Stock Code: 6165

Lang Inc.

Parent Company Only Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2025 and 2024

Company address: 4F, No. 506, Section 5, Zhongshan North Road, Shilin District, Taipei City

Telephone: (02) 2731-0868

Table of Contents

Independent Auditors' Review Report

To the Board of Directors of Lang Inc.:

Audit Opinion

We have audited the accompanying parent company only balance sheets of Lang Inc. (hereinafter referred to as the “Company”) as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, parent company only statements of changes in equity, parent company only statements of cash flows as of January 1 to December 31, 2025 and 2024, and notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, based on our audit results and the audit reports of other public accountants, the aforementioned parent company only financial statements present fairly, in all material aspects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and parent company only cash flows as of January 1 to December 31, 2025 and 2024 in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis of Audit Opinion

We have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company according to the CPA Code of Professional Ethics, and we have fulfilled our other ethical responsibilities according to 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 those matters that, in our professional judgment, were of most significance in the audit of the Company’s parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company’s financial statements are states as follows:

I. Goodwill impairment of investments accounted for using the equity method

Please refer to Notes 4(7) and (8) of the parent company only financial statements for the accounting policy of investment accounted for under the equity method. Please refer to Note 4(13) of the parent company only financial statements for explanation related to goodwill impairment. Please refer to Note 5(1) of the parent company only financial statements for accounting estimates and assumption uncertainty of goodwill impairment of long-term investments under the equity method. Please refer to Note 6(6) of the of the parent company only financial statements for investments under the equity method.

Description of Key Audit Matters:

The long-term investment under the equity method of the Company, as of the financial reporting date, accounted for 32% of the consolidated total assets, and the assessment of goodwill impairment of long-term investment under the equity method needs to rely on the estimate of the management. Accordingly, the assessment of goodwill impairment is identified as a key audit matter for the execution of the audit of the financial statements of the Company.

Corresponding Audit Procedures:

The principal audit procedures for the above key audit matters include assessing the impairment policy of goodwill, obtaining goodwill impairment assessment documents, in order to assess the reasonableness of the good impairment recognized.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the R.O.C. will always detect a material misstatement when it exists in the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidences 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 internal control of the Company.
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 Company and their ability to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the parent company only financial statements are required to be provided in our audit report to allow users of parent company only financial statements to be aware of such events or circumstances, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements(including the notes to the statements), and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of investees under equity method, and expressing an opinion on parent company only financial statements. We are responsible for the direction, supervision and performance of the audit of the investees, and we remain solely responsible for our audit opinion for the Company.

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 have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the R.O.C., and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

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

KPMG Taiwan

Certified public accountant:

Approval reference number of the securities authority : Jin-Guan-Zheng-Shen-Zi No. 1140131922
Jin-Guan-Zheng-Shen-Zi No. 1040003949

March 12, 2026

Lang Inc.

Balance Sheet

December 31, 2025 and 2024

Unit: NT$ thousand

Code	Assets	2025.12.31 Amount	%	2024.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1))	$ 351,322	14	248,620	14
1136	Current financial assets at amortized cost (Notes 6(3) and 8)	-	-	150,000	8
1170	Accounts and notes receivable, net (Notes 6(4) and (20))	37	-	22	-
1200	Other receivables (Note 6 (5))	9,613	-	4,046	-
1210	Other receivables related parties	5,325	-	-	-
1220	Current tax assets	1,519	-	1,486	-
1410	Prepayments	662	-	3,468	-
1470	Other current assets	-	-	135	-
	Total current assets	368,478	14	407,777	22
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Notes 6 (2) and (7))	42,510	2	35,196	2
1535	Non-current financial assets at amortized cost (Notes 6(3) and (8))	53,431	2	97,044	5
1550	Investment accounted for under the equity method (Note 6(6))	848,923	32	542,685	31
1600	Property, plant and equipment (Notes 6 (7) and (8))	1,285,302	49	681,009	39
1755	Right-of-use assets (Note 6(8))	4,856	-	3,503	-
1760	Investment property, net (Note 6(9))	14,312	1	14,588	1
1900	Other non-current assets (Note 6(7))	3,265	-	1,845	-
	Total non-current assets	2,252,599	86	1,375,870	78
	Total assets	$ 2,621,077	100	1,783,647	100

Code	Liabilities and equity	2025.12.31 Amount	%	2024.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6 (10))	$ 250,000	9	-	-
2170	Accounts payable	582	-	91	-
2200	Other payables	23,180	1	25,283	1
2280	Lease liabilities - current (Note 6(13))	2,806	-	1,549	-
2300	Other non-current liabilities	3,389	-	1,751	-
	Total current liabilities	279,957	10	28,674	1
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6 (12))	279,304	11	268,886	16
2581	Lease liabilities - non-current (Note 6(13))	2,088	-	1,967	-
2540	Long-term borrowings (Note 6(11))	500,000	19	35,000	2
2572	Deferred income tax liabilities (Note 6(15))	156	-	156	-
2600	Other non-current liabilities	174	-	174	-
	Total non-current liabilities	781,722	30	306,183	18
	Total liabilities	1,061,679	40	334,857	19
	Equity attributable to owners (Note 6(16)):				
3110	Common shares	777,526	30	777,526	44
3200	Additional paid-in capital	494,414	19	471,635	26
3310	Statutory reserves	22,684	1	14,744	1
3350	Unappropriated retained earnings	434,747	17	180,994	10
3500	Treasury stock	(156,063)	(6)	-	-
3400	Other equity	(13,910)	(1)	3,891	-
	Total equity	1,559,398	60	1,448,790	81
	Total liabilities and equity	$ 2,621,077	100	1,783,647	100

(Please refer to the notes of the Individual Financial Statements enclosed for detail)

Chairman: Wang, Yi-Heng **Manager: Wang, Yi-Heng** **Accounting Officer: Chen, Hua-Tze**

Lang Inc.

Statement of Comprehensive Income

For the years ended December 31, 2025 and 2024

Unit: NT$ thousand

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(19) and 7)	$ 23,734	100	14,208	100
5000	**Operating costs**	357	2	465	3
	Gross profit	23,377	98	13,743	97
	Operating expenses (Note 6 (4) (5) (13) (14) (20) and 7):				
6100	Selling expenses	17	-	586	
6200	Administrative expenses	58,578	247	60,634	
6450	Expected credit loss (gain)	-	-	(1,777)	(13)
	Total operating expenses	58,595	247	59,443	418
	Operating loss	(35,218)	(149)	(45,700)	(321)
	Non-operating income and expenses (Note 6 (21)):				
7100	Interest income	7,232	30	7,356	52
7010	Other income	32,170	136	15,919	112
7020	Other gains and losses (Notes 6(2) and (12))	2,028	9	12,425	87
7050	Financial costs	(19,969)	(84)	(3,277)	(23)
7060	Share of profits/losses on equity-accounted associated companies and joint ventures (Note 6(6))	322,028	1,357	92,677	652
	Total non-operating incomes and expenses	343,489	1,448	125,100	880
	Net income before tax	308,271	1,299	79,400	559
7950	**Less: Income tax expenses (Note 6(14))**	-	-	-	-
	Net income	308,271	1,299	79,400	559
8300	**Other comprehensive income (loss):**				
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(6,337)	(27)	3,425	24
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total of items possibly recategorized to profits and losses later	(6,337)	(27)	3,425	24
8300	**Other comprehensive income**	(6,337)	(27)	3,425	24
8500	**Total comprehensive income for this period**	**$ 301,934**	**1,272**	**82,825**	**583**
	Earnings per share (Unit: NT$)(Note 6(18)):				
9750	**Basic earnings per share**	**$ 4.02**		**1.04**	
9850	**Diluted earnings per share**	**$ 3.59**		**1.03**	

(Please refer to the notes of the Individual Financial Statements enclosed for detail)

Chairman: **Wang, Yi-Heng** **Manager:** **Wang, Yi-Heng** **Accounting Officer:** **Chen, Hua-Tze**

Lang Inc.
Statement of Changes in Equity
For the years ended December 31, 2025 and 2024

Unit: NT$ thousand

			Retained earnings			Other equity items			
	Common shares	Additional paid-in capital	Statutory reserves	Special reserves	Undistributed earnings (losses to be covered)	Exchange differences on translation of foreign financial statements	Unearned employee remuneration	Treasury stock	Total equity
Balance as of January 1, 2024	$ 627,526	149,812	13,932	568	132,939	466	-	-	925,243
Net income	-	-	-	-	79,400	-	-	-	79,400
Other comprehensive income	-	-	-	-	-	3,425	-	-	3,425
Total comprehensive income for this period	-	-	-	-	79,400	3,425	-	-	82,825
Appropriation and distribution of earnings:									
Legal reserve appropriated	-	-	812	-	(812)	-	-	-	-
Reversal of special reserve	-	-	-	(568)	568	-	-	-	-
Cash dividends of common shares	-	-	-	-	(31,101)	-	-	-	(31,101)
Issue of shares	150,000	302,500	-	-	-	-	-	-	452,500
Conversion of convertible bonds	-	15,787	-	-	-	-	-	-	15,787
Share-based payments	-	3,536	-	-	-	-	-	-	3,536
Balance on December 31, 2024	777,526	471,635	14,744	-	180,994	3,891	-	-	1,448,790
Net income	-	-	-	-	308,271	-	-	-	308,271
Other comprehensive income	-	-	-	-	-	(6,337)	-	-	(6,337)
Total comprehensive income for this period	-	-	-	-	308,271	(6,337)	-	-	301,934
Appropriation and distribution of earnings:									
Legal reserve appropriated	-	-	7,940	-	(7,940)	-	-	-	-
Cash dividends of common shares	-	-	-	-	(45,854)	-	-	-	(45,854)
Repurchase of treasury stock	-	-	-	-	-	-	-	(295,012)	(295,012)
Transfer of treasury shares to employees	-	-	-	-	-	-	-	138,949	138,949
Share-based payments	-	22,707	-	-	-	-	(11,464)	-	11,243
forfeited stock options	-	72	-	-	-	-	-	-	72
Increase/decrease of non-controlling interests	-	-	-	-	(724)	-	-	-	(724)
Balance on December 31, 2025	**$ 777,526**	**494,414**	**22,684**	**-**	**434,747**	**(2,446)**	**(11,464)**	**(156,063)**	**1,559,398**

(Please refer to the notes of the Individual Financial Statements enclosed for detail)

Chairman: Wang, Yi-Heng **Manager: Wang, Yi-Heng** **Accounting Officer: Chen, Hua-Tze**

Lang Inc.

