

**Chang Wah Electromaterials Inc. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of Chang Wah Electromaterials Inc. as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chang Wah Electromaterials Inc. and Subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

Chang Wah Electromaterials Inc.

By

Hung, Chuen-Sing
Chairman

March 10, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chang Wah Electromaterials Inc.

Opinion

We have audited the accompanying consolidated financial statements of Chang Wah Electromaterials Inc. (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2025 and 2024, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2025 is described as follows:

Revenue Recognition of Specific Customers

Due to the pressure of achieving the expected targets and market expectations, the possibility of overstating sales may arise. The operating revenue in 2025 from specific customers increased significantly and was material to the overall operating revenue. Therefore, the revenue recognition of specific customers with significant sales amount and changes was deemed as a key audit matter.

The audit procedures we performed in response to the above-mentioned key audit matter are as follows:

1. We understood the design of the internal controls and tested the effectiveness of the implementation of the internal controls on the recognition of revenue.
2. We selected appropriate samples from the sales revenue record of specific customers whose revenue had increased significantly, and examined the customer purchase order, proof of delivery, and proof of payment pertaining to the same transaction counterparty.
3. We obtained details of sales returns and allowances for the year and after the reporting period and verified that the sales transactions actually occurred before the balance sheet date.

Other Matter

Certain investments accounted for using the equity method had been audited by other independent auditors, and our opinion, insofar as it relates to the amounts included in the Corporation and its subsidiaries' financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments amounted to NT\$816,201 thousand and NT\$848,839 thousand, respectively, representing 2.0% and 2.2% of the Corporation and its subsidiaries' total assets as of December 31, 2025 and 2024, and the share of the profit of such associates amounted to NT\$13,045 thousand and NT\$22,198 thousand, respectively, representing 0.7% of the Corporation and its subsidiaries' profit before income tax for the year ended December 31, 2025, and 2024.

We have also audited the standalone financial statements of the Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion with other matter paragraph for both years.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation and its subsidiaries 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 Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Corporation and its subsidiaries' audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

Notice to Readers

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

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

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,386,449	18	\$ 7,098,817	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	94,570	-	98,458	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	6,409,056	16	724,116	2
Notes and accounts receivable, net (Notes 4, 5 and 9)	4,227,363	11	3,575,892	10
Accounts receivable - related parties (Notes 4, 5, 9 and 34)	34,928	-	30,966	-
Other receivables (Note 34)	101,282	-	140,934	-
Current tax assets (Note 27)	17	-	3,611	-
Inventories (Notes 4, 5 and 10)	3,322,086	8	2,711,824	7
Other financial assets - current (Notes 11 and 35)	2,994,084	7	2,991,058	8
Other current assets	131,910	-	132,203	-
Total current assets	24,701,745	60	17,507,879	46
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	256,029	1	249,561	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	7,897,181	19	11,388,867	30
Investments accounted for using the equity method (Notes 4 and 13)	2,508,126	6	3,322,495	9
Property, plant and equipment (Notes 4, 14 and 34)	3,354,590	8	3,875,395	10
Right-of-use assets (Notes 4 and 15)	709,369	2	473,123	1
Investment properties (Notes 4, 16 and 34)	445,567	1	16,884	-
Goodwill (Notes 4 and 17)	691,335	2	704,949	2
Other intangible assets (Notes 4 and 18)	80,458	-	92,817	-
Deferred tax assets (Notes 4, 5 and 27)	181,593	1	178,945	1
Other financial assets - non-current (Notes 11 and 35)	23,136	-	23,180	-
Other non-current assets (Note 34)	52,815	-	61,525	-
Total non-current assets	16,200,199	40	20,387,741	54
TOTAL	\$ 40,901,944	100	\$ 37,895,620	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 3,020,010	7	\$ 2,300,000	6
Contract liabilities - current (Notes 4 and 25)	279,068	1	270,223	1
Notes Payable	-	-	341	-
Accounts payable (Note 21)	2,281,619	6	1,751,904	5
Accounts payable - related parties (Notes 21 and 34)	145,000	-	115,356	-
Dividends payable	907,117	2	897,859	2
Other payables (Notes 22, 23 and 34)	1,525,435	4	1,541,487	4
Current tax liabilities (Note 27)	389,198	1	183,298	1
Lease liabilities - current (Notes 4, 15 and 34)	22,647	-	24,602	-
Current portion of long-term borrowings (Notes 4 and 19)	401,006	1	426,006	1
Other current liabilities	112,886	-	106,228	-
Total current liabilities	9,083,986	22	7,617,304	20
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Notes 4 and 25)	10,305	-	21,157	-
Long-term borrowings (Notes 4 and 19)	8,620,046	21	7,298,052	20
Deferred tax liabilities (Notes 4, 5 and 27)	464,130	1	470,566	1
Lease liabilities - non-current (Notes 4, 15 and 34)	74,110	1	88,695	-
Net defined benefit liabilities (Notes 4 and 23)	9,929	-	25,142	-
Other non-current liabilities	24,760	-	26,737	-
Total non-current liabilities	9,203,280	23	7,930,349	21
Total liabilities	18,287,266	45	15,547,653	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 24 and 30)				
Ordinary shares	725,648	2	725,648	2
Capital surplus	6,184,845	15	6,393,450	17
Retained earnings				
Legal reserve	1,984,582	5	1,836,350	5
Special reserve	1,277	-	1,277	-
Unappropriated earnings	2,549,469	6	3,470,102	9
Total retained earnings	4,535,328	11	5,307,729	14
Other equity	7,251,711	18	5,735,892	15
Treasury shares	(736,628)	(2)	(705,024)	(2)
Total equity attributable to owners of the Corporation	17,960,904	44	17,457,695	46
NON-CONTROLLING INTERESTS (Notes 12 and 24)	4,653,774	11	4,890,272	13
Total equity	22,614,678	55	22,347,967	59
TOTAL	\$ 40,901,944	100	\$ 37,895,620	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 10, 2026)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 34)	\$ 19,351,780	100	\$ 17,231,404	100
OPERATING COSTS (Notes 10, 23, 26 and 34)	<u>15,774,766</u>	<u>82</u>	<u>13,726,478</u>	<u>80</u>
GROSS PROFIT	<u>3,577,014</u>	<u>18</u>	<u>3,504,926</u>	<u>20</u>
OPERATING EXPENSES (Notes 9, 23, 26 and 34)				
Selling and marketing expenses	362,518	2	358,559	2
General and administrative expenses	653,601	3	781,796	5
Research and development expenses	388,577	2	431,297	2
Expected credit loss	<u>14,622</u>	<u>-</u>	<u>8,538</u>	<u>-</u>
Total operating expenses	<u>1,419,318</u>	<u>7</u>	<u>1,580,190</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>2,157,696</u>	<u>11</u>	<u>1,924,736</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	329,144	2	385,088	2
Other income	530,096	3	473,389	3
Other gains and losses	(514,130)	(3)	277,921	2
Finance costs	(212,798)	(1)	(196,003)	(1)
Share of profit or loss of associates	<u>(406,606)</u>	<u>(2)</u>	<u>161,591</u>	<u>1</u>
Total non-operating income and expenses	<u>(274,294)</u>	<u>(1)</u>	<u>1,101,986</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	1,883,402	10	3,026,722	18
INCOME TAX EXPENSE (Notes 4 and 27)	<u>463,852</u>	<u>3</u>	<u>506,754</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>1,419,550</u>	<u>7</u>	<u>2,519,968</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(836)	-	(1,829)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	2,155,206	11	1,494,053	9

(Continued)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Share of the other comprehensive income of associates	\$ 96,662	1	\$ 73,045	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(5,035)	-	(20,944)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(226,555)	(1)	454,298	3
Share of the other comprehensive (loss) income of associates	(24,594)	-	55,247	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>49,426</u>	<u>-</u>	<u>(99,454)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>2,044,274</u>	<u>11</u>	<u>1,954,416</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,463,824</u>	<u>18</u>	<u>\$ 4,474,384</u>	<u>26</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 716,090		\$ 1,592,225	
Non-controlling interests	<u>703,460</u>		<u>927,743</u>	
	<u>\$ 1,419,550</u>		<u>\$ 2,519,968</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,635,919		\$ 3,213,745	
Non-controlling interests	<u>827,905</u>		<u>1,260,639</u>	
	<u>\$ 3,463,824</u>		<u>\$ 4,474,384</u>	
EARNINGS PER SHARE (Note 28)				
Basic	\$ 1.02		\$ 2.32	
Diluted	1.02		2.27	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

(With Deloitte & Touche auditors' report dated March 10, 2026)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Exchange Differences on Translation of Foreign Operations	Unrealized Gains and Losses on Financial Assets At Fair Value Through Other Comprehensive Income	Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
					Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2024	\$ 689,422	\$ 5,532,092	\$ 1,654,043	\$ 3,038	\$ 3,178,924	\$ 4,836,005	\$ (58,298)	\$ 4,675,339	\$ 4,617,041	\$ (663,579)	\$ 15,010,981	\$ 4,528,075	\$ 19,539,056
Appropriation of earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	182,307	-	(182,307)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,761)	1,761	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,623,012)	(1,623,012)	-	-	-	-	(1,623,012)	-	(1,623,012)
Cash dividends from capital surplus	-	-	182,307	(1,761)	(1,803,558)	(1,623,012)	-	-	-	-	(1,623,012)	-	(1,623,012)
Net profit for the year ended December 31, 2024	-	(258,575)	-	-	-	-	-	-	-	-	(258,575)	-	(258,575)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	1,592,225	1,592,225	-	-	-	-	1,592,225	927,743	2,519,968
	-	-	-	-	(113)	(113)	225,982	1,395,651	1,621,633	-	1,621,520	332,896	1,954,416
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,592,112	1,592,112	225,982	1,395,651	1,621,633	-	3,213,745	1,260,639	4,474,384
Convertible bonds converted to ordinary shares (Note 20)	36,226	1,127,362	-	-	-	-	-	-	-	-	1,163,588	-	1,163,588
Treasury shares buyback (Note 24)	-	-	-	-	-	-	-	-	-	(18,009)	(18,009)	-	(18,009)
Acquisition of the Corporation's shares held by subsidiaries (Note 24)	-	-	-	-	-	-	-	-	-	(47,261)	(47,261)	(39,649)	(86,910)
Disposal of the Corporation's shares held by subsidiaries (Note 24)	-	8,658	-	-	-	-	-	-	-	14,585	23,243	35,411	58,654
Change in capital surplus due to the distribution of dividends to subsidiaries	-	50,649	-	-	-	-	-	-	-	-	50,649	86,207	136,856
Difference between consideration and carrying amount of subsidiaries acquired or disposed of (Note 30)	-	(78,598)	-	-	-	-	-	-	-	-	(78,598)	(128,097)	(206,695)
Share of changes in equity of subsidiaries (Note 30)	-	6,899	-	-	-	-	-	-	-	-	6,899	-	6,899
Share based payments (Notes 29)	-	4,963	-	-	-	-	-	-	-	9,240	14,203	-	14,203
Non-controlling interests (Notes 24)	-	-	-	-	-	-	-	-	-	-	-	(852,314)	(852,314)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	-	502,782	502,782	-	(502,782)	(502,782)	-	-	-	-
Other changes in equity	-	-	-	-	(158)	(158)	-	-	-	-	(158)	-	(158)
BALANCE AT DECEMBER 31, 2024	725,648	6,393,450	1,836,350	1,277	3,470,102	5,307,729	167,684	5,568,208	5,735,892	(705,024)	17,457,695	4,890,272	22,347,967
Appropriation of earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	148,232	-	(148,232)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,892,501)	(1,892,501)	-	-	-	-	(1,892,501)	-	(1,892,501)
Cash dividends from capital surplus	-	-	148,232	-	(2,040,733)	(1,892,501)	-	-	-	-	(1,892,501)	-	(1,892,501)
Net profit for the year ended December 31, 2025	-	(69,315)	-	-	-	-	-	-	-	-	(69,315)	-	(69,315)
Other comprehensive (loss) income for the year ended December 31, 2025, net of income tax	-	-	-	-	716,090	716,090	-	-	-	-	716,090	703,460	1,419,550
	-	-	-	-	(6,289)	(6,289)	(108,789)	2,034,907	1,926,118	-	1,919,829	124,445	2,044,274
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	709,801	709,801	(108,789)	2,034,907	1,926,118	-	2,635,919	827,905	3,463,824
Acquisition of the Corporation's shares held by subsidiaries (Note 24)	-	-	-	-	-	-	-	-	-	(18,998)	(18,998)	(19,354)	(38,352)
Disposal of the Corporation's shares held by subsidiaries (Note 24)	-	12	-	-	-	-	-	-	-	36	48	60	108
Change in capital surplus due to the distribution of dividends to subsidiaries	-	48,568	-	-	-	-	-	-	-	-	48,568	78,036	126,604
Share of changes in equity of subsidiaries (Note 30)	-	(187,870)	-	-	-	-	-	-	-	(12,642)	(200,512)	12,642	(187,870)
Non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	-	-	(1,135,787)	(1,135,787)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	-	410,299	410,299	-	(410,299)	(410,299)	-	-	-	-
BALANCE AT DECEMBER 31, 2025	\$ 725,648	\$ 6,184,845	\$ 1,984,582	\$ 1,277	\$ 2,549,469	\$ 4,535,328	\$ 58,895	\$ 7,192,816	\$ 7,251,711	\$ (736,628)	\$ 17,960,904	\$ 4,653,774	\$ 22,614,678

