Co., Ltd.	Trade receivable $144,927	1.90	$-	-	$57,533	$-	Note 3
Ta Liang Technology (Lianshui) Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	A sub-subsidiary of Ta Liang Technology Co., Ltd.	Trade receivable $553,456	1.69	$-	-	$-	$-	Note 3

Note 1: Please enter the accounts receivable from related parties, notes receivable, other receivables, etc. separately.

Note 2: Paid-in capital refers to that of the parent company. If the issuer's stock is no-par-value stock, or the par value per share is not NT$10, regarding the requirement that the transaction amount shall not exceed 20% of the paid-in capital, 10% of the equity attributable to the owner of the parent company on the balance sheet shall prevail.

Note 3: The amount was written-off when the consolidated financial statements were prepared.

Table 9

Business relationships and significant transactions between the parent company and subsidiaries and between the subsidiaries | Unit: NT$ Thousand

Serial No. (Note 1)	Name	Transaction party	Relations with transaction counterparties (Note 2)	Transaction status			
				Item	Amount (Note 4)	Transaction condition	As a percentage of consolidated total revenue or assets (
	2025.01.01~2025.12.31						
0	Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	1	Rental income	$1,133	-	0.02%
0	Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	1	Other income	65	-	0.00%
0	Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	1	Other receivables	304	-	0.00%
0	Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	1	Other payables	78	-	0.00%
0	Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	1	Refundable deposits	182	-	0.00%
0	Ta Liang Technology Co., Ltd.	Ta Liang Medtech Co., Ltd.	1	Deposits received	612	-	0.01%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Sales revenue	110,853	Same as those offered to general customers	2.18%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Purchase	90,432	Same as those offered to general suppliers	1.78%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Trade receivable	80,333	Same as those offered to general customers	0.96%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Accounts payable	70,872	Same as those offered to general suppliers	0.84%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Selling expenses	3	-	0.00%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Research expenses	3	-	0.00%
0	Ta Liang Technology Co., Ltd.	Nanjing Taliang Technology. Co., Ltd.	1	Other income	252	-	0.00%
0	Ta Liang Technology Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	1	Purchase	30	Same as those offered to general suppliers	0.00%
0	Ta Liang Technology Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	1	Accounts payable	150	Same as those offered to general suppliers	0.00%
0	Ta Liang Technology Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	1	Selling expenses	104	-	0.00%
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	1	Sales revenue	54,196	Same as those offered to general customers	1.07%
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	1	Purchase	172,553	Same as those offered to general suppliers	3.40%
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	1	Trade receivable	35,777	Same as those offered to general customers	0.43%
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	1	Accounts payable	144,927	Same as those offered to general suppliers	1.72%
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	1	Other income	586	-	0.01%
0	Ta Liang Technology Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	1	Other receivables	134,880	-	1.60%
1	Nanjing Taliang Technology. Co., Ltd.	TA LIANG TECHNOLOGY CO., LTD.	3	Other receivables	36,573	-	0.43%
1	Nanjing Taliang Technology. Co., Ltd.	Nanjing Ruiliang CNC Software Technology Co., Ltd.	3	Other receivables	2,248	-	0.03%
1	Nanjing Taliang Technology. Co., Ltd.	Nanjing Ruiliang CNC Software Technology Co., Ltd.	3	Prepayments to suppliers	2,023	-	0.02%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Sales revenue	9,114	Same as those offered to general customers	0.18%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Purchase	4,093	Same as those offered to general suppliers	0.08%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Trade receivable	3,264	Same as those offered to general customers	0.04%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Accounts payable	12,391	Same as those offered to general suppliers	0.15%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Other income	334	-	0.01%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Other receivables	187	-	0.00%
1	Nanjing Taliang Technology. Co., Ltd.	Kunshan Shuoliang Digital Co. Ltd.	3	Selling expenses	39,804	-	0.78%
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Sales revenue	36,022	Same as those offered to general customers	0.71%
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Purchase	721,764	Same as those offered to general suppliers	14.21%
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Trade receivable	32,676	Same as those offered to general customers	0.39%
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Accounts payable	553,456	Same as those offered to general suppliers	6.58%
1	Nanjing Taliang Technology. Co., Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Selling expenses	85	-	0.00%
2	Kunshan Shuoliang Digital Co. Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Service income	32,862	Same as those offered to general customers	0.65%
2	Kunshan Shuoliang Digital Co. Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Sales revenue	64	Same as those offered to general customers	0.00%
2	Kunshan Shuoliang Digital Co. Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Purchase	1,954	Same as those offered to general suppliers	0.04%
2	Kunshan Shuoliang Digital Co. Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Trade receivable	10,228	Same as those offered to general customers	0.12%
2	Kunshan Shuoliang Digital Co. Ltd.	Ta Liang Technology (Lianshui) Co., Ltd.	3	Accounts payable	567	Same as those offered to general suppliers	0.01%

Note 1: The information on business transactions between the parent and subsidiaries shall be indicated in the No. column. The number shall be filled in as follows:

1. Enter 0 for parent company.
2. Subsidiaries are numbered by company starting with the Arabic numeral 1 in order.

Note 2: The relations with the transaction counterparties are classified into three categories as follows; indicate the category:

1. Parent to subsidiary
2. Subsidiary to parent.
3. Subsidiary to parent company.

Note 3: The transaction amount as a percentage of the total consolidated revenue or total assets shall be calculated as the ratio of the ending balance to the total consolidated assets if it is an asset or liability item, or as the ratio of the interim cumulative amount to the total consolidated revenue if it is a profit or loss item.

Note 4: The Company may decide whether to list important transactions in this table based on the principle of materiality.