Statement of Cash Flows

For the years ended December 31, 2025 and 2024

Unit: NT$ thousand

	2025	2024
Cash flows from operating activities:		
Net income before income tax	$ 308,271	79,400
Adjustments:		
Income and expenses		
Depreciation expense	7,904	5,058
Interest revenue	19,969	3,277
Interest income	(7,232)	(7,356)
Share-based payments	6,990	3,536
Share of profit or loss of associates accounted for using equity method	(322,028)	(92,677)
Gain on disposal of investment	(4,688)	2,168
Gain on valuation of financial assets	61	(75)
Total adjustments to reconcile profit (loss)	(299,024)	(90,405)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(15)	(22)
Decrease (increase) in other receivables	(5,567)	18,177
Decrease (increase) in other receivables–related parties	(5,325)	-
(Increase) in prepayments	2,806	8,538
(Increase) in other current assets)	135	2
(Increase) in other non-current assets	(1,420)	(1,660)
Increase (decrease) in accounts payable	491	38
(Decrease) in other payables	(2,103)	20,708
Increase (decrease) in other current liabilities	1,638	266
Cash inflow (outflow) from operations	(113)	35,042
Interest received	7,232	7,356
Income tax paid	(33)	(544)
Interest paid	(9,551)	(2,059)
Dividends received	117,397	33,096
Net cash generated from operating activities	114,932	72,891
Cash flow from investing activities:		
Acquisition of financial assets at amortized cost	-	(217,044)
Proceeds from disposal of financial assets at amortized cost	193,613	-
Acquisition of financial assets at fair value through profit or loss	(2,686)	(5,070)
Acquisition of investments by equity method	(100,000)	(80,000)
Acquisition of property, plant and equipment	(609,533)	(1,259)
Decrease in refundable deposits	(1)	(1)
Net cash outflow from investment activities	(518,607)	(303,374)
Cash flow from financing activities:		
Proceeds from short-term debt	250,000	-
Issuance of corporate bonds	-	282,885
Proceeds from long-term debt	500,000	35,000
Repayments of long-term debt	(35,000)	(544,000)
Payments of lease liabilities	(2,363)	(1,192)
Issue of shares	-	452,500
Cost of treasury stock repurchase	(295,012)	-
Employee purchase of treasury shares	138,949	-
Dividends paid	(45,854)	(31,101)
Net cash inflow from financing activities	510,720	194,092
Effect of exchange rate fluctuations on cash and cash equivalents	(4,343)	(274)
Increase (decrease) in cash and cash equivalents of the current period	102,702	(36,665)
Cash and cash equivalents at beginning of period	248,620	285,285
Cash and cash equivalents at end of period	$ 351,322	248,620

(Please refer to the notes of the Individual Financial Statements enclosed for detail)

Chairman: Wang, Yi-Heng **Manager: Wang, Yi-Heng** **Accounting Officer: Chen, Hua-Tze**

Lang Inc.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2025 and 2024
(Unless otherwise stated, all amounts are in NT$ thousand)

I Company History

LANG INC. (hereinafter referred to as “the Company”) was establish at April 18, 1973 under the permission of Ministry of Economic Affairs. The Company changed its name to Lang INC. by the resolution of the shareholders meeting at December 31,2020 and is registered at 4F, No. 506, Section 5, Zhongshan North Road, Shilin District, Taipei City The main business of the Company is the assembly, processing, manufacturing, trading and cultural creation of various precision machinery, parts and instruments.

II Approval Date and Procedures of the Parent Company Only Financial Statements

The parent company only financial statements were approved and authorized for issuance by the Board of Directors on March 12, 2026.

III Application of New and Amended International Financial Reporting Standards

(I) The impact of the adoption of the new and revised standards and interpretations approved by the FSC

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

- Amendment to IAS 21 "Lack of Convertibility"

(II) Effect of not adopting the IFRS endorsed by the FSC

The initial application of the following newly amended IFRSs endorsed and issue into effect since January 1, 2026 evaluated to be applicable to the Company will not have a significant effect on the parent company only financial statements of the Company.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IFRS 9 and IFRS 7 "Amendment to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Involving Dependence on Renewable Electricity”

(III) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The standards and interpretations issued by IASB but not yet endorsed and issued into effect by the FSC that may be related to the Company are as follows:

New Announcement or Amendment of Standards	Main Content of Amendment	Effective Date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies. • More structured income statement: Under the current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across different companies. The new standard adopts a more structured income statement, introducing a newly defined subtotal for "operating profit" and requiring all income and expenses to be classified into three new distinct categories according to the company's main operating activities. • Management performance measures (MPMs): The new standard introduces a definition for management performance measures and requires companies to explain in a single note in the financial statements why each measure provides useful information, how it is calculated, and how it reconciles with amounts recognized in accordance with International Financial Reporting Standards. • More disaggregated information: The new standard includes guidance on how companies should enhance the grouping of	January 1, 2027 Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 for fiscal year 2028. If a company wishes to early adopt IFRS 18, it may do so upon approval by the FSC after the standard has been endorsed by the FSC.

New Announcement or Amendment of Standards	Main Content of Amendment	Effective Date per IASB
	information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.	

The Company is currently assessing the impact of the aforementioned standards and interpretations on the financial status and business result of the Company, and relevant impacts will be disclosed after the completion of the assessment.

The following newly promulgated and amended standards not yet approved are not expected to have material impact on the parent company only financial statements of the Company.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and Amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

IV Summary of Material Accounting Policies

The significant accounting policies applied in the preparation of the parent company only financial statements are summarized as follows. Unless otherwise stated, the following accounting policies have been applied consistently throughout the presented periods in the parent company only financial statements.

(I) Statement of Compliance

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

(II) Basis of preparation

1. Basis of measurement

Except for the financial assets measured at fair value through profit or loss, these parent company only financial statements have been prepared on a historical cost basis.

2. Functional currency and presentation currency

The functional currency of each entity of the Company is determined based on the primary economic environment in which each entity operates. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars have been rounded to the nearest thousand.

(III) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each of the subsequent reported are remeasured to the functional currency at the exchange at that date. Non-monetary items measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

The foreign exchange difference arising from the conversion is typically recognized in profit or loss; however, it shall be recognized under other comprehensive income or loss for the following conditions:

(1) When it is designated to be equity instruments at fair value through other comprehensive income:

(2) When the translation of financial liability designated of a net investment in a foreign operation is within the effective extend of the hedge.

(3) Qualified cash flow hedge is within the effective extend of the hedge.

2. Foreign operations

The assets and liabilities of foreign operations include the reputation and fair value adjustment at the time of acquisition, and it is converted into NTD according to the exchange rate on the report date. The profit and loss items are converted into NTD according to the average exchange rate of the current period, The exchange difference generated is recognized as other comprehensive income or loss.

In case of disposition of foreign operation leading to loss of control, joint control or material impact, the accumulated exchange difference related to the foreign operation shall be reclassified as profit or loss in full. During partial disposition of subsidiary involving foreign operation, relevant accumulated exchange difference shall be reclassified as non-controlling interest proportionally. During partial disposition of affiliated enterprise or joint venture investment involving foreign operation relevant accumulated exchange difference shall be reclassified as profit or loss proportionally.

For monetary account receivables or payable of a foreign operation, if there is no repayment plan and repayment cannot be made in a foreseeable future, the foreign exchange profit or loss arising therefrom shall be treated as part of the net investment on such foreign operation institution such that it shall be recognized as other comprehensive income or loss.

(IV) Criteria for classifying assets and liabilities into current and non-current

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

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

1. Liabilities that are expected to be settled within the normal operating cycle;
2. The liability is held mainly for the purpose of trading;
3. Liabilities due to be settled within 12 months after the reporting period; or
4. At the end of the reporting period, the Company does not have the right to defer the settlement of the liability for at least 12 months after the reporting period.

(V) Cash and cash equivalents

Cash comprises cash on hand and bank. Cash equivalents refer to short-term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short-term cash commitment rater than investment, to be classified as cash equivalents.

(VI) Financial instruments

Accounts receivable and debt securities issued are initially recognized upon receipt. All other financial assets and financial liabilities were initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets not measured at fair value through profit or loss (excluding account receivables not containing significant financial component) or financial liabilities were initially measured at fair value plus the transaction cost directly attributed to the acquisition or issuance thereof. Accounts receivables not containing significant financial component was initially measured at the transaction price.

1. Financial assets

For the purchase or sale of financial assets complying with regular trading, the

Company uses the same method to classify the financial assets. All of the purchase and sale disposals of financial assets are recognized using trade-date or settlement-date accounting.

During the initial recognition, the financial assets are classified into the following categories: facial assets measured at amortized cost, debt instrument measured at fair value through other comprehensive income, investments in equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. The Company reclassifies all affected financial assets starting on the first day of the next reporting period only when it changes its business model for managing its financial assets.

(1) Financial assets at amortized cost

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

- It is held within business model whose objective is to hold assets to collect contractual cash flows.
- The assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Such assets subsequently uses the initially recognized amount plus or less the accumulated amortized value at effective interest method, and adjust any allowance loss measured at amortized cost. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. The gain or loss on derecognition is recognized in profit or loss.

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

A debt instrument investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at FVTPL:

- It is held within business model whose objective is to hold assets to collect contractual cash flows and to sell.
- The assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

It refers to an irrevocable choice made during the initial recognition of the Company, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income. The aforementioned choice is made according to the instrument basis item by item.

Debt instrument investment is subsequently measured at fair value. Income revenue is calculated according to effective interest rate, foreign exchange loss and impairment loss are recognized under profit or loss, and the rest of net gains or losses are recognized as other comprehensive income. At the time of derecognition, the other comprehensive income accumulated is reclassified as profit or loss.

Equity instrument investment is subsequently measured at fair value. Dividend income (unless it clearly represents the return of parts of the investment cost) is recognized in profit or loss. The rest of net profit or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company’s right to receive payment is established (normally refers to the ex dividend date).

(3) Financial assets at fair value through profit or loss:

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income (e.g., held for trading and financial assets that are managed and evaluated at fair value on a fair value basis) are measured at fair value through profit or loss, including derivative financial assets. At the initial recognition, in order to eliminate or significantly reduce the improper accounting ratio, the Company may designate the financial assets measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss.

Subsequently, such assets are measured at fair value, and the net profit or loss (including any dividend and interest income) is recognized in profit or loss.

(4) Impairment of financial assets

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

The Company measures loss allowances at amount equal to lifetime expected credit loss (ECL), except for the following which are measured at 12-month ECL:

・ Debt securities that are determined to have low credit risk at the reporting date; and
・ Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equals to lifetime ECL.

To determine whether the credit risk has significantly increased after the initial recognition, the Company considers reasonable and proofable information (information that can be obtained without excessive cost or investment), including qualitative and quantitative information, and the analysis conducted by the Company based on the past experience, credit assessment and prospective information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligation to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events cover the expected life of a financial instrument.

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

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

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

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

- Significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security due to financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The allowance loss of a debt instrument measured at fair value through other comprehensive income refers to the adjusted profit or loss and is recognized in the other comprehensive income (its carrying amount is not reduced).

The gross carrying amount of a financial asset is written off, either in full or partially, to the extend that there is no realistic prospect of recovery. For personal accounts, the Company's policy is to write off the total carrying amount when the financial assets are overdue for more than 90 days based on the past experience in the recovery of similar assets. For corporate account, the Company individually analyzes the write-off timing and amount based on whether it is reasonably expected to be recovered. Th Company expects that the written off amount will not have significant reverse. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(5) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights of the cash flows from the asset are terminated, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party, or when nearly all risks and rewards of ownerships are not transferred and not retained and the control of the financial asset is not retained.

When the Company signs a transaction for transferring financial assets, if all or nearly all of the risks and rewards of the ownerships of the assets transferred are retained, then it is still continued to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of debt or equity

The debts and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of contract agreements and the definition of financial liabilities and equity instruments.

(2) Equity transactions

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

(3) Treasury stock

When the Company repurchases its own equity instruments previously recognized, the consideration paid, including any directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. Subsequent sale or reissuance of treasury shares is recognized as an increase in equity, and the resulting surplus or deficit arising from the transaction is recognized in capital surplus or retained earnings (if capital surplus is insufficient to offset the deficit).

(4) Compound financial instruments

The compound financial instruments issued by the Company refer to convertible corporate bonds (valued in NTD) of options held by owner for converting into capital share, and the quantity of the shares issued does not change along with the change of the fair value.

For the liability component of compound financial instruments, its amount initially recognized is measured at the fair value of similar liabilities excluding the equity conversion right. The initially recognized amount of the equity component is measured based on the difference between overall compound financial instrument fair value and the liability component fair value. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the liability and equity.

After initial recognition, the liability component of the compound financial instruments is subsequently measured at amortized cost calculated using the effective interest method. For the equity component of compound financial instruments, after initial recognition, it shall not be remeasured.

The interest related to the financial liabilities is recognized in profit or loss. When financial liabilities are reclassified as equity during the conversion, such conversion is not recognized in profit or loss.

(5) Financial liabilities

Financial liabilities are subsequently measured either at amortized cost or at FVTPL. Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or is designated as at fair value through profit or loss. FVTPL are stated at fair value, with any relevant net gains or losses, including any interest expense, recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost calculated using the effective interest method. Interest expense and exchange gain and loss are recognized in the profit or loss. On derecognition, any profits or losses are recognized in the profit or loss.