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 10, 2026)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,883,402	\$ 3,026,722
Adjustments for:		
Depreciation expense	721,895	784,981
Amortization expense	18,260	20,584
Expected credit loss	14,622	8,538
Gain on financial assets at fair value through profit or loss	(52,893)	(1,485)
Finance costs	212,798	196,003
Interest income	(329,144)	(385,088)
Dividend income	(447,273)	(365,165)
Compensation costs of share-based payments	27,950	36,650
Share of profit or loss of associates	406,606	(161,591)
Gain on disposal of property, plant and equipment	(11,091)	(904)
Impairment loss recognized on non-financial assets	297,998	9,121
Others	10,458	(1,800)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	50,313	25,380
Notes and accounts receivable, net	(666,099)	(288,166)
Accounts receivable - related parties	(3,962)	(2,835)
Other receivables	10,980	(21,373)
Inventories	(560,711)	(592,476)
Other current assets	265	(9,082)
Contract liabilities	(2,007)	(68,326)
Notes payable	(341)	-
Accounts payable	529,715	189,667
Accounts payable - related parties	29,644	13,586
Other payables	10,621	149,423
Other current liabilities	(16,111)	(71,951)
Net defined benefit liabilities	(16,218)	4,998
Other non-current liabilities	(3,031)	5,139
Cash generated from operations	2,116,646	2,500,550
Interest received	357,859	372,170
Dividends received	582,898	469,517
Interest paid	(198,190)	(157,910)
Income taxes paid	(221,223)	(795,405)
Net cash generated from operating activities	<u>2,637,990</u>	<u>2,388,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(983,001)	(689,803)
Proceeds from disposal of financial assets at fair value through other comprehensive income	944,953	1,763,985

(Continued)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2025	2024
Acquisition of property, plant and equipment	\$ (612,366)	\$ (332,301)
Proceeds from disposal of property, plant and equipment	49,521	13,495
Acquisition of intangible assets	(3,723)	(6,853)
Acquisition of right-of-use assets	(262,627)	-
Increase in other financial assets	(2,982)	(854,474)
Increase in other non-current assets	<u>(67,601)</u>	<u>(35,388)</u>
Net cash used in investing activities	<u>(937,826)</u>	<u>(141,339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,403,160	1,775,000
Repayment of short-term borrowings	(1,683,150)	(3,976,607)
Decrease in short-term bills payable	-	(30,000)
Redemption of convertible bonds	-	(900)
Proceeds from long-term borrowings	4,524,000	6,498,073
Repayment of long-term borrowings	(3,227,006)	(4,501,257)
Proceeds from guarantee deposits received	1,055	70
Repayment of the principal portion of lease liabilities	(24,441)	(23,925)
Dividends paid	(1,846,148)	(1,645,722)
Treasury shares buyback	-	(20,587)
Acquisition of the Corporation's shares held by subsidiaries	(38,352)	(86,910)
Disposal of treasury shares	108	58,654
Treasury shares sold to employees	-	9,119
Decrease in non-controlling interests	<u>(1,331,244)</u>	<u>(1,019,425)</u>
Net cash used in financing activities	<u>(1,222,018)</u>	<u>(2,964,417)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(190,514)</u>	<u>380,480</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	287,632	(336,354)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,098,817</u>	<u>7,435,171</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,386,449</u>	<u>\$ 7,098,817</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

(With Deloitte & Touche auditors' report dated March 10, 2026)

Chang Wah Electromaterials Inc. and Subsidiaries

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

1. GENERAL INFORMATION

Chang Wah Electromaterials Inc. (the “Corporation”) was incorporated in May 1989. The Corporation trades electrical, telecommunication, and semiconductor materials and parts, and engages in import and export trading, leasing, manufacturing and selling of electrical appliances, telecommunications equipment, and mechanical parts, and retailing of synthetic resin, electronic materials and components.

In October 2003, the Corporation’s shares were listed on the Taipei Exchange. On December 31, 2007, the Corporation listed its shares on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 10, 2026.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - i In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - ii In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Corporation and its subsidiaries can choose to derecognize the financial liability before the settlement date if, and only if, the Corporation and its subsidiaries have initiated a payment instruction that resulted in:

- a) The Corporation and its subsidiaries having no practical ability to withdraw, stop or cancel the payment instruction;
- b) The Corporation and its subsidiaries having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- c) The settlement risk associated with the electronic payment system being insignificant.

The Corporation and its subsidiaries shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Corporation and its subsidiaries’ financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

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

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

- 1) To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Corporation and its subsidiaries shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- 3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries labels items as “other” only if it cannot find a more informative label.
- 4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

- 1) The Corporation and its subsidiaries shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- 2) Interest and dividends received by the Corporation and its subsidiaries shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Corporation and its subsidiaries have a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the other impacts of the above amended standards and interpretations on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities expected to be settled within 12 months after the reporting period; and

- 3) Liabilities for which the Corporation and its subsidiaries does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Corporation and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Corporation and its subsidiaries account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation and its subsidiaries had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

The detailed information of subsidiaries is as follows:

Investor Company	Investee Company	Main Businesses	Percentage of Ownership (%)	
			December 31, 2025	December 31, 2024
The Corporation	CWE Holding Co., Ltd. ("CWE Holding")	International investment activities	100	100
	Chang Wah Technology Co., Ltd. ("CWTC")	Manufacturing of plastic products and electronic components for industrial use; retailing and wholesaling of electronic components and machinery	49.54	48.56
	Chang Wah Energy Technology Co., Ltd. ("CWEC")	Power generation of non-public business and renewable energy for equipment; leasing business; installing and retailing of electrical equipment, machinery and computer equipment	100	100
	Shanghai Chang Wah Electromaterials Inc. ("CWES")	Acting as an agent for IC packaging materials and equipment	30.625	30.625
	Sing Jheng Investment Co., Ltd. ("Sing Jheng Investment")	Investment activities	10	10

(Continued)

Investor Company	Investee Company	Main Businesses	Percentage of Ownership (%)	
			December 31, 2025	December 31, 2024
Chang Wah Technology Co., Ltd.	CWTC (Shanghai) Inc. ("CWTs")	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, electronic products, machinery and equipment, etc.	100	100
	SH Asia Pacific Pte. Ltd. ("SHAP")	Trading of electronic components and equipment; investing activities	100	100
	Sing Jheng Investment Co., Ltd. ("SZI")	Investment activities	49	49
SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd. ("MSHE")	Manufacturing and selling lead frame and semiconductor materials	100	100
	SH Electronics Chengdu Co., Ltd. ("SHEC")	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	70	70
	SH Precision Chengdu Co., Ltd. ("SHPC")	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	70	70
	SH Electronics Suzhou Co., Ltd. ("SHS")	Researching, developing, manufacturing and selling of leadframe, semiconductor packaging materials and precision tools	100	100
WSP Electromaterials Ltd.	WSP Electromaterials Ltd. ("WSP")	International investment activities	100	100
	Shanghai Chang Wah Electromaterials Inc. ("CWES")	Acting as an agent for IC packaging materials and equipment	69.375	69.375
	SH Electronics Chengdu Co., Ltd. ("SHEC")	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	30	30
	SH Precision Chengdu Co., Ltd. ("SHPC")	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	30	30

(Concluded)

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss.

When a business combination is achieved in stages, the Corporation and its subsidiaries' previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Corporation and its subsidiaries.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange difference on transactions entered into in order to hedge certain foreign currency.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the financial statements of foreign operations (including subsidiaries and associates in other countries that use currencies different from the currency of the Corporation) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Corporation and its subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the prevailing exchange rate at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

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

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

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

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

When the Corporation and its subsidiaries transact with their associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associates that are not related to the Corporation and its subsidiaries.

i. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing

whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Except land that is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets that meet the definition of investment properties.

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

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties at the end of owner-occupation, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit

based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

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

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, net notes and accounts receivable at amortized cost (including related parties), other receivables, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by

applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

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

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

Bank balances used by the Corporation and its subsidiaries that are subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance that no longer meets the definition of cash. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Corporation and its subsidiaries always recognize lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Corporation and its subsidiaries consider the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 30 days past due unless the Corporation and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial instruments is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income will not be reclassified to profit or loss; instead, it will be transferred to retained earnings.

2) Equity instruments

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Repurchased equity instruments of the Corporation are recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation and its subsidiaries are classified separately as financial liabilities and equity in accordance with the

substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - others.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

o. Treasury shares

Shares of the Corporation held by the subsidiaries are reclassified to treasury shares from investments accounted for using the equity method at the acquisition cost.

p. Revenue recognition

The Corporation and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation and its subsidiaries to customers and performance obligations are satisfied. Unearned sales revenue is recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Corporation and its subsidiaries with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation and its subsidiaries transfer a promised good to a customer and the date the customer pays for that good is one year or less, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

The Corporation and its subsidiaries do not recognize sales revenue on materials delivered to subcontractors because the delivery does not involve a transfer of ownership.

2) Revenue from the rendering of services

Revenue from the rendering of services is measured according to the basis of calculation as stated in the contract. Since the period between the date of service transferred and the date of collection is less than one year, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

3) Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment is established. However, only if the economic benefits related to the transaction are likely to inflow into the Company and its subsidiaries can the amount of income be measured reliably.

q. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

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

When the Corporation and its subsidiaries sublease a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Corporation and its subsidiaries, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation and its subsidiaries as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the accounting policies for investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Specifically, government grants whose primary condition is that the subsidiaries should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan that the subsidiaries received at a below-market rate of interest is treated as a government grant, measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

u. Share-based payment arrangements

Employee share options and restricted shares for employees granted by subsidiaries to the employees are recognized as expenses on a straight-line basis within the vested period based on the fair value of the equity instruments on the date of the grant and the best estimated number of shares expected to be acquired; in addition, capital surplus - employee share options or non-controlling interests and other equity - unearned employee benefits or non-controlling interests are adjusted correspondingly. The expense is recognized in full at the grant date if the grants are vested immediately. Subsidiaries transferred the treasury shares to the employees on the grant date when the number of shares that the employees purchased is confirmed.

When the subsidiaries restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. At the end of each reporting period, the subsidiaries revises its estimate of the number of employee share options and restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options or non-controlling interests, capital surplus - restricted shares for employees and other equity - unearned employee benefits or non-controlling interests.

v. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation and its subsidiaries is able to control the reversal of the temporary difference and it is probable that the temporary difference will not

reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Corporation and its subsidiaries review the estimates and underlying assumptions on an ongoing basis.

Significant influence over associates

As stated in Note 13, the Corporation and its subsidiaries collectively owned 42.81%, 37.37 % and 30% of the voting rights of JMC Electronics Co., Ltd., Wellstech Optical Co., Ltd. and Silver Connection Co., Ltd., respectively. The combined ownership represents the single largest shareholding. However, considering the size of the Corporation and its subsidiaries' holding of voting rights relative to the size and dispersion of holdings of the other shareholders and the voting patterns at previous shareholders' meetings, which indicate that other shareholders are not passive, the Corporation and its subsidiaries are not able to hold more than half of the above companies' governing bodies. Therefore, the Corporation and its subsidiaries cannot direct the relevant activities of and do not have control over the companies. Consequently, the Corporation and its subsidiaries considered and classified the above companies as associates by virtue of the Corporation and its subsidiaries' ability to exercise significant influence over the invested companies.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Corporation and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation and its subsidiaries'

historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, see Note 9.

b. Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Corporation and its subsidiaries use judgment and estimates to determine the net realizable value of inventory at the end of the reporting period. The net realizable value of inventories is mainly determined on the basis of future selling price, it might be adjusted significantly.

c. Income taxes

The realizability of deferred tax assets depends on whether sufficient future profit or taxable temporary differences will be available or not. In cases where the actual future profit generated is less than expected, a reversal of deferred tax assets may arise, which would be recognized in profit or loss in the period in which such a reversal takes place.

Since a portion of the earnings is expected to be used for expanding foreign operations, it will not be remitted in the foreseeable future. The realization of deferred income tax liabilities mainly depends on the scale of operation expansion in the future. If the actual investment amount in the future is less than the expected investment amount, an income tax reversal will occur and such reversal amount will be recognized in profit and loss upon occurrence.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 636	\$ 381
Checking accounts and demand deposits	3,819,035	4,322,547
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	3,561,778	2,775,889
Bonds with repurchase agreement	<u>5,000</u>	<u>-</u>
	<u>\$ 7,386,449</u>	<u>\$ 7,098,817</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
Current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 94,570	\$ 83,300
Domestic convertible bonds	<u>-</u>	<u>15,158</u>
	<u>\$ 94,570</u>	<u>\$ 98,458</u>

(Continued)

	December 31	
	2025	2024
Non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign private equity funds	\$ 256,029	\$ 249,561
		(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2025	2024
Current		
Equity instruments		
Domestic listed shares	\$ 6,390,346	\$ 724,116
Foreign listed shares	18,710	-
	<u>\$ 6,409,056</u>	<u>\$ 724,116</u>
Non-current		
Equity instruments		
Domestic listed shares	\$ 7,296,538	\$ 7,272,743
Domestic preferred shares of listed companies sold to specific group	280,349	157,065
Foreign unlisted shares	238,383	229,862
Foreign listed shares	50,074	-
Domestic unlisted shares	<u>31,837</u>	<u>3,729,197</u>
	<u>\$ 7,897,181</u>	<u>\$ 11,388,867</u>

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

The Corporation and its subsidiaries entered into a security-lending agreement with SinoPac Securities. During the lending period, the Corporation and its subsidiaries retain the risks and the returns of these financial assets; therefore, they were not excluded. As of December 31, 2025 and 2024, the carrying amounts of the securities were NT\$92,783 thousand and NT\$0 thousand, respectively.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2025	2024
Notes and accounts receivable		
Measured at amortized cost	\$ 4,272,806	\$ 3,606,707
Less: Allowance for impairment loss	<u>45,443</u>	<u>30,815</u>
	<u>\$ 4,227,363</u>	<u>\$ 3,575,892</u>
Accounts receivable - related parties		
Measured at amortized cost	<u>\$ 34,928</u>	<u>\$ 30,966</u>

The notes and accounts receivable of the Corporation and its subsidiaries for the related credit management policies, refer to Note 33.

The loss allowance of the Corporation and its subsidiaries' accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable are estimated by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of the current direction of the economic conditions at the reporting date. The Corporation and its subsidiaries write off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after carrying out follow-up procedures. For accounts receivable that have been written off, the Corporation and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable of the Corporation and its subsidiaries:

December 31, 2025

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Expected credit loss rate (%)	-	0-1	1-50	10-100	10-100	
Gross carrying amount	\$ 4,116,251	\$ 134,603	\$ 20,072	\$ 7,960	\$ 28,848	\$ 4,307,734
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(4)</u>	<u>(9,205)</u>	<u>(7,960)</u>	<u>(28,274)</u>	<u>(45,443)</u>
Amortized cost	<u>\$ 4,116,251</u>	<u>\$ 134,599</u>	<u>\$ 10,867</u>	<u>\$ -</u>	<u>\$ 574</u>	<u>\$ 4,262,291</u>

December 31, 2024

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Expected credit loss rate (%)	-	0-1	1-50	10-100	10-100	
Gross carrying amount	\$ 3,477,776	\$ 118,021	\$ 17,977	\$ 19,625	\$ 4,274	\$ 3,637,673
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(6)</u>	<u>(8,719)</u>	<u>(19,167)</u>	<u>(2,923)</u>	<u>(30,815)</u>
Amortized cost	<u>\$ 3,477,776</u>	<u>\$ 118,015</u>	<u>\$ 9,258</u>	<u>\$ 458</u>	<u>\$ 1,351</u>	<u>\$ 3,606,858</u>

The movements of the loss allowance for notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 30,815	\$ 22,046
Recognition	14,622	8,538
Effect of foreign currency exchange difference	<u>6</u>	<u>231</u>
Balance, end of the year	<u>\$ 45,443</u>	<u>\$ 30,815</u>

10. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$ 906,189	\$ 691,815
Work in progress	1,038,913	889,314
Finished goods	779,948	768,587
Merchandise	426,567	208,514
Consumable supplies	<u>170,469</u>	<u>153,594</u>
	<u>\$ 3,322,086</u>	<u>\$ 2,711,824</u>

The cost of inventories recognized as operating costs for the years ended December 31, 2025 and 2024 was NT\$15,759,993 thousand and NT\$13,698,505 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2025	2024
Write-down (reversal) of inventories	\$ (46,168)	\$ 9,121
Revenue from sale of scraps	(908,612)	(843,487)
Loss on disposal of inventories	5,684	-

Inventory write-downs were reversed due to high raw material prices on the global market, the net realizable value of inventory has risen and sales of inventory that was previously written down due to obsolescence.

11. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
Current		
Time deposits with original maturities of more than 3 months	\$ 2,969,407	\$ 2,991,058
Time deposits pledged (Note 35)	<u>24,677</u>	<u>-</u>
	<u>\$ 2,994,084</u>	<u>\$ 2,991,058</u>
Non-current		
Time deposits pledged (Note 35)	<u>\$ 23,136</u>	<u>\$ 23,180</u>

12. SUBSIDIARIES

Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
	2025	2024
CWTC	50.46	51.44

The information on the places of incorporation and principal places of business is provided in Table 8.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Non-controlling Interests December 31	
	2025	2024	2025	2024
CWTC	\$ 703,186	\$ 928,026	\$ 4,768,640	\$ 4,997,345
Others	<u>274</u>	<u>(283)</u>	<u>(114,866)</u>	<u>(107,073)</u>
	<u>\$ 703,460</u>	<u>\$ 927,743</u>	<u>\$ 4,653,774</u>	<u>\$ 4,890,272</u>

The summarized financial information below represents amounts before intragroup eliminations:

CWTC

	December 31	
	2025	2024
Current assets	\$ 14,904,915	\$ 13,841,124
Non-current assets	7,949,403	7,734,548
Current liabilities	(5,461,864)	(4,909,676)
Non-current liabilities	<u>(5,928,210)</u>	<u>(4,974,020)</u>
Equity	<u>\$ 11,464,244</u>	<u>\$ 11,691,976</u>
Equity attributable to:		
Owners of the Corporation	\$ 5,746,462	\$ 5,717,145
Non-controlling interests of CWTC	5,563,851	5,784,378
Non-controlling interests of CWTC's subsidiaries	<u>153,931</u>	<u>190,453</u>
	<u>\$ 11,464,244</u>	<u>\$ 11,691,976</u>
	For the Year Ended December 31	
	2025	2024
Revenue	\$ 13,428,198	\$ 11,986,794
Net profit for the year	\$ 1,550,260	\$ 1,931,466
Other comprehensive income for the year	<u>149,802</u>	<u>1,091,364</u>
Total comprehensive income for the year	<u>\$ 1,700,062</u>	<u>\$ 3,022,830</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
Net profit attributable to:		
Owners of the Corporation	\$ 781,882	\$ 948,475
Non-controlling interests of CWTC	762,685	977,313
Non-controlling interests of CWTC's subsidiaries	<u>5,693</u>	<u>5,678</u>
	<u>\$ 1,550,260</u>	<u>\$ 1,931,466</u>
Total comprehensive income attributable to:		
Owners of the Corporation	\$ 854,523	\$ 1,457,096
Non-controlling interests of CWTC	830,741	1,533,901
Non-controlling interests of CWTC's subsidiaries	<u>14,798</u>	<u>31,833</u>
	<u>\$ 1,700,062</u>	<u>\$ 3,022,830</u>
Cash flow from:		
Operating activities	\$ 1,878,583	\$ 1,814,188
Investing activities	(849,269)	(1,276,069)
Financing activities	(775,967)	(1,531,011)
Effects of changes in exchange rate	<u>(190,514)</u>	<u>380,480</u>
Net cash Inflow (outflow)	<u>\$ 62,833</u>	<u>\$ (612,412)</u>
		(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - INVESTMENTS IN ASSOCIATES

	December 31	
	2025	2024
Associates that are individually material		
JMC	\$ 725,144	\$ 1,490,262
Guangdong How Weih	816,201	848,839
Wellstech	580,362	602,975
Silver	<u>386,419</u>	<u>380,419</u>
	<u>\$ 2,508,126</u>	<u>\$ 3,322,495</u>

Name of Associate	Main Business	Operating Location	Proportion of Ownership and Voting Rights (%)	
			December 31, 2025	December 31, 2024
JMC Electronics Co., Ltd. ("JMC")	Manufacturing, processing, and selling of COF substrates	Taiwan	42.81	42.81
Guangdong How Weih Electronics Co., Ltd. ("Guangdong How Weih")	Researching, developing, manufacturing and selling of new electronic components, precision hardware, plastic components and other products	China	25.16	25.16
Wellstech Optical Co., Ltd. ("Wellstech")	Manufacturing and retailing of electronic components, computers and peripherals, and precision instruments	Taiwan	37.37	37.37
Silver Connection Co., Ltd. ("Silver")	Manufacturing and selling of electrical contact materials such as silver contact and metal shaped materials, etc.	Cayman	30	30

The summarized financial information below represents amounts shown in JMC's financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation for equity accounting purposes.

	December 31	
	2025	2024
Current assets	\$ 1,078,055	\$ 1,152,146
Non-current assets	2,200,387	2,929,564
Current liabilities	(1,044,612)	(599,231)
Non-current liabilities	<u>(532,340)</u>	<u>(794,351)</u>
Equity	<u>\$ 1,701,490</u>	<u>\$ 2,688,128</u>
Proportion of the Corporation's ownership (%)	43	43
Equity attributable to the Corporation	\$ 728,389	\$ 1,150,758
Unrealized gains resulting from transactions	(3,245)	(4,662)
Impairment loss	(640,166)	(296,000)
Goodwill	<u>640,166</u>	<u>640,166</u>
Carrying amount of the investment	<u>\$ 725,144</u>	<u>\$ 1,490,262</u>

Due to JMC's continuous losses in recent years, the Company assessed that the carrying amount of its investment accounted for using the equity method exceeded the Company's share of JMC's net assets, calculated based on its ownership percentage, by NT\$344,166 thousand. As the excess amount was no longer expected to be recoverable in the future, the Company recognized an impairment loss for the full amount in 2025.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
Name of Associate	2025	2024
JMC	<u>\$ 895,391</u>	<u>\$ 1,298,672</u>

The summarized financial information below represents amounts shown in Guangdong How Weih's financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation for equity accounting purposes.

	December 31	
	2025	2024
Current assets	\$ 1,758,507	\$ 2,016,744
Non-current assets	1,368,118	1,166,637
Current liabilities	(739,380)	(668,981)
Non-current liabilities	<u>(27,438)</u>	<u>(24,879)</u>
Equity	<u>\$ 2,359,807</u>	<u>\$ 2,489,521</u>
Proportion of the Corporation's ownership (%)	25	25

(Continued)

	December 31	
	2025	2024
Equity attributable to the Corporation	\$ 593,769	\$ 626,407
Goodwill	<u>222,432</u>	<u>222,432</u>
Carrying amount of the investment	<u>\$ 816,201</u>	<u>\$ 848,839</u> (Concluded)

The summarized financial information below represents amounts shown in Wellstech's financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation for equity accounting purposes.

	December 31	
	2025	2024
Current assets	\$ 132,183	\$ 161,758
Non-current assets	1,589,511	1,635,516
Current liabilities	(80,980)	(102,407)
Non-current liabilities	<u>(87,807)</u>	<u>(81,453)</u>
Equity	<u>\$ 1,552,907</u>	<u>\$ 1,613,414</u>
Proportion of the Corporation's ownership (%)	37	37
Equity attributable to the Corporation	<u>\$ 580,362</u>	<u>\$ 602,975</u>
Carrying amount of the investment	<u>\$ 580,362</u>	<u>\$ 602,975</u>

The summarized financial information below represents amounts shown in Silver's financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation for equity accounting purposes.

	December 31	
	2025	2024
Current assets	\$ 291,500	\$ 269,841
Non-current assets	806,834	789,629
Current liabilities	(172,141)	(153,110)
Non-current liabilities	<u>(6,740)</u>	<u>(6,905)</u>
Equity	<u>\$ 919,453</u>	<u>\$ 899,455</u>
Proportion of the Corporation's ownership (%)	30	30
Equity attributable to the Corporation	<u>\$ 275,836</u>	<u>\$ 269,836</u>
Goodwill	<u>110,583</u>	<u>110,583</u>
Carrying amount of the investment	<u>\$ 386,419</u>	<u>\$ 380,419</u>

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2025	2024
Assets used by the Corporation and its subsidiaries	\$ 3,315,782	\$ 3,829,773
Assets leased under operating leases	<u>38,808</u>	<u>45,622</u>
	<u>\$ 3,354,590</u>	<u>\$ 3,875,395</u>

a. Assets used by the Corporation and its subsidiaries

For the Year Ended December 31, 2025

	Land	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>									
Balance at January 1, 2025	\$ 384,070	\$ 3,470,768	\$ 6,413,907	\$ 4,330,098	\$ 42,358	\$ 115,057	\$ 593,868	\$ 82,256	\$ 15,432,382
Additions	-	87,820	163,324	157,217	1,106	10,802	42,139	195,030	657,438
Disposals	-	(7,581)	(75,700)	(50,695)	(1,175)	(2,254)	(10,319)	-	(147,724)
Reclassification	(328,572)	(235,273)	650	-	-	193	111,373	-	(451,629)
Effect of foreign currency exchange difference	-	(40,541)	(84,397)	(76,199)	(777)	(2,718)	(1,751)	766	(205,617)
Balance at December 31, 2025	<u>55,498</u>	<u>3,275,193</u>	<u>6,417,784</u>	<u>4,360,421</u>	<u>41,512</u>	<u>121,080</u>	<u>735,310</u>	<u>278,052</u>	<u>15,284,850</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2025	-	(1,831,084)	(5,100,791)	(4,003,615)	(27,219)	(93,124)	(369,988)	-	(11,425,821)
Depreciation	-	(109,295)	(325,588)	(156,456)	(4,698)	(7,473)	(76,143)	-	(679,653)
Disposals	-	7,141	42,289	48,128	717	2,254	10,007	-	110,536
Reclassification	-	19,035	-	-	-	-	-	-	19,035
Effect of foreign currency exchange difference	-	33,784	72,311	72,778	482	2,505	1,681	-	183,541
Balance at December 31, 2025	-	<u>(1,880,419)</u>	<u>(5,311,779)</u>	<u>(4,039,165)</u>	<u>(30,718)</u>	<u>(95,838)</u>	<u>(434,443)</u>	-	<u>(11,792,362)</u>
<u>Accumulated impairment</u>									
Balance at January 1, 2025	-	(45,115)	(11,164)	(120,226)	-	-	(283)	-	(176,788)
Disposals	-	-	-	-	-	-	58	-	58
Effect of foreign currency exchange difference	-	-	19	-	-	-	5	-	24
Balance at December 31, 2025	-	<u>(45,115)</u>	<u>(11,145)</u>	<u>(120,226)</u>	-	-	<u>(220)</u>	-	<u>(176,706)</u>
Carrying amount at December 31, 2025	<u>\$ 55,498</u>	<u>\$ 1,349,659</u>	<u>\$ 1,094,860</u>	<u>\$ 201,030</u>	<u>\$ 10,794</u>	<u>\$ 25,242</u>	<u>\$ 300,647</u>	<u>\$ 278,052</u>	<u>\$ 3,315,782</u>