(6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or canceled or has expired. When there is change to the financial liabilities terms and there is significant difference in the cash flow of liabilities after revision, then the original financial liabilities are derecognized, and the revised terms are used as the basis for the recognition of the new financial liabilities at fair value.

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

(7) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company currently has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(VII) Investment in associates

Associate refers to an entity to which the Company has material impact on its financial and operational policies, excluding controlling of joint controlling thereof.

The Company adopts the equity method for the equity of an associate. Under the equity method, it is reorganized at cost during the initial acquisition, and the investment cost includes the transaction cost. The carrying amount of the invested associate includes the reputation identified during the initial investment, less any accumulated impairment loss.

The parent company only financial statements include, from the date having material impact to the date of losing material impact, and after making consistent accounting policy adjustment with the Company, the Company recognizes the profit or loss and the amount of other comprehensive income or loss of each invested associate according to the equity ratio. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the associate held by the Company is not affected, the Company then recognizes all of the equity change as the “capital reserve” according to the shareholding percentage.

The unrealized profit and loss arising from the transactions between the Company and the associate is recognized in the enterprise’s financial statements only within the equity scope of the investor irrelevant to the associate.

When the loss amount of the associate required for recognition proportionally by the Company equals to or exceeds the its equity in the associate, its loss is no longer recognized, and additional loss and relevant liabilities are recognized only within the scope of occurrence of statutory obligation, presumed obligation or payments made on behalf of the investee.

Once the investment is not classified as investment in associates, the Company stops using the equity method and measures the retaining earnings at fair value. The differences between the fair value of the retaining earnings, proceeds from disposal and the carrying amount of the investment on the date when the equity method is discontinued are recognized in profit or loss of the period. If the Company's ownership interest in an associate is reduced but the equity method continues to be applied, the Company will reclassify and adjust the previously recognized gain or loss related to the decrease in ownership interest in accordance with the above method and proportion.

During the issuance of new shares by an associate, if the Company fails to subscribe according to the shareholding percentage such that there is a change in the shareholding percentage, leading to change in the equity net value of the investment, the change is used to adjust the capital surplus and the investment under equity method. If such adjustment is to offset the capital surplus, but the capital surplus remaining balance from the investment under equity method is insufficient, the deficit is debited as retained earnings. However, if the Company fails to subscribe according to the shareholding percentage such that its ownership equity on an associate is reduced, the amount related to the associate previously recognized in the other comprehensive income or loss is then reclassified according to the reduced ratio. The basis of the accounting procedure shall be identical to the basis required to be complied by the associate making direct disposition of relevant assets or liabilities.

(VIII) Investments in subsidiaries

During the preparation of the parent company only financial statements, the Company uses the equity method for valuation of investees with controlling power. Under the equity method, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

Changes to the ownership interest of the subsidiaries made by the Company that have not caused the loss of the control thereof, are handled as interest transaction with the owner.

(IX) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less subsequent accumulated depreciation and any subsequent accumulated impairment loss.

When the useful lifetimes of the major component parts of the property, plant and equipment are different, then it is handled as an independent item (main component) of the property, plant and equipment.

The gain or loss arising from the disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

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

3. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount from its original cost and is depreciated using the straight-line method over its useful life in order to be recognized in profit or loss.

Land is not depreciated.

The estimated useful lives, for current and comparative years, are as follows:

(1) House and buildings 50–55 years
(2) Leasehold improvements 3 years
(3) Other equipment 2 years
(4) Transportation equipment 5 years

Depreciation methods, useful lives and residual values are reviewed by the Company at each reporting date, and are adjusted appropriately when it is determined necessary.

4. Reclassification to investment property

When the purpose of a property for own use is changed to an investment property, such property is reclassified to investment property based on the carrying amount at the time of change of its purpose.

(X) Investment property

Investment property is measured at the initial cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value are handled in the same manner as the requirements for property, plant and equipment.

The profit or loss from disposition of investment property (calculated based on the difference between the net disposition amount and the carrying amount of such item) is recognized in profit or loss.

(XI) Leases

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

1. As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether the right-of-use has any impairment and handles any impairment loss already incurred, and under the condition where remeasurement on the lease liability occurs, the right-of-use-asset is adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. If the implicit rate in the lease can be reliably determined, the rate shall serve as the discount rate. If the rate cannot be reliably determined, the Company's incremental borrowing rate shall apply. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

(1) Fixed payments, including in-substance fixed payments;
(2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) Amounts expected to be payable under a residual value guarantee; and
(4) The exercise price under a purchase option or lease termination that the Company is reasonably certain to exercise, or penalties required for a lease.

The lease liability is measured at amortized cost using the effective interest method, and it is remeasured under the following conditions:

(1) There is a change in future lease payments arising from the change in an index or rate;
(2) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
(3) There is a change of its assessment on whether it will exercise an option to purchase the underlying asset;
(4) There is a change of its assessment on the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or
(5) There is any lease modifications affecting the underlying asset, scope, or other terms of the lease.

When the lease liability is remeasured due to the aforementioned change in future lease payments arising from a change in an index or rate, change in residual value guarantee and change in purchase, extension or termination option assessment, a corresponding adjustment is made to the carrying amount of the right-of-use asset, and it is recorded in profit or loss when the carrying amount of the right-of-use asset has been reduced to zero.

For change of lease in the reduction of the scope of lease, the carrying amount of the right-of-use asset is reduced in order to reflect the termination of all or a portion of the lease, and the amount of difference with the lease liability is remeasured for recognition in profit or loss.

The Company presents right-of-use assets and lease liability that do not meet the definition of investment property in single items in the balance sheet respectively.

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

2. As a lessor

For transactions with the Company as the lessor, the lease contracts are classified on the lease establishment date depending on whether nearly all of the risks and remunerations associated with the subject property ownership are transferred. If true, it is classified as financial lease; if false, it is classified as operating lease. During evaluation, the Company considers relevant specific indicators including whether lease period covers the key components of the subject property economic lifetime.

If the Company is a sub-lessor, the primary lease and sub-lease transactions are dealt with separately, and the right-of-use assets generated from the primary lease is used to evaluate the classification of the sub-lease transactions. If the primary lease refers to a short-term lease and is exempted for recognition, then the sub-lease transaction shall be classified as operating lease.

If the agreement includes the component of lease and non-lease, the Company uses the consideration for an amortization contract specified in IFRS 15.

(XII) Intangible assets

1. Recognition and measurement

The reputation from acquisition of subsidiary is measured based on the cost less the accumulated impairment loss.

Intangible assets with limited useful life acquired by the Company are measured by the cost less the cumulative amortization and cumulative impairment.

2. Subsequent expenditure

Subsequent expenditure is capitalized when there is future economic benefit for adding to relevant specific assets. All other expenses are recognized in profit or loss when such expenses are incurred.

3. Amortization

Except for reputation, amortization is calculated with the asset cost less the estimated residual value, and starting from from the available-for-use state of the intangible asset, the straight-line approach is used to recognize it in profit or loss for its estimated useful life.

(XIII) Impairment of non-financial assets

The Company assesses whether there is any indication that there might be an impairment in the carrying amount of non-financial assets (excluding inventories, contract assets and deferred income tax asset) on each reporting day. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Goodwill is tested in different periods annually.

for the purpose of testing the impairment, a group of assets of most of the cash inflow that is independent from the cash inflow of other individual asset or asset group is used as the smallest identifiable asset group. The reputation obtained from merger of enterprises is amortized to each cash generating unit or cash generating unit group that is expected to gain benefit from the synergy of merger.

The recoverable amount for an individual asset or a cash generating unit is the higher of its fair value less costs to dispose or its value in use. During the assessment of the use value, the future cash flow estimation uses the current discount rate for calculating the current value, and the discount rate shall reflect the current market assessment on the currency time value and the unit specific risk arising from the asset or cash.

If the recoverable amount of an asset is less than its carrying amount, it is recognized as an impairment loss.

An impairment loss shall be recognized immediately in profit or loss, and the carrying amount of goodwill amortized of the cash-generating unit is reduced first, following which the carrying amount of each of the asset is reduced proportional to the carry amount of other asset in the unit.

Non-financial assets other than good will are reversed only in the range not exceeding the carrying amount (less depreciation or amortization) of the asset that has not been determined during the recognition of the impairment loss in the previous year.

(XIV) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering service to its customers. Revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of product or service to the customer. The main revenue items of the Company are explained in the following:

1. Revenue from sales of goods

   The Company recognizes revenue when the control of product is transferred to the customer. The product control transfer refers to that the product has been delivered to the customer, and the unfulfilled obligation of customer for accepting the product has not been affected. Delivery occurs when the products have been accepted by the customer according to the transaction terms, the risks of obsolescence and loss have been transferred to the customer, and the Company has an objective evidence to consider that all criteria for acceptance have been satisfied.

   The company recognizes the accounts receivable upon the delivery of goods since the Company has the right to collect consideration unconditionally at such time point.

2. Consulting and management services

   The Company provides corporate consulting and management services, and recognizes relevant revenues during the financial reporting period of the provision of labor services.

3. Financial component

   The Company expects that the time periods between the time for customer contract transferring products or service providing to customer and the time when the customer makes payment for such product or service are less than one year; therefore, the Company has not adjusted the currency time value of the transaction price.

(XV) Employee benefits

1. Defined contribution plans

   Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Short-term employee benefits

   Short-term employee benefits are expensed as the related service is provided. When the Company is required to bear current statutory or presumed payment obligation due to the service previously provided by an employee, and when such obligation can be estimated reliably, such amount is recognized as liabilities.

(XVI) Share-based payments

Equity-settled share-based payment agreement is recognized as expense based on the fair value of the provision date and within the receipt period of such compensation, and the relative equity is increased. The expense recognized is adjusted based on the compensation amount satisfying the service conditions and the non-market vesting conditions. In addition, the amount finally recognized uses the compensation amount complying with the service conditions and the non-market vesting conditions on the vesting date as the basis for measurement.

The non-vesting conditions of share-based compensation have been reflected in the measurement of the share-based payments and payment date fair value, and the difference between the expected result and actual result is not required to make verified adjustments.

The fair value amount of cash-settled share appreciation rights offered to employees is recognized as expense and the relative liabilities are increased during the period when the employees satisfy the condition for obtaining the compensation. The liabilities are remeasured according to the fair value of the share appreciation rights on each report date and settlement date, and any change thereof is recognized in profit or loss.

The grant date of the share-based payment of the Company is the date on which the Group confirms the number of shares subscribed by employees.

(XVII) Income tax

Income tax include both current tax and deferred tax. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable income (or loss) for the year and any adjustment to tax payable or receivable in respect of previous years, and it is measured using tax rates enacted or substantially enacted at the reporting date. The amount uses the statutory rate or the substantive legislative rate on the reporting date to measure the most optimal estimation value of the expected payment or receipt amount.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred income tax shall not be recognized for the exceptions below:

1. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination, (i) that affects neither accounting nor taxable profits (losses), and that generates no equivalent taxable and deductible temporary difference at the time of the transaction;
2. Temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable

future; and

3. Taxable temporary difference arising from initial recognition of goodwill.

A differed tax asset shall be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extend that it is possible that future taxable profit will be available against which they can be utilized. In addition, such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extend that it is no longer probable that the related tax benefit will be realized; or the originally reduced amount is reversed within the scope that it is likely to become sufficient taxable income.

Differed taxes shall be measured at the tax rates that are expected to apply to the period when expected temporary difference is reversed, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets and liabilities of the Company are only offset against each other when the following criteria are met:

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

(XVIII) Earnings Per Share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of the basic earnings per share of the Company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding. The calculation of the diluted earnings per share of the Company is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment on the effects of all dilutive potential ordinary shares. Potential diluted common shares of the Company include convertible corporate bonds and employee stock options.