For the Year Ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 288,417	\$ 2,311,022	\$ 5,885,097	\$ 4,077,828	\$ 35,517	\$ 95,441	\$ 453,566	\$ 1,529,064	\$ 14,675,952
Additions	-	1,055,006	433,366	139,152	7,840	17,029	140,903	(1,447,459)	345,837
Disposals	-	(10,085)	(72,012)	(31,484)	(2,249)	(2,012)	(5,263)	-	(123,105)
Reclassification	95,653	39,601	-	-	-	-	-	(680)	134,574
Effect of foreign currency exchange difference	-	75,224	167,456	144,602	1,250	4,599	4,662	1,331	399,124
Balance at December 31, 2024	<u>384,070</u>	<u>3,470,768</u>	<u>6,413,907</u>	<u>4,330,098</u>	<u>42,358</u>	<u>115,057</u>	<u>593,868</u>	<u>82,256</u>	<u>15,432,382</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Accumulated depreciation									
Balance at January 1, 2024	\$ -	\$ (1,682,400)	\$ (4,644,443)	\$ (3,663,556)	\$ (23,007)	\$ (85,684)	\$ (324,790)	\$ -	\$ (10,423,880)
Depreciation	-	(92,272)	(360,484)	(234,824)	(4,062)	(5,224)	(46,228)	-	(743,094)
Disposals	-	10,085	44,103	29,954	603	2,012	5,249	-	92,006
Reclassification	-	(3,484)	-	-	-	-	-	-	(3,484)
Effect of foreign currency exchange difference	-	(63,013)	(139,967)	(135,189)	(753)	(4,228)	(4,219)	-	(347,369)
Balance at December 31, 2024	-	(1,831,084)	(5,100,791)	(4,003,615)	(27,219)	(93,124)	(369,988)	-	(11,425,821)
Accumulated impairment									
Balance at January 1, 2024	-	(45,116)	(29,625)	(120,226)	-	-	(271)	-	(195,238)
Disposals	-	-	18,508	-	-	-	-	-	18,508
Effect of foreign currency exchange difference	-	1	(47)	-	-	-	(12)	-	(58)
Balance at December 31, 2024	-	(45,115)	(11,164)	(120,226)	-	-	(283)	-	(176,788)
Carrying amount at December 31, 2024	<u>\$ 384,070</u>	<u>\$ 1,594,569</u>	<u>\$ 1,301,952</u>	<u>\$ 206,257</u>	<u>\$ 15,139</u>	<u>\$ 21,933</u>	<u>\$ 223,597</u>	<u>\$ 82,256</u>	<u>\$ 3,829,773</u>

(Concluded)

b. Assets leased under operating leases

For the Year Ended December 31, 2025

Rental Assets

Cost	
Balance at January 1, 2025	\$ 115,007
Disposal	<u>(3,000)</u>
Balance at December 31, 2025	<u>112,007</u>
Accumulated depreciation	
Balance at January 1, 2025	69,385
Depreciation	5,514
Disposal	<u>(1,700)</u>
Balance at December 31, 2025	<u>73,199</u>
Carrying amount at December 31, 2025	<u>\$ 38,808</u>

For the Year Ended December 31, 2024

Rental Assets

Cost	
Balance at January 1, 2024 and December 31, 2024	<u>\$ 115,007</u>

(Continued)

Rental Assets

Accumulated depreciation	
Balance at January 1, 2024	\$ 63,522
Depreciation	<u>5,863</u>
Balance at December 31, 2024	<u>69,385</u>
Carrying amount at December 31, 2024	\$ <u>45,622</u>
	(Concluded)

The subsidiary, Chang Wah Energy Technology Co., Ltd., leases solar energy equipment as operating leases with lease term of 20 years. The lessees do not have purchase options to acquire the assets at the end of the lease periods.

The above lease contracts stipulated that the lessees shall pay on a monthly basis the variable lease payment according to the specific percentage of the monthly Taipower wholesale purchase rate, which is different from the index or the rate.

Some of the lease contracts between the subsidiary and the lessees included the terms related to general risk management to reduce the risk on the remaining assets of the leased solar equipment at the end of the lease period.

- c. The above items of property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Main buildings	15-50 years
Renovation	2-25 years
Machinery and equipment	
Solar energy equipment	7-20 years
Others	2-10 years
Tooling equipment	2-5 years
Transportation equipment	3-5 years
Office equipment	2-5 years
Other equipment	2-10 years
Rental equipment	
Solar energy equipment	7-20 years
Others	5 years

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2025	2024
Carrying amount		
Land	\$ 659,465	\$ 410,186
Buildings	48,353	62,590
Transportation equipment	<u>1,551</u>	<u>347</u>
	<u>\$ 709,369</u>	<u>\$ 473,123</u>

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	\$ 264,223	\$ 6,894
Depreciation charge for right-of-use assets		
Land	\$ 11,869	\$ 10,139
Buildings	20,555	20,418
Transportation equipment	<u>393</u>	<u>462</u>
	\$ 32,817	\$ 31,019

In 2025, the subsidiary MSHE acquired land of use rights at a total consideration of MYR \$35,980 thousand. The purchase price was determined with reference to a valuation report issued by an independent professional institution and was approved by the Board of Directors. The full amount was paid in 2025.

Except for the aforementioned addition and recognized depreciation of right-of-use assets, the Corporation and its subsidiaries did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2025 and 2024.

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount		
Current	\$ 22,647	\$ 24,602
Non-current	\$ 74,110	\$ 88,695

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2025	2024
Land	1.8255-2.171	1.8255-2.171
Buildings	0.6661-5.0932	0.6661-5.0932
Transportation equipment	1.798	1.1033

c. Material lease activities and terms

The Corporation and its subsidiaries, CWTC, leased land from the government. The lease term will expire in January 2033, and the Corporation and its subsidiaries have the option to renew or terminate the contract. The Corporation and its subsidiaries, CWTC, do not have a purchase option to acquire the leased land at the expiration of the lease period. The government has the option to adjust the lease payments based on the changes in announced land value.

The Corporation's subsidiary, CWTC, leases buildings from its associate, JMC. The lease term will expire in August 2026, and under certain conditions, CWTC has the option to renew or terminate the contract. CWTC does not have bargain purchase options to acquire the leasehold buildings at the end of the lease term.

The main lease agreements of the subsidiaries SHEC, SHS and MSHE are right-of-use agreements for the lease of land with lease terms of 48-97 years. The subsidiaries SHEC, SHS and MSHE does not have bargain purchase options to acquire the leasehold buildings at the end of the lease term.

The main lease agreement of the subsidiary SHPC relates to factories. The lease term will expire in September 2028, and the subsidiary has option to renew or terminate the contract. The subsidiary, CWTC, does not have a purchase option to acquire the leased land at the expiration of the lease period.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases and low-value asset leases	\$ 10,812	\$ 11,345
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 3,145	\$ 3,285
Total cash outflow for leases	\$ 37,311	\$ 41,219

For the leases of staff dormitory that qualify as short-term leases and other equipment that qualify as low-value asset leases, the Corporation and its subsidiaries have elected to apply the recognition exemption; thus, the Corporation and its subsidiaries did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the Year Ended December 31, 2025

	Land	Buildings	Right-of-use Assets	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ -	\$ 130,877	\$ 15,055	\$ 145,932
From Property, Plant and Equipment	<u>328,572</u>	<u>123,057</u>	<u>-</u>	<u>451,629</u>
Balance at December 31, 2025	<u>328,572</u>	<u>253,934</u>	<u>15,055</u>	<u>597,561</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2025	-	125,979	3,069	129,048
Depreciation expense	-	2,429	1,482	3,911
From Property, Plant and Equipment	<u>-</u>	<u>19,035</u>	<u>-</u>	<u>19,035</u>
Balance at December 31, 2025	<u>-</u>	<u>147,443</u>	<u>4,551</u>	<u>151,994</u>
Carrying amount at December 31, 2025	<u>\$ 328,572</u>	<u>\$ 106,491</u>	<u>\$ 10,504</u>	<u>\$ 445,567</u>

For the Year Ended December 31, 2024

	Land	Buildings	Right-of-use Assets	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 95,653	\$ 170,478	\$ 17,085	\$ 283,216
Reassessment of lease liabilities	-	-	(2,030)	(2,030)
				(Continued)

	Land	Buildings	Right-of-use Assets	Total
Reclassified as Property, Plant and Equipment	\$ (95,653)	\$ (39,601)	\$ -	\$ (135,254)
Balance at December 31, 2024	<u>-</u>	<u>130,877</u>	<u>15,055</u>	<u>145,932</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	-	125,961	1,566	127,527
Depreciation expense	-	3,502	1,503	5,005
Reclassified as Property, Plant and Equipment	<u>-</u>	<u>(3,484)</u>	<u>-</u>	<u>(3,484)</u>
Balance at December 31, 2024	<u>-</u>	<u>125,979</u>	<u>3,069</u>	<u>129,048</u>
Carrying amount at December 31, 2024	<u>\$ -</u>	<u>\$ 4,898</u>	<u>\$ 11,986</u>	<u>\$ 16,884</u> (Concluded)

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

Buildings	10-35 years
Right-of-use-assets	10 years

The Corporation and its subsidiaries' investment properties are located at the Nanzih Technology Industrial Park and Daliao Dist., Kaohsiung, respectively. The Corporation and its subsidiaries' management were unable to reliably measure the fair value of investment property located at the Nanzih Technology Industrial Park because the land belongs to the government, and the Corporation and its subsidiaries only hold the building's ownership. The market transactions are not frequent and comparable properties in active market and alternative reliable measurements of fair value are not available; therefore, the Corporation and its subsidiaries determined that the fair value of the investment property is not reliably measurable. The subsidiary, Chang Wah Technology Co., Ltd., ceased leasing the investment property located at Daliao District, Kaohsiung. The fair value of this investment property was determined based on a valuation conducted by an independent valuation firm, which is an unrelated party to the subsidiary, on February 10, 2022. The fair value of the leased area on December 31, 2025, was assessed at NT\$452,271 thousand. The valuation was measured using the sales comparison approach and the cost comparison approach. Since there is no significant change in the transaction price of real estate in this area, there should be no significant difference between the fair value assessed of the year ended December 31, 2025 and the aforementioned fair value assessed by the independent company.

Right-of-use assets included in investment properties are units of office space located in Nanzih Technology Industrial Park and subleased under operating leases to its invested company using equity method, JMC Electronics Co., Ltd. The abovementioned investment properties are leased out until March 2027. The lease contracts contain market review clauses in the event that the lessee exercised its option to extend. The lessee does not have purchase options to acquire the investment properties at the expiry of the lease period. To reduce the residual asset risk related to the investment properties, the Corporation prepared the lease contract according to its general risk management strategy.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2025	2024
Year 1	\$ 26,915	\$ 21,713
Year 2	12,526	19,115
Year 3	7,800	4,725
Year 4	7,800	-
Year 5	<u>5,850</u>	<u>-</u>
	<u>\$ 60,891</u>	<u>\$ 45,553</u>

17. GOODWILL

	December 31	
	2025	2024
Acquisition of SHAP's ownership	\$ 679,064	\$ 679,064
Acquisition of other company's ownership	488	488
Effect of foreign currency exchange difference	<u>11,783</u>	<u>25,397</u>
	<u>\$ 691,335</u>	<u>\$ 704,949</u>

The Corporation and its subsidiaries' goodwill carried out impairment testing on the recoverable amount of goodwill at the end of the annual reporting period. The recoverable amount was determined based on the value in use. The value in use was calculated based on the cash flow projections from the financial budgets covering a five-year period, using annual discount rates of 10.77% and 12.35% as of December 31, 2025 and 2024, respectively. Based on the assessment result, the recoverable amount exceeded the carrying amount; hence, the Corporation and its subsidiaries need not recognize any impairment loss on goodwill.