(XIX) Segment Information

The Company has disclosed the information of segments in the consolidated financial statements; therefore, information of segments is not disclosed in these parent company only financial statements.

V Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

When the parent company only financial statements are prepared by the management, it is necessary to make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the amount of assets, liabilities, revenues and expenses reported. Actual results may differ from these estimates.

The management of the Company continues to review the estimates and basic assumptions, which are consistent with the risk management and climate-related commitments of the Company. Changes in the estimated value are deferred and recognized in the period of change and the affected future period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in these parent company only financial statements.

The following provides explanation on the assumption and estimation uncertainty made. Such assumption and uncertainty have major risks that may lead to material adjustments in assets and liability carrying amounts in the next fiscal year, and relevant information is as follows:

(I) Goodwill impairment of investments accounted for using the equity method

The assessment process of goodwill impairment relies on the subjective judgment of the Company, including identifying the cash-generating unit, amortizing goodwill to the relevant cash-generating unit, and determining the recoverable amount of the relevant cash-generating unit. For relevant description of investments accounted under the equity method, please refer to Note 6(6) for details.

VI Explanation of Significant Accounts

(I) Cash and cash equivalents

	2025.12.31	2024.12.31
Cash on hand	$ 135	485
Demand and foreign currency deposits	271,187	105,515
Time deposits	80,000	142,620
Cash and cash equivalent indicated in the statements of cash flow	$ 351,322	248,620

The Company’s exposure to interest rate risk and the sensitivity analysis on the financial assets and liabilities of the Group are disclosed in Note 6(22).

(II) Financial assets at fair value through profit or loss:

		2025.12.31	2024.12.31
Non-derivative financial assets			
Film investment agreement	$	42,000	27,000
Concert investment		-	7,626
Convertible corporate bond redemption right		510	570
Total	$	42,510	35,196

1. Film investment agreement

(1) The Company and 1 Production Film Co. (referred to as “1 Production Film”) signed an album investment contract on February 8, 2023. The Company invested $27,000 thousand to acquire the right to distribute 15% of the proceeds from the albums filmed by 1 Production Film. However, if the subsequent related income exceeds the original total investment cost by exceeding $200,000 thousand, 1 Production Film Co. can receive 10% of the reward for the portion exceeding $200,000 thousand, and then distribute the reward proportionally. The relevant distribution period is calculated until October 13, 2032. The filming of the album started in December 2022. As of December 31, 2025, 1 Production Film was still in the process of negotiating with the issuer and had not yet issued the shares.

(2) In addition, the Company entered into a film investment agreement on April 11, 2025, under which the Company invested NT$4,500 thousand, representing a 15% investment interest. The film was released on August 21, 2025, and the return of investment principal and profit distribution were settled in December 2025, with a recognized gain of NT$4,312 thousand. The related amount of NT$9,252 thousand (tax inclusive) was recognized under other receivables.

(3) In addition, the Company invested in a feature film in April of the same year, with an investment amount of NT$15,000 thousand, representing a 25% investment interest, and filming was completed by the end of June 2025. The feature film has entered post-production and is expected to complete post-production in January 2026, with release scheduled during the summer vacation period.

2. Concert investment agreement

(1) The Company entered into a concert project investment agreement with CR Entertainment and Production Limited (hereinafter referred to as "CR Company") in January 2024 to acquire profit-sharing rights for concerts held by CR Company from January to November 2024. The investment agreement is divided into four phases, comprising a total of 12 concerts, with a total investment amount of NT$40,59 thousand. CR Company is required to pay the Company the calculated amount based

on individual profit-sharing ratios within two weeks after confirming the investment returns for each concert period. The profit-sharing entitlement for each concert is 10%. However, even in the event of a loss, CR Company shall still pay the Company at least the original investment amount for the period, and the Company recognizes profit or loss after settlement of all concerts for that period. In 2024, the Company settled and recovered the total receivable amount of NT$42,586 thousand from all sessions of concert investments of each phase, recognizing a gain of NT$1,987 thousand, which was recorded under "other gains and losses." For related information, please refer to Note 6(2) to the 2024 financial statements.

(2) On July 21, 2025, the Company entered into a concert project investment agreement with Everiii & Partners International Co., Ltd. (hereinafter referred to as "Everiii & Partners"), with an investment amount of NT$30,000 thousand under the agreement. However, since the concert venue could not be finalized and the concert was therefore unable to be held, the Company canceled the concert investment. In addition, on August 11, 2025, the Company entered into another project investment agreement with Everiii & Partners, under which it obtained profit-sharing rights from an exhibition held in October 2025. The amount of the investment agreement was NT$20,000 thousand, and the payment was fully settled and collected in December 2025.

3. The financial assets at fair value through profit or loss of Company are not used as collateral for security.

(III) Financial assets at amortized cost

	2025.12.31	2024.12.31
Bank deposit (time deposit) - current	$ -	150,000
Bank deposits (pledged deposits) - noncurrent	53,431	97,044
Total	**$ 53,431**	**247,044**

1. The Company held the aforementioned investment to its maturity so as to collect the contract cash flow comprising the interest on the principal and the principal amount outstanding, which was presented within financial assets at amortized cost.
2. For the aforementioned financial assets were pledged as collateral, please refer to Note 8.

(IV) Notes and accounts receivable

	2025.12.31	2024.12.31
Notes and accounts receivable	$ 37	22
Less: loss allowance	-	-
	$ 37	**22**

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

	2025.12.31		
	Carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Allowance provision for lifetime expected credit losses
Not past due	$ 37	0%	-

	2024.12.31		
	Carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Allowance provision for lifetime expected credit losses
Not past due	$ 22	0%	-

(V) Other receivables

	2025.12.31	2024.12.31
Other receivables	$ 9,613	4,046
Overdue receivables	44,778	58,953
Allowance for loss	(44,778)	(58,953)
	$ 9,613	4,046

The changes in the allowance for loss of other receivables of the Company are as follows:

	2025.12.31	2024.12.31
Balance at beginning of period	$ 58,953	59,016
Beginning balance	(8,521)	-
Written off as uncollectible	(5,654)	(63)
Balance at beginning of period (equivalent to Balance at end of period)	$ 44,778	58,953

1. The Company sent an attestation letter for damages and engaged in legal proceedings against LE DAY MULTIMEDIA CO., LTD. ("Le Day") for a total of $14,111 thousand due to breach of contract of jointly investment in domestic films. Taiwan Taipei District Court ruled in September 2021 that the Company has a right to claim property of $13,996

thousand, and the Company had already filed an application for enforcement. Accordingly, the Company transferred the financial assets previously accounted for at fair value through profit or loss of $6,100 thousand and other receivables of $8,011 thousand to overdue receivables. However, Le Day does not own any property for settlement, and the Company has set aside 100% of loss allowance specifically for balance under the accounts. In addition, during 2025, the Company had recovered NT$5,590 thousand. The remaining NT$8,521 thousand was written off by the Group, as it had confirmed that there was no longer any legal right to claim and thus could not be recovered.

2. The total of accounts receivable of IPTONE TECHNOLOGY CO., LTD. for the Company amounting to $66,900 thousand. The Group held promissory notes signed by the debtor and the joint guarantor and filed for enforcement to the court for ruling. The court ruled that the Group should execute enforcement procedures. As of 2025 and 2024, the amount of proceeds allocated to the Group as a result of the court’s enforcement of bill settlement was $22,122 thousand and $22,058 thousand , the principal has been offset and the amount accounted for under overdue receivables was $44,792 thousand and $44,842 thousand. 100% of loss allowance is also set aside.

(VI) Investment under equity method

The investments of the Company accounted for using the equity method at the report date are as follows:

	2025.12.31	2024.12.31
Subsidiaries	$ 842,989	542,685
Associates	5,934	-
	$ 848,923	542,685

The Company’s share of profit or loss from investments accounted for using the equity method as of the reporting date is presented as follows:

	2025	2024
Subsidiaries	$ 322,676	92,677
Associates	(648)	-
	$ 322,028	92,677

1. Subsidiaries:

The Company established the XIANG HAO a Company Limited in June 2024, with a paid-in capital of NT$30,000 thousand, and the Company's shareholding percentage was 100%. In addition, the Company executed the capital increase of ShineRay Co., Ltd. by NT$50,000 thousand and NT$100,000 thousand in December 2024 and May 2025, respectively, and the Company's shareholding percentage was maintained at 100%. Please refer to the 2024 consolidated financial statements and the detailed schedule of significant accounting items for details.

2. Associates:

Due to the fact that the Company does not have the obligation of assuming the excess losses, the Company has ceased the recognition of the losses on Flagwin Technology Co., Ltd. At the end of 2025, the unrecognized losses amounted to NT$3,875 thousand, and the accumulated unrecognized losses amounted to NT$18,604 thousand.

The Company did not provide any investments accounted for using the equity method as collateral for its loans.

(VII) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for 2025 and 2024 were as follows:

	Land	House and buildings	Leasehold Improvements	Other equipment	Transportation equipment	Construction in progress	Total
Cost or recognized cost:							
Beginning balance as of January 1, 2025	$ 510,151	175,405	-	1,462	1,070	-	688,088
Addition	460,405	149,128	-	-	-	-	609,533
Balance on December 31, 2025	**$ 970,556**	**324,533**	**-**	**1,462**	**1,070**	**-**	**1,297,621**
Balance at beginning of period, January 1, 2024	$ 510,151	165,310	440	780	1,070	10,135	687,886
Addition	-	-	-	133	-	1,126	1,259
Disposal	-	-	(440)	(617)	-	-	(1,057)
Reclassification	-	10,095	-	1,166	-	(11,261)	-
Balance on December 31, 2024	**$ 510,151**	**175,405**	**-**	**1,462**	**1,070**	**-**	**688,088**
Depreciation and impairment							

	Land	House and buildings	Leasehold Improvements	Other equipment	Transportation equipment	Construction in progress	Total
loss:							
Beginning balance as of January 1, 2025	$ -	5,669	-	340	1,070	-	7,079
Depreciation	-	5,046	-	194	-	-	5,240
Balance on December 31, 2025	$ -	10,715	-	534	1,070	-	12,319
Balance at beginning of period, January 1, 2024	$ -	2,231	440	780	1,070	-	4,521
Depreciation	-	3,438	-	177	-	-	3,615
Disposal	-	-	(440)	(617)	-	-	(1,057)
Balance on December 31, 2024	$ -	5,669	-	340	1,070	-	7,079
Carrying amount:							
December 31, 2025	$ 970,556	313,818	-	928	-	-	1,285,302
January 1, 2024	$ 510,151	163,079	-	-	-	10,135	683,365
December 31, 2024	$ 510,151	169,736	-	1,122	-	-	681,009

1. To meet operational needs, in April 2025, the Company purchased a new office and parking spaces with a total contract price of NT$613,700 thousand (including tax). The related property transfer procedures were completed in May 2025.
2. Details of borrowings and financing facilities pledged as collateral as of December 10, 2025 and 2024 are provided in Note 8.

(VIII) Right-of-use assets

For the cost and depreciation for the Company's lease of transportation equipment, the details of the change are as follows:

		Transportation equipment
Cost of right-of-use assets:		
Balance as of January 1, 2025	$	4,670
Addition		3,741
Balance on December 31, 2025	**$**	**8,411**
Balance, January 1, 2024	$	2,008
Addition		4,670
Decrease		(2,008)
Balance on December 31, 2024		**4,670**
Accumulated depreciation of right-of-use assets:		
Balance as of January 1, 2025		1,167
Appropriation of depreciation		2,388
Balance on December 31, 2025	**$**	**3,555**
Balance, January 1, 2024	$	2,008
Appropriation of depreciation		1,167
Decrease in other assets		(2,008)
Balance on December 31, 2024	**$**	**1,167**
Book value:		
December 31, 2025	**$**	**4,856**
January 1, 2024	**$**	**-**
December 31, 2024	**$**	**3,503**

(IX) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right of use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 1 to 3 years. Some leases provide the lessees with options to extend at the end of the term.