18. OTHER INTANGIBLE ASSETS

	December 31	
	2025	2024
Patent	\$ 66,288	\$ 72,521
Computer software	<u>14,170</u>	<u>20,296</u>
	<u>\$ 80,458</u>	<u>\$ 92,817</u>

Intangible assets are amortized on a straight-line basis over their useful lives as follows:

Patent	10-20 years
Computer software	2-10 years

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Bank credit loans	<u>\$ 3,020,010</u>	<u>\$ 2,300,000</u>
Interest rate range (%)	0-1.795	1.68-1.7874

b. Long-term borrowings

	December 31	
	2025	2024
Bank credit loans		
Maturities before June 2030	\$ 9,021,052	\$ 7,724,058
Bank credit loans	<u>401,006</u>	<u>426,006</u>
	<u>\$ 8,620,046</u>	<u>\$ 7,298,052</u>

As of December 31, 2025 and 2024, the annual interest rates of bank credit loans were at 0.725%-1.85% and 0.72%-1.88%, respectively.

- a) Under the syndicated loan agreements, the Corporation and its subsidiaries should meet certain percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity, which are reviewed at least once every six months. If the Corporation and its subsidiaries are not in compliance with the aforementioned restrictions on the financial ratios and amounts, the Corporation and its subsidiaries should make improvements after the end of the year or the end of the second quarter of the next year. If the restrictions are met, the Corporation and its subsidiaries will be deemed as not in violation of the restrictions, however, the interest rate will be raised. The Corporation and its subsidiaries were in compliance with the syndicated loan agreements based on the audited annual consolidated financial statements for the years ended December 31, 2025 and 2024.
- b) The Corporation entered into a syndicated loan agreement with thirteen banks led by Taishin International Bank in March 2019. The agreement was terminated in March 2024.
- c) In March 2024, the Corporation entered into a syndicated loan agreement of NT\$3,000,000 thousand with twelve banks led by Taishin International Bank. The credit line can be used for loan A and loan B. The credit line of loan A is NT\$3,000,000 thousand (or an equivalent amount in USD, RMB or JPY), and the joint credit line of loan B cannot exceed NT\$3,000,000 thousand. The credit line of loan B is NT\$1,800,000 thousand, which can be used on a revolving basis during the loan period (5 years from the initial drawdown date), and is used for the purpose of repaying the loans of financial institutions and enriching medium-term working capital.
- d) The Corporation's subsidiary, CWTC, entered into a syndicated loan agreement of NT\$7,200,000 thousand with seven banks led by First Commercial Bank in December 2020. The credit line can be used for loan A and loan B. The credit line of loan A is \$7,200,000 thousand (or equivalent amount in USD, RMB or JPY), and the joint credit line with loan B cannot exceed \$7,200,000 thousand. The credit line of loan B is \$5,760,000 thousand, which can be used on a revolving basis during the loan period (5 years from the initial drawdown date), and is used for the purpose of repaying the loans of financial institutions and enriching medium-term working capital. In addition, CWTC may extend the loan period by 2 years after obtaining the consent of the seven banks, within the period of six months starting from 4 years after the initial drawdown date.
- e) The Corporation's subsidiary, CWTC, obtained the business qualification verification letter from the "Action Plan for Welcoming Taiwanese Businessmen to Invest in Taiwan" hosted by the Ministry of Economic Affairs in September 2019. Subsequently, entered into a credit agreement with bank with a credit period of 7 to 10 years. The purpose of credit was used for build the plant, purchase of machinery and working capital etc.

20. BONDS PAYABLE

On March 13, 2023, the Corporation issued 12 thousand zero coupon rate unsecured convertible bonds in Taipei Exchange (TPEx), with an aggregate principal amount of NT\$1,200,000 thousand. The bonds were issued at 101% of the par value, the total amount raising a total of NT\$1,212,000 thousand. The conversion price at the time of issuance was NT\$36.2 per share. In case of ex-rights or ex-dividend, it should be adjusted according to the conversion price adjustment formula. The conversion price at the time of issuance ranged from NT\$32.6 to NT\$34.4 per share. From June 14, 2023 to March 13, 2026 if the bonds are not converted, they will be redeemed on March 13, 2026 in cash. If certain criteria are met, the Corporation is entitled to redeem the convertible bonds at par value of the bond.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.7663% per annum on initial recognition.

If the closing price of the Corporation's ordinary share in the centralized trading market exceeds the current conversion price by 30% or more for 30 consecutive business days, the Corporation is entitled to redeem the convertible bonds at par value. The Corporation's redeemed the convertible bonds on July 29, 2024, with the redemption date set as August 28, 2024, and the over-the-counter trading was terminated on August 29, 2024.

	December 31, 2024
Proceeds from issuance (less transaction costs of \$5,310 thousand)	\$ 1,206,690
Redemption rights	360
Equity component (less transaction costs allocated to the equity component of \$303 thousand)	<u>(68,937)</u>
Liability component at the date of issue	1,138,113
Interest charged at an effective interest rate	27,599
Redemption of corporate bonds	(876)
Convertible bonds converted to ordinary shares	<u>(1,164,836)</u>
Liability component	<u>\$ -</u>

The aforementioned unsecured convertible bonds, with a face value of NT\$1,199,100 thousand, were converted into 36,229 thousand ordinary shares, and the registration process has been completed. The portion of the net converted amount exceeding the par value of the ordinary shares was accounted for as capital surplus - convertible bonds conversion premium of NT\$1,196,241 thousand in 2024. In addition, due to the exercise of conversion rights of the bonds, the capital surplus - options recognized in the original issuance decreased by NT\$68,879 thousand in 2024. Furthermore, due to the exercise of the redemption right and the termination of over-the-counter trading of these convertible bonds, the capital surplus - options recognized in the original issuance by NT\$52 thousand was transferred to capital surplus - issuance of ordinary shares.

21. ACCOUNTS PAYABLE

	December 31	
	2025	2024
Accounts payable	\$ 2,281,619	\$ 1,751,904
Accounts payable - related parties	\$ 145,000	\$ 115,356

The Corporation and its subsidiaries have established financial risk management policies to ensure that all

payments are made on the agreed due date.

22. OTHER PAYABLES

	December 31	
	2025	2024
Payables for salaries and bonuses	\$ 1,011,773	\$ 1,016,269
Payables for compensation of employees and remuneration of directors	49,378	103,731
Payables for equipment	43,309	68,186
Others	<u>420,975</u>	<u>353,301</u>
	<u>\$ 1,525,435</u>	<u>\$ 1,541,487</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, the Corporation and its subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiaries in foreign countries contribute monthly to pension funds based on a certain percentage of employees' monthly salaries and wages according to local laws and regulations.

b. Defined benefit plans

The Corporation and its subsidiaries adopted a defined benefit plan under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The subsidiaries make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation and its subsidiaries assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and its subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the subsidiaries have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 10,896	\$ 24,740
Fair value of plan assets	(5,291)	(4,241)
Present value of other long-term employee benefit obligation	<u>15,202</u>	<u>15,923</u>
	20,807	36,422
Recorded under other payables	<u>(10,878)</u>	<u>(11,280)</u>
Net defined benefit liabilities	<u>\$ 9,929</u>	<u>\$ 25,142</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Present Value of Other Long-term Employee Benefit Obligation	Net Defined Benefit Liabilities
Balance at January 1, 2024	\$ 21,487	\$ (7,798)	\$ 16,326	\$ 30,015
Service cost				
Current service cost	609	-	3,730	4,339
Prior service cost	4,716	-	-	4,716
Interest expense (income)	273	(119)	191	345
Recognized in profit or loss	5,598	(119)	3,921	9,400
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(629)	-	(629)
Actuarial gain-changes in financial assumptions	(245)	-	(150)	(395)
Actuarial loss (gain) - experience adjustments	2,703	-	(1,126)	1,577
Recognized in other comprehensive income (other long-term employee benefit recognized in profit or loss)	2,458	(629)	(1,276)	553
Contributions from the employer	-	(498)	-	(498)
Plan asset payments	(4,803)	4,803	-	-
Benefits paid	-	-	(3,048)	(3,048)
	(4,803)	4,305	(3,048)	(3,546)
Balance at December 31, 2024	24,740	(4,241)	15,923	36,422
Service cost				
Current service cost	914	-	3,261	4,175
Prior service cost	848	-	2,208	3,056
Interest expense (income)	126	(73)	214	267
Recognized in profit or loss	1,888	(73)	5,683	7,498
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(432)	-	(432)
Actuarial loss-changes in financial assumptions	330	-	160	490
Actuarial loss (gain) - experience adjustments	938	-	(2,143)	(1,205)
Recognized in other comprehensive income (other long-term employee benefit recognized in profit or loss)	1,268	(432)	(1,983)	(1,147)
Contributions from the employer	-	(545)	-	(545)
Benefits paid	(17,000)	-	(4,421)	(21,421)
	(17,000)	(545)	(4,421)	(21,966)
Balance at December 31, 2025	\$ 10,896	\$ (5,291)	\$ 15,202	\$ 20,807

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans and other long-term employee benefit are as follows:

	For the Year Ended December 31	
	2025	2024
Operating costs	\$ 4,327	\$ 4,011
Operating expenses	<u>1,188</u>	<u>4,113</u>
	<u>\$ 5,515</u>	<u>\$ 8,124</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation and its subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

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

3) Salary risk

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

The actuarial valuations of the present value of the defined benefit obligation of the Corporation and its subsidiaries were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate (%)	1.50	1.50-1.625
Expected rate of salary increase (%)	2.50	2-2.50
Turnover rate (%)	0-10	0-10

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	\$ (650)	\$ (466)
0.25% decrease	<u>\$ 695</u>	<u>\$ 498</u>
		(Continued)

	December 31	
	2025	2024
Expected rate of salary increase/decrease		
0.25% increase	\$ 681	\$ 489
0.25% decrease	\$ (641)	\$ (459)
		(Concluded)

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

	December 31	
	2025	2024
Expected contributions to the plan for the next year	\$ 623	\$ 504
Average duration of the defined benefit obligation	25.3 years	25.4 years

24. EQUITY

a. Share capital

	December 31	
	2025	2024
Number of shares authorized (in thousands)	1,200,000	1,200,000
Shares authorized	\$ 1,200,000	\$ 1,200,000
Number of shares issued and fully paid (in thousands)	725,648	725,648
Shares issued	\$ 725,648	\$ 725,648

b. Capital surplus

For the adjustments of all types of capital surplus balance, refer to Table 10.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation stipulates that the proposal for profit distribution or offsetting of losses should be made at the end of the six months of the fiscal year. If the Corporation made a profit in the six months of a fiscal year, the profit shall be first utilized for offsetting losses of previous years, estimating and reserving for taxes, compensation of employees and remuneration of directors to be paid, then setting aside as legal reserve 10% of the remaining profit until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan. If the distribution is in the form of issuing new shares, it should be resolved in the shareholders' meeting; if the distribution is in the form of cash, it should be resolved in the board of director's meeting.

If the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit after

distribution of dividends from the preferred shares in accordance with Rule No.4-1, together with any undistributed retained earnings should be used by the Corporation's board of directors as the basis for proposing a distribution plan and reported to the shareholders' meeting. If the distribution is in the form of issuing new shares, it should be resolved in the shareholders' meeting.

Remuneration of directors is set aside within a fixed annual budget of NT\$8 million. When the Corporation's annual net income (calculated as pre-tax profit prior to deducting compensation of employees and remuneration of directors) is over NT\$800 million, and the surplus is from NT\$800 million to NT\$1 billion, and over NT\$1 billion, the budget for remuneration of directors will be increased to 2% and 4% of net income, respectively, and will be reported to the shareholders' meeting. Remuneration of directors is determined by reference to the views of the remuneration committee authorized by the board of directors, and paid in accordance with the degree of involvement of the Corporation's operations and contribution to the industry in general.

The Corporation shall undertake aggressive business plan to keep the Corporation operating as a going concern and in stable prosperity in view of the economic environment and the trend of industry growth. Dividend policy is mainly based on a residual dividend concept, i.e. the Corporation shall measure its annual cash requirement in accordance with its capital budget and regular operational cash requirement to determine the amounts of dividends in cash and/or in stock, but cash dividend shall not be less than 10% of the total amount of dividends.

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

In accordance with the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", the Corporation should appropriate or reverse a special reserve.

The appropriations of earnings for 2025, which had been approved by the Corporation's board of directors are as follows:

	2nd Half of the Year 2025	1st half of the Year 2025
Date of the board of directors' meeting	March 10, 2026	November 5, 2025
Legal reserve	\$ 67,506	\$ 44,504
Cash dividends	\$ 494,109	\$ 513,981
Dividend per share (NT\$)	\$ 0.68	\$ 0.71

The Corporation's board of directors resolved to pay the cash dividends of \$953,726 thousand at the issue price of \$1.32 per share from the capital surplus on March, 2026.

The appropriations of earnings for 2024, which had been approved by the Corporation's board of directors are as follows:

	2nd Half of the Year 2024	1st half of the Year 2024
Date of the board of directors' meeting	March 12, 2025	November 5, 2024

(Continued)

	2nd Half of the Year 2024	1st half of the Year 2024
Legal reserve	\$ 103,728	\$ 105,746
Cash dividends	\$ 1,378,520	\$ 506,742
Dividend per share (NT\$)	\$ 1.90	\$ 0.70
		(Concluded)

The Corporation's board of directors resolved to pay the cash dividends of \$69,315 thousand at the issue price of \$0.10 per share from the capital surplus on March, 2025.