		Land and improvements	House and buildings	Total
Cost:				
Balance as of January 1, 2025	$	6,367	15,468	21,835
Balance on December 31, 2025	**$**	**6,367**	**15,468**	**21,835**
Balance, January 1, 2024	$	6,367	15,468	21,835
Balance on December 31, 2024	**$**	**6,367**	**15,468**	**21,835**
Accumulated depreciation:				

	Land and improvements	House and buildings	Total
Balance as of January 1, 2025	$ -	7,247	7,247
Depreciation in the current year	-	276	276
Balance on December 31, 2025	$ -	7,523	7,523
Balance, January 1, 2024	$ -	6,970	6,970
Depreciation in the current year	-	277	277
Balance on December 31, 2024	$ -	7,247	7,247
Book value:			
December 31, 2025	$ 6,367	7,945	14,312
January 1, 2024	$ 6,367	8,498	14,865
December 31, 2024	$ 6,367	8,221	14,588
Fair value			
December 31, 2025			$ 38,039
December 31, 2024			$ 29,406

As of December 31, 2025 and 2024, the Company's investment properties were not pledged as collateral.

(X) Current borrowings

	2025.12.31	2024.12.31
Secured bank loans	$ 250,000	-
Unused short term credit lines	$ -	-
Annual interest rate range	2.501%	-

Please refer to Note 8 for details on the status of the collaterals provided for bank loans with assets under pledge setting of the Company.

(XI) Long-term borrowings

Statement, criteria and terms of long-term borrowings of the Company are as follows:

	2025.12.31			
	Currency	Interest rate range	Maturity date	Amount
Secured bank loans	NT$	2.35%	129.05.22	$ 500,000
Unused short term credit lines				$ -

	2024.12.31			
	Currency	Interest rate range	Maturity date	Amount
Secured bank loans	NT$	0.5%~2.2%	2029.06.28	$ 35,000
Unused short term credit lines				$ -

Please refer to Note 8 for details on the status of the collaterals provided for bank loans with assets under pledge setting of the Company.

(XII) Bonds payable

	2025.12.31	2024.12.31
Secured convertible corporate bonds	$ 300,000	300,000
Unamortized discount	(20,696)	(31,114)
Corporate bonds issued balance at year end	$ 279,304	268,886
Embedded derivatives - call and put rights (financial assets at fair value through profit or loss)	$ 510	570
Equity component - conversion recognized in capital reserve - subscription right)	$ 15,787	15,787

	2025	2024
Interest revenue	$ 10,418	1,219

1. Third secured corporate bonds

The Company issued its third private secured convertible bonds on November 13, 2024, with a total issued amount of NT$300,000 thousand. The bonds were issued with a par value of NT$100 thousand per share at 0% of coupon rate. The issue period is 3 years. The Company has commissioned Entie Commercial Bank to act as the guarantor, and has pledged the assets to Entie Commercial Bank as collateral for the issuance of convertible corporate bonds. Please refer to Note 8 for details, and the principal terms are as follows:

(1) Repayment upon maturity

Except for those that have been redeemed, repurchased, canceled, or exercised, the issuing company shall repay at a lump sum based on the face value of the corporate bond.

(2) Conversion method

In addition to the early redemption, repurchase or suspension of conversion, the bondholders may ask the issuer to convert the secured convertible bonds into the common shares of the issuer at any time from the next day 3 months after the expiration of the present bond issuance (excluding the issuance date) to the maturity date, in accordance with the relevant laws and regulations and the trust agreement.

(3) Conversion price and its adjustment

The Company uses the average closing price of NT$38.35 of five business days before the pricing base date as the reference price, and the conversion price is set at 80% of the reference price, such that the conversion price is NT$30.68 per share. In case of changes in the Company's common shares, the conversion price is to be adjusted according to the equation specified in the issuance terms.

(4) Bondholders' put right: None.

(5) The Company’s redemption right

From the next day 3 months after the issuance date of the private convertible bonds of the Company until 40 days before the maturity of the issuance period, if the closing price of the Company's common shares on the stock exchange exceeds the convertible bond conversion price by 30% (inclusive) or more for 30 consecutive business days, then the Company may, within 30 business days thereafter, send or mail the creditors the bond redemption notice. In addition, within 5 business days after the bond redemption record date, the private convertible bonds held by the creditors shall be redeemed in cash at the par value of the bond, and the record date of bond redemption shall not fall within the suspension period of converting the private convertible bonds.

From the next day three months after the issuance date of the private convertible bonds of the Company until 40 days before the maturity of the issuance period, if the outstanding balance of the convertible bonds is less than 10% of the original total issuance amount, the Company may send or mail the creditors the bond redemption notice". In addition, within 5 business days after the bond redemption record date, the private convertible bonds held by the creditors shall be redeemed in cash at the par value of the bond, and the record date of bond redemption shall not fall within the suspension period of converting the private convertible bonds.

If the creditor fails to respond in writing to the Company's stock affairs agency before the bond redemption record date specified in the bond redemption notice, agreeing to the bond redemption or requesting conversion into the Company's common shares in accordance with the Procedures, the Company may convert the private convertible bonds held by the creditor into the Company's common share based on the conversion price at that time, with the expiration date of the notice period as the conversion record date. The Company shall redeem the private convertible bonds in cash within 5 business days after the redemption record date.

For these private convertible bonds, the options and liabilities are separated in accordance with the regulations, and are recognized in the financial assets at fair value through profit or loss - current, bonds payable and capital surplus-subscription right, respectively.

(XIII) Lease liabilities

The carrying amounts the lease liabilities of the Company were as follows:

	2025.12.31	2024.12.31
Current	$ 2,806	1,549
Non-current	$ 2,088	1,967

Amount recognized in profit or loss was as follows:

	2025	2024
Interest expenses on lease liabilities	$ 85	38
Interest expenses of short-term leases	$ 72	-

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

	2025	2024
Total cash outflow for leases	$ 2,520	1,230

1. Lease of land, house and buildings

The Company leases land and buildings for its office space and warehouse. The leases typically run for a period of 1 to 3 years.

2. Other leases

The Company leases vehicles and equipment, with lease terms of three years. In certain cases, the Company has options to purchase the assets at the end of the contract term; in other cases, the Company guarantees the residual value of the leased assets at the end of the contract term.

In addition, the lease terms of the Company's leased parking spaces are less than one year. These leases are short-term, and the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(XIV) Employee benefits

1. Defined contribution plans

The Company has made monthly contributions equal to 6% of each employee’s monthly salary to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company’s pension expenses under the defined contribution plan are as follows and have been appropriated to the Bureau of Labor Insurance:

	2025	2024
Operating expenses	$ 600	562

(XV) Income tax

1. The details of income tax expenses of the Company are as follows:

   The statement of the income tax expense of the Company recognized for 2025 and 2024 is as follows:

	2025	2024
Income tax expense	$ -	-

   The reconciliation of the Company's income tax expense and the net income before tax for the 2025 and 2024 were as follows:

	2025	2024
Net income before tax	$ 308,271	79,400
Income tax calculated according to the domestic tax rate of the country of the Company	$ 61,645	15,880
Non-deductible expenses	2,821	3,030
Income with tax exemption	(65,266)	(20,774)
Change of unrecognized temporary differences	800	1,864
Income tax expense	$ -	-

2. Deferred tax assets and liabilities

   (1) Unrecognized deferred tax assets

   The items not recognized as deferred tax assets by the Company are as follows:

	2025.12.31	2024.12.31
Loss carryforwards	$ 18,919	18,182
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	29,814	29,015
Others	576	2,912
	$ 49,309	50,109

Regarding the tax loss, according to the provisions of the Income Tax Act specifying that loss of past ten years approved by the taxation authority may be deducted from the net profit of the current year, followed by the payment of the income tax. These items are not recognized as deferred tax assets. The realization of the deferred tax asset depends mainly on whether there is sufficient taxable income in the future.

As of December 31, 2025, the Company's unutilized tax losses, for which no deferred tax assets were recognized, expire in the following years:

Loss occurrence year	Loss not yet deducted		Final year for deduction
2016	$	14,372	2026
2017		12,480	2027
2018		19,188	2028
2019		15,054	2029
2020		7,407	2030
2021		644	2031
2023		490	2033
2024		11,357	2034
2025		13,604	2035
	$	**94,596**	

(2) Recognized deferred tax liabilities

Changes in the differed tax liabilities for 2025 and 2024 are as follows:

Deferred income tax liabilities:

	Net gain or loss on financial assets (liabilities) at fair value through profit or loss	
Deferred income tax liabilities:		
January 1, 2025	$	(156)
December 31, 2025	**$**	**(156)**
January 1, 2024	$	(156)
December 31, 2024	**$**	**(156)**

3. The Company's income tax returns filed have been audited by tax authorities up to 2022.

(XVI) Capital and other equity

As of December 31, 2025 and 2024, the total value of authorized ordinary shares amounted to NT$1,800,000 thousand, at a par value of NT$10 per share, for 180,000 thousand shares, and the paid-in capital was NT$777,526 thousand in both of the years.

1. Additional paid-in capital

The components of capital surplus were as follows:

	2025.12.31		2024.12.31
Issued stock premium	$	455,848	455,848
Restricted new shares for employees		22,707	-
Convertible corporate bonds subscription right		15,787	15,787
forfeited stock options		72	-
Total	**$**	**494,414**	**471,635**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

2. Retained earnings

According to the Articles of Incorporation of the Company, when there is surplus earning after the final account of a fiscal year, it shall be used to pay tax and to compensate losses of previous years, followed by setting aside 10% of the earning as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, such restriction shall not be applicable. In addition, special reserve shall also be appropriated depending upon the operational needs of the Company and according to the regulations. If there is still remaining balance, it shall be combined with the undistributed earning at the beginning of the same period for the board of directors to establish a proposed for distribution of earnings, followed by submitting to the shareholders' meeting for resolution on the distribution thereof.

(1) Statutory reserves

When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash; however, it shall be limited to the portion of legal reserve exceeding 25% of the issued share capital.

(2) Special reserves

According to the regulations of the FSC, when the Company distributes the distributable earnings, the Company shall set aside a special reserve for the net amount debited to the "Other shareholder's equity" from the current profit and loss and the undistributed earnings of the previous period. For the amount debited to the "Other shareholder's equity" of the previous period, a special reserve for the same amount shall be set aside from the undistributed earnings of the previous period and shall not be distributed. Subsequently, if there is a reversal of the amount debited to "Other shareholder's equity," the earnings may be distributed from the reversal amount accordingly.

3. Earnings Distribution

At the end of each fiscal year, if there is surplus earning, the Company shall first pay taxes and make up for the cumulative losses, then set aside a legal reserve of 10% of the net profit (except when the accumulated legal reserve equals to the paid-in capital of the Company). In addition, the Company may appropriate or reverse the special reserve in accordance with the laws and regulations. The remaining profit, if any, together with the accumulated unappropriated retained earnings are the accumulated distributable amount. The Board of Directors shall propose the earnings distribution plan, which should be reported to the shareholders meeting for resolution before distribution if it is to be distributed with new shares issued. If the Company distributes dividends and bonuses or all or part of the legal reserve and additional paid-in capital in cash, the board of directors is authorized to handle it with the presence of more than two-thirds of the directors and the consent of more than half of the directors present, which should be reported to the shareholders meeting afterwards.

Taking into account the interests of shareholders and the long-term financial planning of the Company, an amount equivalent to 15% or more of the distributable earnings is appropriated and distributed as shareholder dividends every year; however, the accumulated distributable earnings less than 50% of the paid-in capital may not be distributed. Among them, cash dividends shall not be less than 10% of the total dividends. If the cash dividend per share is less than NT$0.5, stock dividends should be distributed instead.