The appropriations of earnings for 2023, which had been approved by the Corporation's board of directors except for the appropriations for cash dividend was reported in the shareholder's meeting in May 2024, are as follows:

	2nd Half of the Year 2023	1st half of the Year 2023
Date of the board of directors' meeting	March 12, 2024	November 7, 2023
Legal reserve	\$ 76,561	\$ 83,597
Special reserve	\$ (1,761)	\$ (45,371)
Cash dividends	\$ 1,116,270	\$ 372,288
Dividend per share (NT\$)	\$ 1.62	\$ 0.54

The Corporation's board of directors resolved to pay the cash dividends of \$258,575 thousand at the issue price of \$0.38 per share from the capital surplus.

d. Special reserve

On first-time adoption of IFRS Accounting Standards, the amount of the cumulative translation differences transferred to retained earnings was NT\$1,277 thousand, and the same amount was appropriated as the special reserve.

e. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 167,684	\$ (58,298)
Recognized during the year		
Exchange differences on translation of foreign operations	(88,937)	181,215
Share of exchange differences of associates accounted for using the equity method	(24,594)	55,247
Related income tax	4,742	(10,480)
Balance, end of the year	\$ 58,895	\$ 167,684

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 5,568,208	\$ 4,675,339
Recognized for the year		
Unrealized gains and losses - equity instruments	1,937,489	1,342,165
Share of associates accounted for using the equity method	96,697	72,101
Related income tax	721	(18,615)
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	<u>(410,299)</u>	<u>(502,782)</u>
Balance, end of the year	<u>\$ 7,192,816</u>	<u>\$ 5,568,208</u>

f. Treasury shares

Purpose of Treasury Shares	Balance, Beginning of Year	Number of Shares (In Thousands of Shares)		December 31	
		Addition	Reduction	Number of Shares (In Thousands of Shares)	Amount
For the year ended December 31, 2025					
Shares held by the subsidiaries	18,647	939	1	19,585	\$ 677,160
Shares Transferred to employees	<u>1,731</u>	<u>-</u>	<u>-</u>	<u>1,731</u>	<u>59,468</u>
	<u>20,378</u>	<u>939</u>	<u>1</u>	<u>21,316</u>	<u>\$ 736,628</u>
For the year ended December 31, 2024					
Shares held by the subsidiaries	17,904	1,163	420	18,647	\$ 645,556
Shares Transferred to employees	<u>1,479</u>	<u>521</u>	<u>269</u>	<u>1,731</u>	<u>59,468</u>
	19,383	1,684	689	20,378	\$ 705,024

The Corporation's shares acquired and held by its subsidiaries, CWTC and Sing Jheng Investment for the purpose of investments are accounted for as treasury shares (subsidiaries recorded those shares as financial asset at FVTOCI - non-current) based on the percentage of ownership held. The Corporation's subsidiaries, CWTC and SZI do not directly or indirectly hold more than 50% of the shares of the Corporation; therefore, its rights to hold the Corporation's shares are the same as ordinary shareholders. Refer to Table 3 for the subsidiaries' ownership of the Corporation's stock. As of December 31, 2025 and 2024, the market value of the above treasury share, based on the proportion of the Company's shareholding at the end of the year, was \$850,965 thousand and \$848,418 thousand, respectively.

In order to stimulate employee morale and improve employee performance, the company's board of directors resolved to buy back 2,000 thousand shares of ordinary share from the open market in November 2023, which will be transferred to employees in the future. The buy-back period has expired in January 2024. The actual number of shares repurchased was 2,000 thousand shares, accounting for 0.29% of the company's issued shares, and the actual average repurchase price was \$34.35 per share.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights, such as the rights to dividends and to vote on these shares.

g. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	\$ 4,890,272	\$ 4,528,075
Share of net profit for the year	703,460	927,743
Other comprehensive income (loss) during the year		
Exchange differences on translation of foreign operations	(137,618)	273,083
Income tax related to exchange differences on translation of foreign operations	44,684	(88,974)
Unrealized gains and losses on financial assets at FVTOCI	217,717	151,888
Related income tax	-	(2,694)
Remeasurement of defined benefit plans	(505)	(605)
Income tax related to remeasurement on defined benefit plans	167	198
Acquisition of the Corporation's shares held by subsidiaries	(19,354)	(4,238)
Disposal of parent company shares by subsidiary taken as treasury stock transaction	60	-
Non-controlling interests from acquisition of subsidiaries(Note 30)	(486,393)	(128,097)
Cash dividends paid	(631,072)	(839,072)
Others	<u>72,356</u>	<u>72,965</u>
Balance, end of the year	\$ <u>4,653,774</u>	\$ <u>4,890,272</u>

25. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 19,110,999	\$ 16,991,459
Revenue from rendering of services	<u>154,858</u>	<u>104,005</u>
	19,265,857	17,095,464
Rental revenue	30,427	31,506
Other operating revenue	<u>55,496</u>	<u>104,434</u>
	\$ <u>19,351,780</u>	\$ <u>17,231,404</u>

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable	\$ <u>4,262,291</u>	\$ <u>3,606,858</u>	\$ <u>3,324,626</u>
Contract liabilities (including current and non-current)			
Sale of goods	\$ <u>289,373</u>	\$ <u>291,380</u>	\$ <u>359,706</u>

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment, there were no other significant changes in 2025 and 2024.

Revenue recognized in the current reporting period from the satisfaction of performance obligation of the contract liabilities at the beginning of the year was as follows:

	For the Year Ended December 31	
	2025	2024
Sale of goods	\$ 211,083	\$ 258,000

b. Disaggregation of revenue

	IC Leadframe	LED Leadframe	EME	Substrate	Others	Total
<u>For the year ended December 31, 2025</u>						
Type of revenue						
Sale of goods	\$ 9,465,885	\$ 950,811	\$ 5,668,281	\$ 1,188,645	\$ 1,837,377	\$ 19,110,999
Rendering of services	2,688	-	32,743	-	119,427	154,858
Rental revenue	-	-	-	-	30,427	30,427
Others	24,720	987	20,157	1,262	8,370	55,496
	<u>\$ 9,493,293</u>	<u>\$ 951,798</u>	<u>\$ 5,721,181</u>	<u>\$ 1,189,907</u>	<u>\$ 1,995,601</u>	<u>\$ 19,351,780</u>
<u>For the year ended December 31, 2024</u>						
Type of revenue						
Sale of goods	\$ 8,725,352	\$ 876,402	\$ 4,857,287	\$ 973,797	\$ 1,558,621	\$ 16,991,459
Rendering of services	2,212	-	25,691	-	76,102	104,005
Rental revenue	-	-	-	-	31,506	31,506
Others	7,911	184	81,652	28	14,659	104,434
	<u>\$ 8,735,475</u>	<u>\$ 876,586</u>	<u>\$ 4,964,630</u>	<u>\$ 973,825</u>	<u>\$ 1,680,888</u>	<u>\$ 17,231,404</u>

c. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31	
	2025	2024
Sale of goods		
Fulfillment in first	\$ 279,068	\$ 270,223
Fulfillment in second and thereafter	<u>10,305</u>	<u>21,157</u>
	<u>\$ 289,373</u>	<u>\$ 291,380</u>

26. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2025	2024
Dividend income	\$ 447,234	\$ 365,106
Government grants	26,559	32,909
Compensation income	1,086	46,049
		(Continued)

	For the Year Ended December 31	
	2025	2024
Tooling revenue	\$ 18,859	\$ 19,849
Others	<u>36,358</u>	<u>9,476</u>
	<u>\$ 530,096</u>	<u>\$ 473,389</u>
		(Concluded)

b. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Impairment loss on non-financial assets (Note 13)	\$ (344,166)	\$ -
Net foreign exchange (loss) gain	(214,890)	280,457
Gain on financial assets mandatorily classified as at FVTPL	52,893	1,485
Others	<u>(7,967)</u>	<u>(4,021)</u>
	<u>\$ (514,130)</u>	<u>\$ 277,921</u>

c. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 206,468	\$ 177,138
Interest on lease liabilities	2,203	2,663
Bond discount amortization	-	11,416
Other finance costs	4,127	6,462
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(1,676)</u>
	<u>\$ 212,798</u>	<u>\$ 196,003</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	\$ -	\$ 1,676
Capitalization rate (%)	-	0.595-1.837

d. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Depreciation expense		
Property, plant and equipment	\$ 685,167	\$ 748,957
Right-of-use assets	32,817	31,019
Investment properties	<u>3,911</u>	<u>5,005</u>
	<u>\$ 721,895</u>	<u>\$ 784,981</u>
		(Continued)

	For the Year Ended December 31	
	2025	2024
Analysis of depreciation expense by function		
Operating costs	\$ 662,465	\$ 734,127
Operating expenses	57,001	50,314
Non-operating income and expenses	<u>2,429</u>	<u>540</u>
	<u>\$ 721,895</u>	<u>\$ 784,981</u>
Amortization expense		
Computer software	\$ 9,170	\$ 11,437
Patent	7,993	8,041
Others	<u>1,097</u>	<u>1,106</u>
	<u>\$ 18,260</u>	<u>\$ 20,584</u>
Analysis of amortization expense by function		
Operating costs	\$ 10,716	\$ 13,585
Operating expenses	<u>7,544</u>	<u>6,999</u>
	<u>\$ 18,260</u>	<u>\$ 20,584</u>
		(Concluded)

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2025	2024
Direct operating expenses on investment properties that generated rental income	<u>\$ 3,042</u>	<u>\$ 5,932</u>

f. Employee benefits

	For the Year Ended December 31	
	2025	2024
Post-employment benefits		
Defined contribution plans	\$ 91,728	\$ 82,463
Defined benefit plans	<u>1,815</u>	<u>5,479</u>
	93,543	87,942
Other employee benefits	<u>2,089,376</u>	<u>2,103,756</u>
	<u>\$ 2,182,919</u>	<u>\$ 2,191,698</u>
Analysis of employee benefits by function		
Operating costs	\$ 1,349,539	\$ 1,212,739
Operating expenses	<u>833,380</u>	<u>978,959</u>
	<u>\$ 2,182,919</u>	<u>\$ 2,191,698</u>

The Articles of Incorporation of the Corporation stipulate the distribution of employee compensation and directors' remuneration at rates ranging between 1%-12% and of income exceeding a specified amount of pre-tax profit. In May 2025, the shareholders of the Company approved an amendment to the Articles of Incorporation, stipulating that in any year in which employee compensation is allocated, no

less than 20% of such compensation shall be distributed to non-executive employees.

The compensation of employees and remuneration of directors for 2025 and 2024 approved by the Corporation's board of directors in March 2026 and 2025, respectively, are as follows:

	For the Year Ended December 31	
	2025	2024
Compensation of employees - cash	\$ 16,663	\$ 34,489
Remuneration of directors - cash	663	32,979

Accrued Ratio	For the Year Ended December 31	
	2025	2024
Compensation of employees (%)	2.0	2.0
Remuneration of directors (%)	2.0	3.6

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

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

27. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 465,350	\$ 488,388
Income tax on unappropriated earnings	8,551	3,170
Adjustments for prior years	(42,462)	(7,964)
Deferred tax		
In respect of the current year	33,681	26,036
Adjustments for prior years	<u>(1,268)</u>	<u>(2,876)</u>
	<u>\$ 463,852</u>	<u>\$ 506,754</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2025	2024
Profit before income tax	<u>\$ 1,883,402</u>	<u>\$ 3,026,722</u>

(Continued)

	For the Year Ended December 31	
	2025	2024
Income tax expense calculated at the statutory rate	\$ 826,777	\$ 1,116,804
Non-recognizable gains in determining taxable income	(206,033)	(424,091)
Additional income tax under the Alternative Minimum Tax Act	-	1,209
Income tax on unappropriated earnings	8,551	3,170
Temporary differences	(121,713)	(179,498)
Adjustments for prior years	<u>(43,730)</u>	<u>(10,840)</u>
	<u>\$ 463,852</u>	<u>\$ 506,754</u>
		(Concluded)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
Current tax		
Disposal of financial assets at fair value through other comprehensive income that generated income tax	\$ (721)	\$ 18,615
Deferred tax		
Exchange differences on translation of foreign operations	(49,426)	99,454
Financial assets at fair value through other comprehensive income	-	2,694
Remeasurement of defined benefit plans	<u>5,756</u>	<u>(365)</u>
	<u>\$ (44,391)</u>	<u>\$ 120,398</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	\$ <u>17</u>	\$ <u>3,611</u>
Current tax liabilities		
Income tax payable	<u>\$ 389,198</u>	<u>\$ 183,298</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Foreign Currency Exchange Difference	Balance, End of Year
Deferred tax assets					
Temporary differences					
Loss on inventory valuation and obsolescence	\$ 60,348	\$ (8,228)	\$ -	\$ (706)	\$ 51,414
Unrealized gross profit	30,597	12	-	(110)	30,499
Unrealized gain on disposal of property, plant and equipment	6,824	(623)	-	-	6,201
Others	<u>81,176</u>	<u>19,416</u>	<u>(5,756)</u>	<u>(1,357)</u>	<u>93,479</u>
	<u>\$ 178,945</u>	<u>\$ 10,577</u>	<u>\$ (5,756)</u>	<u>\$ (2,173)</u>	<u>\$ 181,593</u>
Deferred tax liabilities					
Temporary differences					
Share of profits of foreign subsidiaries and associates accounted for using the equity method	\$ 377,918	\$ 44,855	\$ -	\$ -	\$ 422,773
Exchange differences on translating foreign operations	76,744	-	(49,426)	-	27,318
Adjustment relating to changes in capital surplus of foreign operations	979	-	-	-	979
Others	<u>14,925</u>	<u>(1,865)</u>	<u>-</u>	<u>-</u>	<u>13,060</u>
	<u>\$ 470,566</u>	<u>\$ 42,990</u>	<u>\$ (49,426)</u>	<u>\$ -</u>	<u>\$ 464,130</u>