On June 20, 2025 and June 25, 2024, the general shareholders' meetings resolved the cash dividends for the 2024 and 2023 earnings distribution proposals, respectively. The dividends allocated to shareholders are as follows

	2024		2023	
	Distribution rate (NT$)	**Amount**	**Distributio n rate (NT$)**	**Amount**
Cash	$ 0.60	45,854	$ 0.40	31,101

The 2025 earnings distribution was proposed by the Board of Directors on March 12, 2026. The dividends distributed to shareholders are as follows:

	2025	
	Distribution rate (NT$)	**Amount**
Cash	$ 5.00	$ 367,928

4. Treasury stock

For the years ended December 31, 2025, pursuant to Article 28-2 of the Securities and Exchange Act, the Company repurchased treasury shares for transfer to employees. Based on the resolutions of the Board of Directors on January 20, 2025, April 11 and November 21, 2025, a total of 6,500 thousand shares were authorized for repurchase, of which 6,120 thousand shares were executed.

	Changes in treasury shares	
	Number of shares (thousand shares)	**Amount**
Balance as of January 1, 2025	-	$ -
Number of shares repurchased	6,120	295,012
Transferred to employees	(2,953)	(138,949)
Balance on December 31, 2025	**3,167**	**$ 156,063**

Treasury shares held by the Company shall not be entitled to shareholders' rights prior to transfer, in accordance with the Company Act.

5. Other equity (net, after tax)

	Exchange differences on translation of foreign financial statements
Balance as of January 1, 2025	$ 3,891
Share of translation difference of subsidiaries under equity method	(6,337)
Balance on December 31, 2025	$ (2,446)
Balance, January 1, 2024	$ 466
Share of translation difference of subsidiaries under equity method	3,425
Balance on December 31, 2024	$ 3,891

(XVII) Share-based payments

On June 30, 2025, the Board of Directors of the Company resolved to transfer 3,120 thousand treasury shares to employees for subscription. The transfer price was determined based on the actual average repurchase price. The Company had the following share-based payment transactions:

	Transfer of treasury shares to employees for subscription
Grant date	July 8, 2025
Quantity given	1,552 thousand shares; 1,401 thousand shares
Contract period	July 28, 2025–July 27, 2026
Grantees	Immediately vested
Vesting conditions	One year of future service

For the transfer of repurchased treasury shares to employees for subscription, the closing market price on the grant date was NT$54.8 per share, and the exercise prices were NT$45.53 and NT$48.89, respectively. The fair value of each subscription right was NT$9.27 and NT$5.91, respectively. During the period from January 1 to December 31, 2025, the Group recognized salary expense of NT$6,990 thousand, which was recognized under operating expenses. For the recognition of capital surplus, please refer to Note 6(16).

(XVIII) Earnings Per Share

The calculations of the Company's basic earnings per share and diluted earnings per share are as follows:

		2025	2024
Basic earnings per share			
Net income attributable to common shareholders of the Company (diluted)	$	308,271	79,400
Weighted average number of common shares outstanding (in thousands of shares):		76,671	76,482
Basic earnings per share (NT$)	$	4.02	1.04
Diluted earnings per share			
Net profit (diluted) of the current period attributable to the Company	$	308,271	79,400
After-tax impact of interest expense on convertible bonds		8,286	975
Net profit (diluted) attributable to ordinary shareholders of the Company	$	316,557	80,375
Weighted average number of common shares outstanding (in thousands of shares):		76,671	76,482
Effect of conversion of convertible corporate bonds (thousand shares)		9,778	1,309
Share-based payments (thousand shares)		1,648	-
Effect of employee share bonus (thousand of shares)		133	47
Weighted average number of common shares outstanding (diluted) (thousand shares)		88,230	77,838
Diluted earnings per share (NT$)	$	3.59	1.03

(XIX) Revenue from contracts with customers

1. Details of revenue

		2025	2024
Key regional markets:			
Taiwan	$	23,734	14,208

		2025	2024
Primary geographical markets/service lines:			
Revenue from sale of goods	$	377	494
Service income		23,357	13,714
Total	$	23,734	14,208

2. Contract balance

		2025.12.31	2024.12.31
Accounts receivable	$	37	22

Please refer to Note 6(4) for the details of the disclosure of accounts receivable and impairment thereof.

(XX) Remuneration to employees, directors and supervisors

In accordance with the Company's Articles of Incorporation, when the Company makes a profit in a fiscal year, more than 2% to 10% of the profit shall be allocated as remuneration of employees. The recipients of the remuneration include employees of parent and subordinate companies who meet certain conditions, and among which 0.1% to 1% shall be allocated for the salary adjustment or distribution of remuneration of entry-level employees. The board of directors is authorized to determine the criteria and distribution method of such remuneration through resolution. In addition, the Company may also appropriate no more than 3% of the aforementioned profit as remuneration of directors through resolution of the board of directors. The above remuneration shall be resolved by the Board of Directors to be distributed in stock or cash and reported to the shareholders' meeting, provided that directors' remuneration may only be distributed in cash. However, if the Company has accumulated losses, such losses shall first be offset before allocating employee remuneration and directors' remuneration according to the aforementioned ratios. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

In 2025 and 2024, the Company allocated NT$6,367 thousand and NT$1,709 thousand for the remuneration of employees, respectively, and allocated NT$3,733 thousand and NT$2,564 for the remuneration of directors and supervisors, respectively. These remunerations were calculated by multiplying the Company's net profit before tax before deducting the remuneration of employees, supervisors and directors by the percentages of remuneration of employees and directors/supervisors as stipulated in the Company's Articles of Incorporation, which were recognized as operating costs or expenses for 2025 and 2024. If there is any difference between the actual distribution amount in the next year and the estimated amount, it is handled according to the accounting estimate change, and such difference is recognized in the profit or loss of the next fiscal year. Relevant information is available on the Market Observation Post System (MOPS). The aforementioned amounts of remunerations of employees, supervisors and directors distributed according to the resolution of the Board of Directors were consistent with the estimated amounts indicated in the 2025 and 2024 parent company only financial statements.

(XXI) Non-operating income and expenses

1. Interest income

Statement of interest income of the Company is as follows:

	2025	2024
Interest income	$ 7,232	7,356

2. Other income

The statement of other income of the Company recognized for 2025 and 2024 is as follows:

	2025	2024
Rent income	$ 26,493	15,846
Others	5,677	73
	$ 32,170	15,919

3. Other gains and losses

The statement of other gains and losses of the Company recognized for 2025 and 2024 is as follows:

	2025	2024
Foreign exchange gains (losses)	$ (2,599)	10,332
Gain on disposal of investment	4,688	2,168
Losses from financial asset valuation	(61)	(75)
	$ 2,028	12,425

4. Financial costs

The financial costs of the Company recognized for 2025 and 2024 are as follows:

	2025	2024
Interest revenue	$ (9,551)	(2,058)
Interest on convertible bonds	(10,418)	(1,219)
Total	$ (19,969)	(3,277)

(XXII) Financial instruments

1. Credit risk

(1) Maximum credit risk exposure amount

The carrying amounts of financial assets and contract assets represent the amount of maximum credit risk exposure.

2. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2025						
Non-derivative financial assets						
Current borrowings	$ 250,000	251,353	251,353	-	-	-
Long-term borrowings	500,000	602,805	11,750	31,198	135,267	424,590
Accounts payable	582	582	582	-	-	-
Other payables	23,180	23,180	23,180	-	-	-
Bonds payable	279,304	300,000	-	-	300,000	-
Lease liabilities	4,894	4,995	2,879	1,686	430	-
	$ 1,057,960	1,182,915	289,744	32,884	435,697	424,590
December 31, 2024						
Non-derivative financial assets						
Accounts payable	$ 91	91	91	-	-	-
Other payables	25,283	25,283	25,283	-	-	-
Bonds payable	268,886	300,000	-	-	300,000	-
Lease liabilities	3,516	3,575	1,589	1,986	-	-
Long-term borrowings	35,000	36,444	9,077	7,512	19,855	-
	$ 332,776	365,393	36,040	9,498	319,855	-

The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

3. Market risk

(1) Exchange rate risk

The Company's financial assets and liabilities exposed to significant currency risk were as follows:

	2025.12.31			2024.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
Cash	$ 1,707	31.430	53,639	4,434	32.785	145,369

- Sensitivity analysis

  The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. As of December 31, 2025 and 2024, if NTD had depreciated or appreciated by 1% against USD, with all other factors held constant, net profit before tax would be increased by NT$536 thousand and NT$1,453 thousand for 2025 and 2024, respectively.

- Exchange gains and losses of monetary items

  As the functional currency of the Company is diversified, the information about exchange gain or loss of monetary items is disclosed by summarization. The foreign currency exchange gain/loss (including realized and unrealized) in 2025 and 2024 was NT$(2,599) thousand and NT$10,332 thousand, respectively.

4. Interest rate risk

   Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

   The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amounts of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

   If the interest rate increases or decreases by 0.5% the Company's net income will decrease or increase by NT$(2,394) thousand and NT$353 thousand for 2025, and 2024, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate bank deposit and borrowings.

5. Fair value

   (1) Types and fair values of financial instruments

   The financial assets measured at fair price through profit or loss of the Company are measured at fair price based on the repetitiveness. The information of the carrying amount and fair value of various financial assets and financial liabilities (including fair value and level information; however, for carrying amount of financial instruments not measured at fair value as the reasonable close value of fair value, and equity instrument investments without quotation at active market and cannot be measured at fair value, their fair values are not required to be disclosed according to the regulations) is as shown in the following:

	2025.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Film investment agreement	$ 42,000	-	-	42,000	42,000
Convertible corporate bond redemption right	510	-	-	510	510
Total	$ 42,510	-	-	42,510	42,510

	2024.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Film investment agreement	$ 27,000	-	-	27,000	27,000
Concert investment	7,626	-	-	7,626	7,626
Convertible corporate bond redemption right	570	-	-	570	570
Total	$ 35,196	-	-	35,196	35,196

(2) Valuation techniques for financial instruments measured at fair value

(2.1) Non derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange was the basis of determining the fair value of the listed (TWSE/TPEx) companies' equity instrument, and debt instrument that has the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. Otherwise, the market is deemed to be inactive. In general, market with low trading volume or high bid ask spreads is an indication of a non active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market date at the reporting date.

The Company's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

. Financial instruments with active market: for listed and over the counter shares with standard terms and are publicly traded in active markets, their fair values are calculated by the market's quoted prices.

. Equity instruments without quoted price: The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth per share and the average price book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

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

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – movie investment agreement."

The quantitative information of the significant unobservable inputs is as follows:

Item	**Valuation technique**	**Significant unobservable inputs**	**Relationship between material unobservable inputs and fair value**
Financial assets at fair value through profit or loss - movie investment agreement	Discounted cash flow method	• Annual revenue growth rate	• The higher the annual revenue growth rate, the higher the fair value would be.

(XXIII) Financial Risk Management

1. Overview

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the parent company only financial statements.

2. Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The financial department proposes an assessment plan and performs benefit analysis, and submits it to the responsible supervisor or the board of Directors for approval based on the Company's internal approval authority.

The establishment of the risk management policy of the Company is to identify and analyze the risk faced by the Company, and to set up appropriate risk limit and control, as well as to monitor risk and risk limit compliance. The risk management policy and system are reviewed periodically to reflect the market condition and changes in the operation of the Company. The Company, through training, management standards and operation procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee of the Company monitors the management personnel, such as monitoring of the financial risk management policy and procedure compliance of the Company, and review the appropriateness of relevant risk management framework of the risks faced by the Company. The internal auditing personnel of the Company provide assistance to the Audit Committee of the Company to perform their role of supervision. Such personnel undertakes both regular and ad hoc reviews of risk management controls and procedures, and the results thereof are reported to the Audit Committee.

3. Credit risk

Credit risk refers to the risk of financial loss of the Company due to customer or transaction counterparties of financial instruments fail to fulfill contract obligations.

(1) Accounts receivables and other receivables

The policy adopted by the Company is to engage in transaction with reputable counterparties only, and if it is determined necessary, collaterals are obtained to reduce the risk of financial loss due to delay of repayment. The Company only conducts transactions with companies with ratings equal to or higher than its investment grade. Such information is provided by independent rating agencies. If such information is not available, the Company will use other publicly available financial information and mutual transaction records to rate its major customers. The Company continues supervising credit risk exposure and credit rating of the counterparty, as well as distributing the total transaction amount to qualified customers. In addition, the Risk Management Committee reviews and approves counterparty's line of credit for the purpose of managing credit risk exposure.

The Company does not hold any collateral or other credit enhancements to avoid the credit risk of financial assets.

(2) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the transaction counterparties and the contract performance parties of the Company are banks of excellent credit standing and financial institutions, corporate organizations and government above the investment grade, there are no non-compliance issues; therefore, there is no significant credit risk.

(3) Guarantees

In accordance with the Company’s policy, the Company can only provide financial guarantees to subsidiaries wholly owned by the Company. As of December 31, 2025 and 2024, the Company did not provide any endorsements or guarantees.

4. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to sustain the Group’s operations and mitigate the effects of cash flow fluctuations. In addition, the management of the Company monitors the utilization of borrowings and ensures compliance with loan conditions.

5. Market risk

Market risk refers to the risk in the change of market prices, such as exchange rate, interest rate, equity instrument price change, affecting the Company’s income or the value of holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposure within an acceptable range, and also optimize the investment return.

(1) Exchange rate risk

The Company is exposed to exchange rate risk arising from the transactions denominated in non-functional currency and foreign operations' investment. The functional currency of the Company is the NTD, and the exchange rate risk arising from the financial instruments is naturally hedged. Therefore, changes in the market exchange rate will lead to changes in the market price of these financial instruments.

(2) Interest rate risk

The Company's cash flow are exposed to the risk of interest rate changes, which is mainly due to the bank demand deposits with floating interest rates. Therefore, changes in the market interest rate will lead to changes in the effective interest rate of these financial instruments, and thus fluctuations in future cash flows.

(XXIV) Capital Management

The Company’s capital risk management objective is to safeguard the Company’s ability to continue as a going concern in order to continue to provide returns for shareholders and interests of other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, execute capital reduction to return share capital to shareholders, issue new shares or sell assets in order to repay debts. The Company controls the capital through regular reviews of the debt asset ratio. The Company's capital is the "total equity" listed in the balance sheet, which is also equal to the total assets less total liabilities.

The Company’s capital management strategy in 2025 is the same as that in 2024. The debt to capital ratio as of December 31, 2025 and 2024 is as follows:

	2025.12.31	2024.12.31
Total liabilities	$ 1,061,679	334,857
Total assets	$ 2,621,077	1,783,647
Debt to assets ratio	40%	19%

(XXV) Non-cash Transaction Investments and Financing Activities

The reconciliation of liabilities from financing activities is shown in the table below:

	2025.1.1	Cash flow	Non-monetary changes	2025.12.31
Current borrowings	$ -	250,000	-	250,000
Bonds payable	268,886	-	10,418	279,304
Lease liabilities (current and non-current)	3,516	(2,363)	3,741	4,894
Long-term borrowings	35,000	465,000	-	500,000
Total liabilities from financing activities	$ 307,402	712,637	14,159	1,034,198

	2024.1.1	Cash flow	Non-monetary changes	2024.12.31
Bonds payable	$ -	282,885	(13,999)	268,886
Lease liabilities (current and non-current)	-	(1,192)	4,708	3,516
Long-term borrowings	544,000	(509,000)	-	35,000
Total liabilities from financing activities	$ 544,000	(227,307)	(9,291)	307,402

VII Related Party Transactions

(I) Names of related parties and their relations

The related parties of subsidiaries of the Company and others that have had transactions with the Company during the periods covered in these parent company only financial statements are as follows:

Name of related party	Relation with the Company
Wu, Yi- Wan Investment Co., Ltd.	Subsidiaries
ShineRay Co., Ltd.	Subsidiaries
XIANG HAO a Company Limited	Subsidiaries
Baulong Technology Co., Ltd.	Subsidiaries
Perfect Drive Co., Ltd.	Subsidiaries
New Mumake Biotech Co., Ltd.	Subsidiaries

(II) Significant related-party transactions

1. Operating revenue

The significant service revenue of the Company to relate parties were as follows:

	Service income		Other receivables- related parties	
Related party category	2025.12.31	2024.12.31	2025.12.31	2024.12.31
Subsidiary - ShineRay Co., Ltd.	$ 18,286	13,714	-	-
Subsidiary - Baulong Technology Co., Ltd.	1,714	-	1,800	-
Subsidiary - Perfect Drive Co., Ltd.	1,643	-	1,725	-
Subsidiary - New Mumake Biotech Co., Ltd.	1,714	-	1,800	-
	$ 23,357	13,714	5,325	-

The terms of the transaction for the Company to provide services to the related parties are payment on a quarterly basis, which is not significantly different from the general customers.

2. Leases

Account	Related party category	2025.12.31	2024.12.31
Other income	Subsidiary - ShineRay Co., Ltd.	$ 22,870	12,206
Other income	Subsidiary - Baulong Technology Co., Ltd.	2,615	2,615
Other income	Subsidiary - Wu, Yi- Wan Investment Co., Ltd.	6	6
Other income	Subsidiary - XIANG HAO a Company Limited	3	-
		$ 25,494	14,827

3. Establishment of subsidiaries

On May 22, 2024, The Company directly invested NT$30,000 thousand to establish XIANG HAO a Company Limited as a subsidiary with 100% shareholding by the Company. Relevant statutory registration procedures have been completed on June 3, 2024.

4. Issue of shares

The Company executed the capital increase of the subsidiary, ShineRay Co., Ltd., by NT$100,000 thousand on April 9, 2025, and the Company's shareholding was maintained at 100%. Relevant legal procedures were completed on May 22, 2025.

(III) Transactions with key management personnel

Key management personnel compensation includes:

	2025	2024
Short-term employee benefits	$ 8,664	8,113
Post-employment benefit	180	186
	$ 8,844	8,299

VIII Pledged Assets

Statement of the carrying value of pledged or secured assets of the Company is as follows:

Asset name	Subject of pledge guarantee	2025.12.31	2024.12.31
Property, plant and equipment	Long-term bank loans	$ 1,271,375	669,791
Financial assets at amortized cost-non-current	Convertible corporate bonds	53,431	55,735
Financial assets at amortized cost-non-current	Guarantee of short-term borrowings	-	41,309
		$ 1,324,806	766,835

IX Significant Contingent Liabilities and Unrecognized Contract Commitments: none.

X Losses from Major Disasters: None.

XI Material Subsequent Events

On January 2, 2026, the Company convened a Board of Directors meeting and resolved, in accordance with Article 28-2 of the "Securities and Exchange Act" and the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies," to repurchase 1,000 thousand treasury shares for transfer to employees for subscription. The Company completed the repurchase of treasury shares on February 26, 2026, with a total repurchase amount of NT$49,032 thousand. Under the terms and conditions of the Company's third domestic privately placed secured convertible bonds (hereinafter referred to as "the convertible bonds"), from the day following the expiration of three months after the issuance date (i.e., February 14, 2025) until 40 days prior to the maturity date (i.e., October 4, 2027), if the closing price of the Company's common shares on the Taiwan Stock Exchange exceeds 130% of the then-current conversion price (NT$30.68, i.e., NT$39.884) for 30 consecutive business days, the Company may exercise its redemption right. As the closing price of the Company's shares has met the aforementioned redemption condition, the Company issued registered notices to bondholders on March 2, 2026, regarding the repurchase of the bonds, and expects to redeem such privately placed convertible bonds in cash at par value within five business days after the bond redemption record date.

XII Others

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

By Function / By Nature	2025			2024		
	Attributable to operating costs	**Attributable to operating expenses**	**Total**	**Attributable to operating costs**	**Attributable to operating expenses**	**Total**
Employee benefits						
Salary	-	25,043	25,043	-	28,059	28,059
Labor and national health insurance	-	1,344	1,344	-	1,378	1,378
Pension	-	600	600	-	562	562
Director's Remuneration	-	6,240	6,240	-	5,084	5,084
Employee benefits	-	419	419	-	435	435

By Function / By Nature	2025			2024		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Depreciation expense	-	7,904	7,904	-	5,058	5,058

Additional information on the number of employees and employee benefits expenses of the Company for 2025 and 2024 is as follows:

	2025	2024
Number of employees	19	18
Number of directors without concurrent position of an employee	6	6
Average employee benefit expenses	$ 2,108	2,536
Average employee salary expense	$ 1,926	2,338
Adjustment status of average employee salary expense	(17.62)%	97.63%

The Company's remuneration policy (including directors, managerial officers and employees) is as follows:

1. The remuneration of the Company's directors is based on a fixed amount system. The Company shall pay the remuneration regardless of the Company's operating profit or loss, and the Remuneration Committee may make recommendations for adjustment of the remuneration based on the factors of the Company's future operating conditions, etc. The remuneration to directors of the distribution of earnings shall be made based on the Articles of Incorporation of the Company, and the Remuneration Committee shall consider the overall performance of the Board of Directors, the Company's operating performance, the Company's future operations and risk appetite, and shall prepare a proposal for distribution. The Board of Directors shall submit the proposal for distribution of earnings prepared, and it shall be resolved in the shareholders' meeting for distribution.
2. The remunerations of managerial officers and employees are determined by taking into account the personal education and experience, professional skills, and the value of their job duties and the salary level of the industry. The remuneration of employees is set aside in accordance with the Articles of Incorporation. The remuneration is determined based on the goal achievement rate set in accordance with the Employee Performance Management Regulations and the Company's operating contribution.
3. The remuneration policy of the Company's directors and managerial officers is established based on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock

Exchange or the Taipei Exchange", and is submitted to the Remuneration Committee for review, and is approved by the Board of Directors for distribution.

XIII Disclosures in Notes

(I) Information on Material Transactions

In accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for the year of 2025, the significant transactions related information required to be further disclosed by the Company is as follows:

1. Lending funds to others:

Unit: NT$ thousand

No.	Lending company	Borrowing party	Transaction item	Whether it is a related party	Current maximum amount	Balance at end of period	Amount actually drawn	Interest rate range	Nature of the loaning of funds (Note 2)	Transaction amount	Reason for short-term financing needs	Appropriation of allowance for loss	Collateral		Limit of loans to individual borrowers	Limit of loaning of funds	Notes
													Title	Value			
1	Jye Tai Elertronic Ltd.	Wuhu Jietai Precision Industry Limited Company	Other receivables- related parties	Yes	1,328	1,328	-	0	2	-	Operating capital	-	None	-	46,306	69,459	Note 1

Note 1: Pursuant to "Procedure of Loans to Other Parties" of the Company, the limits for each borrower are set as follows, depending on the purpose for the loan:

(1) Pursuant to "Procedure of Loans to Other Parties" of the Company, if the company engages in loaning of funds directly with its overseas subsidiary in which it indirectly holds 100% of the voting shares, the total amount of the loans shall not exceed 300% of such company's net worth. However, the cumulative amount of individual lending shall not exceed 200% of the net worth of the company.