For the Year Ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Foreign Currency Exchange Difference	Balance, End of Year
Deferred tax assets					
Temporary differences					
Exchange difference on translation of foreign operations	\$ 22,710	\$ -	\$ (22,710)	\$ -	\$ -
Loss on inventory valuation and obsolescence	50,071	9,309	-	968	60,348
Unrealized gross profit	22,500	8,052	-	45	30,597
Unrealized gain on disposal of property, plant and equipment	7,448	(624)	-	-	6,824
Others	<u>55,610</u>	<u>26,627</u>	<u>(2,329)</u>	<u>1,268</u>	<u>81,176</u>
	<u>\$ 158,339</u>	<u>\$ 43,364</u>	<u>\$ (25,039)</u>	<u>\$ 2,281</u>	<u>\$ 178,945</u>
Deferred tax liabilities					
Temporary differences					
Share of profits of foreign subsidiaries and associates accounted for using the equity method	\$ 313,316	\$ 64,602	\$ -	\$ -	\$ 377,918
Exchange differences on translating foreign operations	-	-	76,744	-	76,744
Adjustment relating to changes in capital surplus of foreign operations	979	-	-	-	979
Others	<u>13,003</u>	<u>1,922</u>	<u>-</u>	<u>-</u>	<u>14,925</u>
	<u>\$ 327,298</u>	<u>\$ 66,524</u>	<u>\$ 76,744</u>	<u>\$ -</u>	<u>\$ 470,566</u>

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$3,700,384 thousand and \$2,965,737 thousand, respectively.

- f. Income tax assessments

The income tax returns of the Corporation and its subsidiaries through 2023 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Profit for the year attributable to owners of the Corporation	\$ 716,090	\$ 1,592,225
Effect of potentially dilutive ordinary shares		
Convertible bonds	<u>-</u>	<u>11,416</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 716,090</u>	<u>\$ 1,603,641</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	704,892	687,247
Effect of potentially dilutive ordinary shares		
Compensation of employees	542	921
Convertible bonds	<u>-</u>	<u>17,234</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>705,434</u>	<u>705,402</u>

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

29. SHARE-BASED PAYMENT ARRANGEMENTS

a Treasury shares transferred to employee

For the purpose of motivating the employees and enhancing internal cohesion in November 2024, the Corporation's board of directors transferred treasury shares that were purchased in 2023 to employees of the Corporation who met certain criteria. The grant date was November 11, 2024. The number of 269 thousand shares was transferred at a transfer price of \$34 per share. After the execution, the Corporation recognized remuneration costs of \$5,084 thousand.

b Employee restricted share awards of a Subsidiary

The subsidiary, CWTC had its board of directors approve the issuance of RSAs of 5,925 thousand shares (par value of \$0.4) in October 2022. The grant date and issuance date were October 11, 2022. The fair value of the employee restricted stock awards at the date of grant was \$30.6 per share. As of December 31, 2025 and 2024, remuneration costs of \$27,950 thousand and \$31,566 thousand were recognized, respectively.

The share-based payment arrangement on the grant date is calculated by using the closing price of the shares on the grant date, less the exercise price, to estimate the fair value of the share options.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2025, the subsidiary, Sing Jheng Investment, bought back and disposed of CWTC shares from the market, and the subsidiary, CWTC, bought back its treasury shares from the market. In 2024, the Corporation purchased part of the shares of its subsidiary, CWTC, and the subsidiary, Sing Jheng Investment, bought back and disposed of CWTC shares from the market.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over the subsidiary. Information was as follows:

	For the Year Ended December 31	
	2025	2024
Cash received in the acquisition of additional interest	\$ -	\$ 1,733
Cash consideration paid to acquire additional interest	(690,769)	(226,340)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>486,393</u>	<u>128,097</u>
Differences recognized from equity transaction	\$ (204,376)	\$ (96,510)

The above transactions were accounted for as equity transactions and were adjusted by the following line items:

	For the Year Ended December 31	
	2025	2024
Capital surplus - share of changes in equity of subsidiaries	\$ (204,376)	\$ (17,912)
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	<u>-</u>	<u>(78,598)</u>
	\$ (204,376)	\$ (96,510)

31. NON-CASH TRANSACTIONS

For the years ended December 31, 2025 and 2024, the Corporation and its subsidiaries entered into the following non-cash investing and financing activities that were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2025	2024
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 657,438	\$ 345,837
Decrease in prepayments for equipment (recorded under other non-current assets)	(70,051)	(15,288)
Decrease in payables for equipment (recorded under other payables)	24,979	3,428
Capitalized interest paid	<u>-</u>	<u>(1,676)</u>
Cash paid	\$ <u>612,366</u>	\$ <u>332,301</u>
Acquisition of intangible assets	\$ 4,893	\$ 8,974
Decrease in prepayments for equipment (recorded under other non-current assets)	<u>(1,170)</u>	<u>(2,121)</u>
Cash paid	\$ <u>3,723</u>	\$ <u>6,853</u>
Acquisition of financial assets at FVTOCI	\$ 983,001	\$ 689,095
Decrease in other payables	<u>-</u>	<u>708</u>
Cash paid	\$ <u>983,001</u>	\$ <u>689,803</u>
Proceeds from disposal of financial assets at FVTOCI	\$ 944,953	\$ 1,749,645
Decrease in other receivables	<u>-</u>	<u>14,340</u>
Cash received	\$ <u>944,953</u>	\$ <u>1,763,985</u>
Financing activities affecting both cash and non-cash items		
Purchase of treasury stocks	\$ -	\$ 18,009
Decrease in other payables	<u>-</u>	<u>2,578</u>
Cash paid	\$ <u>-</u>	\$ <u>20,587</u>

32. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage their capital to ensure that the entities will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Corporation and its subsidiaries consist of net debt and equity. The Corporation and its subsidiaries' long-term borrowings are subject to certain capital and ratio requirements based on signed contracts. See Note 19 for information on long-term borrowings.

The key management personnel of the Corporation and its subsidiaries review the capital structure periodically, based on the condition of industry operation and future development of the Corporation and its subsidiaries, and consider the changes in the external environment. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In

order to balance the overall capital structure, the Corporation and its subsidiaries adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

33. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial instruments at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 94,570	\$ -	\$ -	\$ 94,570
Foreign private equity funds	-	-	256,029	256,029
	<u>\$ 94,570</u>	<u>\$ -</u>	<u>\$ 256,029</u>	<u>\$ 350,599</u>
<u>Financial instruments at FVTOCI</u>				
Equity instruments				
Domestic listed shares	\$ 13,686,884	\$ -	\$ -	\$ 13,686,884
Domestics preferred shares of listed companies sold to specific group	-	280,349	-	280,349
Foreign unlisted shares	-	-	238,383	238,383
Foreign listed shares	68,784	-	-	68,784
Domestic unlisted shares	-	-	31,837	31,837
	<u>\$ 13,755,668</u>	<u>\$ 280,349</u>	<u>\$ 270,220</u>	<u>\$ 14,306,237</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial instruments at FVTPL</u>				
Non-derivative financial assets				
Mutual funds	\$ 83,300	\$ -	\$ -	\$ 83,300
Domestic convertible bonds	15,158	-	-	15,158
				(Continued)

	Level 1	Level 2	Level 3	Total
Foreign private equity funds	\$ -	\$ -	\$ 249,561	\$ 249,561
	\$ 98,458	\$ -	\$ 249,561	\$ 348,019
Financial instruments at FVTOCI				
Equity instruments				
Domestic listed shares	\$ 7,996,859	\$ -	\$ -	\$ 7,996,859
Domestic unlisted shares	3,707,225	-	21,972	3,729,197
Foreign unlisted shares	-	-	229,862	229,862
Domestics preferred shares of listed companies sold to specific group	-	157,065	-	157,065
	\$ 11,704,084	\$ 157,065	\$ 251,834	\$ 12,112,983
				(Concluded)

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2025 and 2024.

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

For the Year Ended December 31, 2025

	Financial Assets at FVTPL		Financial Assets at FVTOCI	
	Derivatives	Foreign Private Equity Fund	Equity Instruments	Total
Balance, beginning of the year	\$ -	\$ 249,561	\$ 251,834	\$ 501,395
Purchases	-	2,690	10,000	12,690
Returned amount of investment/distribution	-	(30,729)	-	(30,729)
Recognized in profit or loss (recognized under other gains and losses)	-	34,507	-	34,507
Recognized in other comprehensive income	-	-	8,386	8,386
Balance, end of the year	\$ -	\$ 256,029	\$ 270,220	\$ 526,249

For the Year Ended December 31, 2024

	Financial Assets at FVTPL		Financial Assets at FVTOCI	
	Derivatives	Foreign Private Equity Fund	Equity Instruments	Total
Balance, beginning of the year	\$ 120	\$ 272,665	\$ 229,962	\$ 502,747
Purchases	-	3,083	-	3,083
Disposal	-	-	(11,165)	(11,165)
Conversion	(1,152)	-	-	(1,152)
Exercise the right of redemption	(1)	-	-	(1)
Recognized in profit or loss (recognized under other gains and losses)	1,033	(26,187)	-	(25,154)
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>33,037</u>	<u>33,037</u>
Balance, end of the year	\$ <u>-</u>	\$ <u>249,561</u>	\$ <u>251,834</u>	\$ <u>501,395</u>

Note: The stock transferred into Level 1 since the quoted price in active markets is available.

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of domestic ordinary shares of listed companies sold to specific group is determined by valuation model.

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

The fair value of foreign private equity fund is determined by the net asset valuation report provided by the investment companies.

In non-active markets, the fair values of domestic and foreign unlisted shares were determined using the purchase price or the market approach. In the market approach, the fair market values are estimated by reference to the type of industry, similar companies, the company's operations and expected future economic benefits to be derived from the ownership of these investees.

b. Categories of financial instruments

	December 31	
	2025	2024
Financial assets		
Financial assets mandatorily classified as at FVTPL	\$ 350,599	\$ 348,019
Financial assets at amortized cost) (Note 1)	14,774,316	13,868,519
Financial assets at FVTOCI - equity instruments	14,306,237	12,112,983
Financial liabilities		
Financial liabilities at amortized cost) (Note 2)	16,001,952	13,440,928

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets (including current and non-current) and refundable deposits (included in other non-current assets).
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including current portion) and guarantee deposits (included in other non-current liabilities).

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity investments, notes and accounts receivable, notes and accounts payable, bonds payable, borrowing and lease liabilities. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries were exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, foreign borrowings or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 37.

Sensitivity analysis

The Corporation and its subsidiaries are mainly exposed to the USD and JPY. The following table details the Corporation and its subsidiaries' sensitivity to a 1% increase and decrease in the functional currencies against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024
Profit before income tax (Note)	\$ (43,755)	\$ (42,985)	\$ (9,229)	\$ (8,853)

Note: This was mainly attributable to the exposure to outstanding cash and cash equivalents, accounts receivable (including related parties), other receivables, other financial assets, accounts payable (including related parties) and other payables in USD and JPY which were not hedged at the balance sheet date.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in USD and JPY will fluctuate according to the terms of contracts and business cycle.

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by utilizing low-interest-rate financing methods. By taking advantage of the low interest rates, the Corporation and its subsidiaries incur low financing costs and have sufficient lines of credit to utilize.

The carrying amounts of the Corporation and its subsidiaries' financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial liabilities	\$ 96,757	\$ 113,297
Cash flow interest rate risk		
Financial assets	4,536,733	4,959,107
Financial liabilities	11,741,052	10,024,058

The sensitivity analysis below was determined based on the Corporation and its subsidiaries' exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by NT\$117,411 thousand and NT\$100,241 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through its investments in Level 1 fair value measurements of equity securities and bonds investments.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$946 thousand and NT\$985 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$137,557 thousand and NT\$117,041 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation and its subsidiaries. As of the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

Business units grant credit amount according to the experience in various credit transactions, and monitor customer payment situations regularly. The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions.

Accounts receivable counterparties are concentrated in a number of significant customers. They are mostly engaged in commercial activities, and have similar economic characteristics and similar ability to fulfill contracts affected by the economic or other conditions. The receivables (notes receivable, accounts receivable and other receivables), including related parties with significant credit risk were as follows:

Customer	December 31	
	2025	2024
A Corporation	\$ 538,240	\$ 456,188

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitor the movements of cash flows, net cash position and the utilization of bank loan commitments to control proportion of long-term and short-term bank loans and ensure the compliance with loan covenants.

As of December 31, 2025 and 2024, the Corporation and its subsidiaries' unused credit facilities were NT\$24,604,528 thousand and NT\$24,702,670 thousand, respectively.