Note 2: The method of filling out the capital loan and nature is as follows:

(1) For those with business contact, please fill in 1

(2) For those necessary for short-term financing, please fill in 2

2. Guarantees and endorsements for other parties: None.

3. Major marketable securities held as of the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Holding company name	Marketable securities type and name	Relationship with the issuer	Account	End of period				Notes
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Wu, Yi- Wan Investment Co., Ltd.	JOLLIFY4EVER LTD.	None	Financial assets at fair value through profit or loss-non-current	182	2,486	1.82 %	2,486	
Wu, Yi- Wan Investment Co., Ltd.	Jollify Creative, Ltd.	None	Financial assets at fair value through profit or loss-non-current	517	18,400	3.57 %	18,400	
ShineRay Co., Ltd.	Noisy Incorporation	None	Financial assets at fair value through profit or loss-non-current	800	1,845	6.15 %	1,845	
ShineRay Co., Ltd.	Qi Li Zhi Xing Integrated Marketing Co., Ltd.	None	Financial assets at fair value through profit or loss-non-current	1,900	18,559	19.29 %	18,559	
ShineRay Co., Ltd.	Geda Hok Technology	None	Financial assets at fair value through profit or loss—non-current	1	3,143	0.92 %	3,143	
ShineRay Co., Ltd.	Morningstar Global Core Bond GR USD	None	Financial assets at fair value through profit or loss- current	-	9,777	- %	9,777	
ShineRay Co., Ltd.	Eastspring High Quality Corporate Bond Fund	None	Financial assets at fair value through profit or loss- current	-	14,751	- %	14,751	
ShineRay Co., Ltd.	Nomura Ireland US Non-investment Grade Bonds- Deferred (BD USD	None	Financial assets at fair value through profit or loss- current	-	5,790	- %	5,790	

Holding company name	Marketable securities type and name	Relationship with the issuer	Account	End of period				Notes
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
	monthly distribution)							
ShineRay Co., Ltd.	JPMorgan (JPM) Investment Funds - Global High Yield Bond Fund A (USD)	None	Financial assets at fair value through profit or loss- current	-	10,279	- %	10,279	
ShineRay Co., Ltd.	13C9 Fidelity Funds - Global Income Fund A-ACC-USD	None	Financial assets at fair value through profit or loss- current	-	8,078	- %	8,078	
ShineRay Co., Ltd.	Neuberger Berman Global Strategic Bond Fund T Monthly Distribution Class	None	Financial assets at fair value through profit or loss- current	-	10,465	- %	10,465	
ShineRay Co., Ltd.	PineBridge Japan Multi-Asset Fund	None	Financial assets at fair value through profit or loss- current	-	5,304	- %	5,304	
ShineRay Co., Ltd.	AllianceBernstein Bond Income Portfolio Monthly Distribution Fund	None	Financial assets at fair value through profit or loss- current	-	9,982	- %	9,982	
ShineRay Co., Ltd.	M&G Short Dated Corporate Bond Fund, Class A (USD Hedged)	None	Financial assets at fair value through profit or loss- current	-	9,475	- %	9,475	
Shanghai Langhong Culture Media Co., Ltd.	CMB Wealth Management Zhao Rui Feng He (Credit Select) 1-Month Holding Period No. 3 Fixed Income Wealth Management	None	Financial assets at fair value through profit or loss- current	-	9,266	- %	9,266	
Shanghai Langhong Culture Media Co., Ltd.	CIB wealth management Wen Li No. 1 P-Series 7-Day rolling holding fixed income wealth management product	None	Financial assets at fair value through profit or loss- current	-	4,654	- %	4,654	
Shanghai Langhong Culture Media Co., Ltd.	CIB wealth management Feng Li Ling Dong Wen Xiang Yue Ying 3-month holding period No. 1 enhanced fixed income wealth management product	None	Financial assets at fair value through profit or loss- current	-	4,666	- %	4,666	
Shanghai Langhong Culture Media Co., Ltd.	Fourteen-day BOCOM Wealth Management Selected for Fixed Income (BOCOM Wealth Management Selected)	None	Financial assets at fair value through profit or loss- current	-	9,249	- %	9,249	
Shanghai Langhong Culture Media Co., Ltd.	Wentianli Daily Profit No. 6A	None	Financial assets at fair value through profit or loss- current	-	9,220	- %	9,220	

4. Related Party Transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the paid-up capital: None.
5. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the paid-up capital: None.

(II) Information on Investees:

Information on the Company's investees for 2025 is Three years follows (excluding those in Mainland China):

Unit: Thousand shares/NT$ thousand

Name of investor	Name of investee	Location	Main business item	Initial investment amount		End of term holding			Current profit/loss of investee	Investment income recognized in the current period	Notes
				End of current period	End of last year	Shares	Ratio	Carrying amount			
Lang Inc.	Jye Tai Precision Industrial (BVI) Co.,Ltd.	The British Virgin Islands	Holding Company	201,330	201,330	2	100.00%	25,349	(4,332)	(4,332)	Note 1
Lang Inc.	Wu, Yi- Wan Investment Co., Ltd.	Taiwan	Investment Company	60,000	60,000	6,000	100.00%	30,227	(7,426)	(7,426)	Note 1
Lang Inc.	ShineRay Co., Ltd.	Taiwan	Cultural and Creative Industries	417,000	317,000	40,000	100.00%	772,690	334,786	335,714	Note 1
Lang Inc.	Flagwin Technology Co., Ltd.	Taiwan	Retail sale of electrical equipment	6,000	6,000	600	30.00%	-	(12,916)	-	Note 2
Lang Inc.	XIANG HAO a Company Limited	Taiwan	E-commerce	30,000	30,000	3,000	100.00%	20,657	(1,928)	(1,928)	Note 1
ShineRay Co.,	Baulong Technology Co.,	Taiwan	Cultural and	27,500	27,500	2,750	91.67%	45,583	38,834	35,598	Note 1

Name of investor	Name of investee	Location	Main business item	Initial investment amount		End of term holding			Current profit/loss of investee	Investment income recognized in the current period	Notes
				End of current period	End of last year	Shares	Ratio	Carrying amount			
Ltd.	Ltd.		Creative Industries								
ShineRay Co., Ltd.	Hong Kong ShineRay Co., Ltd.	Hong Kong	Cultural and Creative Industries	183,073	216,325	910	100.00%	121,292	69,268	69,268	Note 1
ShineRay Co., Ltd.	Bubu Co., Ltd.	Taiwan	Cultural and Creative Industries	-	40,000	-	- %	-	(9,005)	(9,005)	Note 1
ShineRay Co., Ltd.	New Mumake Biotech Co., Ltd.	Taiwan	Medical device rental and leasing	95,000	95,000	9,500	69.34%	107,668	16,521	11,645	Note 1
ShineRay Co., Ltd.	Perfect Drive Co., Ltd.	Taiwan	Automobile Sales	100,000	-	10,000	100.00%	110,831	10,831	10,831	Note 1
Jye Tai Precision Industrial(BVI) Co., Ltd.	Jye Tai Electronics Ltd.	Hong Kong	Holding Company	174,563	174,563	12,305	100.00%	23,153	(4,219)	(4,219)	Note 1

Note 1: The above transactions were written off when compiling the consolidated financial statements.
Note 2: Please refer to Note 6(6) of these parent company only financial statements.

(III) Information on Investments in Mainland China:

1. Information on equity investments in Mainland China:

Unit: In thousand NT$ thousand/US$

Name of investee in Mainland China	Main business item	Paid-up Capital	Investment method (Note 1)	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount at beginning of the current period		Accumulated outward remittance for investment from Taiwan at end of the current period	Current profit/loss of investee	Shareholding percentage of direct or indirect investment of the Company	Current investment profit/loss recognized	Investment carrying value at end of the period	Accumulated repatriation of investment income as of end of current period
					Outward remittance	Repatriation						
Shanghai Langhong Culture Media Co., Ltd.	Cultural and Creative Industries	102,416 (CNY23,450)	(二)	102,416 (USD 3,600)	-	79,092 (USD 2,600)	23,324 (USD1,000)	10,268	100.00%	10,268	32,523	-
Wuhu Jietai Precision Industry Limited Company	Manufacturing and sale of connectors, various types of power cords, signal cables and computer cables	96,701 (CNY22,261)	(二)	1 (USD5,2(	-	-	154,076 (USD5,200)	(4,049)	100.00%	(4,049)	20,537	-
Hsin Kuang Yu Cultural Media Co., Ltd.	Cultural and creative industry	-	(三)	-	-	-	-	(1,323)	49.00%	(648)	5,934	-

Note 1: The investment types are classified into three types as follows:
(1) Direct investment in Mainland China.
(2) Investment in Mainland China through a company in a third region;
(3) Other methods.

2. Limitation on investment in Mainland China:

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
$ 177,400 (USD 6,200)	632,216 (USD 20,443)	935,639

3. Material transactions: None.

XIV Segment Information

Please refer to the consolidated financial statements for the Company's December 31, 2025.

Lang Inc.

Statement of Cash and Cash Equivalents

December 31, 2025 **Unit: NT$ thousand**

Item	Summary	Amount
Cash	Cash on hand and petty cash	$ 135
Demand and foreign currency deposits	NT$	269,991
	USD (USD6 thousand x 31.430)	187
	Others (all less than 5%)	1,009
Subtotal		271,322
Time deposits	NTD	80,000
		$ 351,322

Note: Foreign currency deposits are converted at the spot exchange rate on December 31, 2025.

USD : NTD ＝1 : 31.430

Lang Inc.

Statement of Changes in Financial Assets Measured at Fair Value Through Profit or Loss

December 31, 2025

Financial instrument name	Beginning		Increase in the current period		Decrease in the current period		End of period	
	Number of shares	Fair value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value
Film investment agreement	-	$ 27,000	-	25,600	-	(10,600)	-	42,000
Concert investment	-	7,626	-	50,000	-	(57,626)	-	-
Convertible corporate bond redemption right	-	570	-	-	-	(60)	-	510
		$ 35,196		75,600		(68,286)		42,510

Lang Inc.

Statement of Changes in Investments Accounted for Using Equity Method

For the years ended December 31, 2025

Unit: NT$ thousand/thousand shares

	Beginning balance		Increase in current period		Decrease in current period (Note 2)				Closing balance			Market value or equity net value		
Item	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Investment profit/loss recognized under equity method**	**Others (Note 1)**	**Shares**	**Shareholding percentage**	**Amount**	**Unit price**	**Total**	**Guarantee or pledge status**
Long-term equity investments accounted for using the equity method:								-						
Jye Tai Precision Industrial (BVI) CO., LTD	2	$ 29,963	-	-	-	-	(4,332)	(282)	2	100.00%	25,349	-	25,349	None
Wu, Yi- Wan Investment Co., Ltd.	6,000	37,653	-	-	-	-	(7,426)	-	6,000	100.00%	30,227	-	30,227	None
ShineRay Co., Ltd.	30,000	452,484	10,000	100,000	-	(117,397)	335,714	1,889	40,000	100.00%	772,690	-	772,690	None
Flagwin Technology Co., Ltd.	600	-	-	-	-	-	-	-	600	30.00%	-	-	-	None
XIANG HAO a Company Limited	3,000	22,585	-	-	-	-	(1,928)	-	3,000	100.00%	20,657	-	20,657	None
	39,602	$ 542,685	10,000	100,000	-	(117,397)	322,028	1,607	49,602		848,923			〃

(Note 1) It is adjusted according to the changes in the equity of the investee company and the foreign currency conversion.

(Note 2) The decrease in the current period is the distribution of cash dividends.

Lang Inc.

Statement of Operating Expenses

December 31, 2025 **Unit: NT$ thousand**

Item	Selling expenses	Administrative expenses	Total
Advertisement expenses	$ 17	-	17
Salary expenses	-	25,043	25,043
Service fees	-	9,380	9,380
Remuneration of directors and supervisors	-	6,240	6,240
Depreciation expense	-	7,904	7,904
Others (all less than 5%)	-	10,011	10,011
	$ 17	**58,578**	**58,595**

Please refer to Note 6(3) of the financial statements for the statement of financial assets at amortized cost.

Please refer to Note 6(7) of the financial statements for the statement of changes in property, plant and equipment.

Please refer to Note 6(8) of the financial statements for the statement of changes in right-of-use assets.

Please refer to Note 6(21) of the financial statements for the statement of other gains and losses.