The following table details the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table includes both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 1 Year	1-5 Years	Over 5 Years	Total
<u>December 31, 2025</u>				
Non-interest bearing liabilities	\$ 4,860,566	\$ 2,970	\$ 4,471	\$ 4,868,007
Lease liabilities	24,442	51,020	30,053	105,515
Variable interest rate liabilities	3,278,082	8,760,192	-	12,038,274
Fixed interest rate liabilities	300,010	-	-	300,010
<u>December 31, 2024</u>				
Non-interest bearing liabilities	4,306,947	2,700	5,082	4,314,729
Lease liabilities	26,786	62,185	35,016	123,987
Variable interest rate liabilities	2,856,762	7,332,021	48,182	10,236,965

34. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Corporation and its subsidiaries and related parties were disclosed below:

a. Related party names and relationships

<u>Related Party Name</u>	<u>Relationship</u>
Wah Lee Industrial Corp.	Corporate director
VizionFocus Inc.	The Corporation is appointed as member of the board of directors
Advanced Echem Materials Company Limited (AEMC)	The Corporation is appointed as member of the board of directors
Tian Zheng International Precision Machinery Co., Ltd. (TZI)	The Corporation is appointed as member of the board of directors
JMC	Investment accounted for using the equity method
Wellstech	Investment accounted for using the equity method
Silver	Investment accounted for using the equity method
Dongguan Huagang International Trading Co., Ltd.	Corporate director's subsidiary
Shanghai Yikang Chemicals & Industries Co., Ltd.	Corporate director's subsidiary

b. Operating revenues

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Revenue from sales of goods	Corporate director's subsidiaries	<u>\$ 104,347</u>	<u>\$ 88,459</u>

Sales to related parties were made at prices similar to those of general transactions. Transaction terms with related parties were made under normal terms.

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2025	2024
Corporate director	\$ 374,303	\$ 329,183
Investments accounted for using the equity method	114,273	165,604
Corporate director's subsidiaries	<u>15,286</u>	<u>16,792</u>
	<u>\$ 503,862</u>	<u>\$ 511,579</u>

The Corporation and its subsidiaries purchased from the above related parties and did not purchase similar products from non-related parties. Therefore, the purchase price is not comparable with non-related parties. Payments to related parties were made under normal terms.

d. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31	
	2025	2024
The Corporation is appointed as member of the board of directors TZI	<u>\$ 13,200</u>	<u>\$ -</u>

The amount of the acquisition price and the payment terms were determined based on agreement by both parties. For the Year Ended December 31, 2025, the Company and its subsidiaries had unrecognized contractual commitments to TZI amounting to NT\$10,440 thousand.

e. Other transactions with related parties

Lease arrangement - the Corporation is lessee

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
Lease liabilities		
Investments accounted for using the equity method-JMC	<u>\$ 18,909</u>	<u>\$ 25,677</u>

The subsidiary, CWTC, leases buildings from associate, JMC. The rent is decided by negotiation and payments are received pursuant to the contract. The contract price is equivalent to the local general rental rate.

Lease arrangement - the Corporation is lessor

The Corporation leases right-of-use of land to JMC (investments accounted for using equity method) under an agreement expiring in March 2027, and the rent is collected monthly. The annual revenue (included in operating revenue) amounted to NT\$18,931 thousand and NT\$18,929 thousand for the year ended December 31, 2025 and 2024, respectively.

The rent is decided by negotiation and payments are received pursuant to the contract. The contract price is equivalent to the local general rental rate.

Contract for rendering of service

The Corporation provides management service to its investment accounted for using the equity method, Silver Connection Co., Ltd. The service income amounted to NT\$1,026 thousand for both the year ended December 31, 2025 and 2024.

Purchase of consumable supplies

The subsidiary, CWTC purchased consumable supplies from the Company's corporate director (recorded under operating costs). As no similar products were purchased from non-related parties, the transaction prices were not comparable; however, the payment terms did not differ significantly from those offered by ordinary suppliers. The expenses amounted to NT\$48,188 and NT\$42,105 thousand for the year ended December 31, 2025 and 2024, respectively.

f. Balance at period-end

	December 31	
	2025	2024
Accounts receivable - related parties		
Corporate director's subsidiaries	\$ 33,299	\$ 29,337
Investments accounted for using the equity method	<u>1,629</u>	<u>1,629</u>
	<u>\$ 34,928</u>	<u>\$ 30,966</u>
Other receivables		
Investments accounted for using the equity method		
JMC	\$ 740	\$ 1,006
Silver	180	180
Corporate director	<u>59</u>	<u>92</u>
	<u>\$ 979</u>	<u>\$ 1,278</u>
Accounts payable - related parties		
Corporate director	\$ 113,644	\$ 89,213
Investments accounted for using the equity method	27,141	24,386
Corporate director's subsidiaries	<u>4,215</u>	<u>1,757</u>
	<u>\$ 145,000</u>	<u>\$ 115,356</u>
Other payables		
Corporate director	\$ 15,455	\$ 12,519
The Corporation is appointed as member of the board of directors	12	-
Investments accounted for using the equity method	<u>264</u>	<u>207</u>
	<u>\$ 15,731</u>	<u>\$ 12,726</u>

g. Remuneration of key management personnel

Remuneration of directors and other members of key management was as follows:

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 53,234	\$ 105,202
Share-based payment	12,576	16,589
Post-employment benefits	462	14,355
Long-term employee benefits	<u>232</u>	<u>88</u>
	<u>\$ 66,504</u>	<u>\$ 136,234</u>

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Corporation and its subsidiaries provided the following assets as collaterals for guarantees for purchase performance and import tariff:

	December 31	
	2025	2024
Other financial assets - non-current		
Time deposits	\$ 47,813	\$ 23,180

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In September 2016, Chipbond Technology Corp. filed a civil lawsuit against the Corporation for infringement of trade secrets. The main contents of the lawsuit included the prohibition on the use or disclosure of business secrets of Chipbond Technology Corp., the destruction of relevant files and the destruction of products that infringed upon business secrets. Chipbond Technology Corp. sought an indemnification of NT\$1,765,137 thousand and subsequently filed additional claims for damages. The court dismissed Chipbond Technology Corp.'s claims on December 29, 2023, but Chipbond Technology Corp. had filed the case. Based on the legal opinion issued by the Corporation's lawyers for the aforementioned litigation case, no significant adverse impact on the Corporation was concluded after the assessment of the lawyers. Therefore, the management of the Corporation believes that there will be no significant impact on the Corporation's business and financial position. As of March 10, 2026, the aforementioned case has not been adjudicated by the court. The final outcome of the lawsuit is yet to be heard from the judicial authorities.
- b. The amount that the subsidiaries have committed to purchase property, plant and equipment of which NT\$664,991 thousand was unpaid.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between the foreign currencies and the respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2025				
Financial assets				
Monetary items				
USD	\$ 125,063	31.43	(USD:NTD)	\$ 3,930,716
USD	62,527	7.0288	(USD:RMB)	1,965,237
JPY	7,352,988	0.2008	(JPY:NTD)	1,476,480
RMB	172,064	4.4716	(RMB:NTD)	769,403
Non-monetary items				
Subsidiaries accounted for using the equity method				
USD	330,549	31.43	(USD:NTD)	10,389,151
RMB	84,432	4.4716	(RMB:NTD)	377,546
Associates accounted for using the equity method				
RMB	268,946	4,4716	(RMB:NTD)	1,202,620
Financial assets at fair value through profit or loss				
USD	8,146	31.43	(USD:NTD)	256,029
Financial assets at fair value through other comprehensive income				
USD	7,585	31.43	(USD:NTD)	238,383
JPY	342,550	0.2008	(JPY:NTD)	68,784
Financial liabilities				
Monetary items				
USD	38,302	31.43	(USD:NTD)	1,203,833
USD	10,074	7.0288	(USD:RMB)	316,641
JPY	2,756,644	0.2008	(JPY:NTD)	553,534
RMB	33,642	4.4716	(RMB:NTD)	150,434
December 31, 2024				
Financial assets				
Monetary items				
USD	129,532	32.785	(USD:NTD)	4,246,714
USD	42,634	7.1884	(USD:RMB)	1,397,758
JPY	6,082,150	0.2099	(JPY:NTD)	1,276,643
RMB	138,006	4.5608	(RMB:NTD)	629,418
Non-monetary items				
Subsidiaries accounted for using the equity method				
USD	277,114	32.785	(USD:NTD)	9,085,172
RMB	72,419	4.5608	(RMB:NTD)	330,288
Associates accounted for using the equity method				
RMB	269,527	4.5608	(RMB:NTD)	1,229,258
Financial assets at fair value through profit or loss				
USD	7,612	32.785	(USD:NTD)	249,561
(Continued)				

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets at fair value through other comprehensive income			
USD	\$ 7,011	32.785 (USD:NTD)	\$ 229,862
Financial liabilities			
Monetary items			
USD	32,820	32.785 (USD:NTD)	1,076,010
USD	8,234	7.1884 (USD:RMB)	269,952
JPY	1,864,635	0.2099 (JPY:NTD)	391,387
RMB	34,275	4.5608 (RMB:NTD)	156,319
			(Concluded)

The realized and unrealized foreign exchange net gains and losses of the Corporation and its subsidiaries, refer to Note 26. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

38. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Significant marketable securities held (excluding investments in subsidiaries and associates) (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 6) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 4)
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 4)
- c) The amount of property transactions and the amount of the resultant gains or losses (None)
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services (None)

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Corporation and its subsidiaries' reportable segments were as follows:

- . The Corporation - It trades electrical, communication, semiconductor materials and parts, and engages in import and export trade and manufacturing and selling, leasing of electrical appliances, telecommunications equipment, mechanical parts, and retail of EME, electronic materials and components.
- . CWTC and its subsidiaries - Mainly industry is referred to Note 4.
- . Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments, refer to Note 4 for details.

a. Segment revenue and results

The analysis of the Corporation and its subsidiaries' revenue and results from continuing operations by reportable segment is referred to Table 9.

Segment profit represented the profit before tax earned by each segment without interest income, other income, other gains and losses, share of profits of subsidiaries and associates accounted for using the equity method, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2025	2024
Segment assets		
The Corporation	\$ 25,965,227	\$ 24,127,993
CWTC and its subsidiaries	22,854,318	21,575,672
		(Continued)

	December 31	
	2025	2024
Others	\$ 291,858	\$ 323,114
Adjustment and elimination	<u>(8,209,459)</u>	<u>(8,131,159)</u>
Consolidated total assets	<u>\$ 40,901,944</u>	<u>\$ 37,895,620</u>
Segment liabilities		
The Corporation	\$ 8,004,323	\$ 6,670,298
CWTC and its subsidiaries	11,390,074	9,883,696
Others	97,441	99,394
Adjustment and elimination	<u>(1,204,572)</u>	<u>(1,105,735)</u>
Consolidated total liabilities	<u>\$ 18,287,266</u>	<u>\$ 15,547,653</u>
		(Concluded)

c. Other segment information

	The Corporation	CWTC and its Subsidiaries	Others	Total
For the year ended December 31, 2025				
Depreciation and amortization	\$ 11,705	\$ 710,368	\$ 18,082	\$ 740,155
Impairment loss of accounts receivable recognized in profit and loss	12,063	2,559	-	14,622
Gain on disposal of property, plant and equipment	(326)	(10,765)	-	(11,091)
Impairment loss of non-financial assets recognized (reversed) in profit and loss	332,866	(34,868)	-	297,998
For the year ended December 31, 2024				
Depreciation and amortization	13,484	775,606	16,475	805,565
Impairment loss of accounts receivable recognized (reversed) in profit and loss	12,241	(3,703)	-	8,538
Gain on disposal of property, plant and equipment	(503)	(401)	-	(904)
Impairment loss of non-financial assets recognized in profit and loss	476	8,645	-	9,121

d. Revenue from major products and services

The following is an analysis of the Corporation and its subsidiaries' revenue from its major products and services.

	For the Year Ended December 31	
	2025	2024
Sales revenue		
IC Leadframe	\$ 9,465,885	\$ 8,725,352
EME	5,668,281	4,857,287
LED Leadframe	950,811	876,402
Substrate	1,188,645	973,797
CRM	411,513	326,937
Others	1,425,864	1,231,684
Revenue from rendering of services	154,858	104,005
Rental revenue	30,427	31,506
Others	<u>55,496</u>	<u>104,434</u>
	<u>\$ 19,351,780</u>	<u>\$ 17,231,404</u>

e. Geographical information

The Corporation and its subsidiaries operate in two principal geographical areas - Taiwan and Asia.

The Corporation and its subsidiaries' revenue from external customers by country of operations and information about its non-current assets by location of assets are detailed below:

	For the Year Ended December 31		Non-current Assets	
	2025	2024	December 31	
			2025	2024
Taiwan	\$ 7,449,361	\$ 6,509,473	\$ 2,931,662	\$ 3,244,604
Asia	11,141,659	9,945,145	2,395,399	1,972,417
Others	<u>760,760</u>	<u>776,786</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,351,780</u>	<u>\$ 17,231,404</u>	<u>\$ 5,327,061</u>	<u>\$ 5,217,021</u>

Non-current assets exclude financial assets at FVTPL, financial assets at FVTOCI, investments accounted for using the equity method, deferred tax assets, other financial assets, refundable deposits recognized under other non-current assets.

f. Information about major customers

Single customer that contributed 10% or more to the Corporation and its subsidiaries' revenue was as follows:

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Customer A	<u>\$ 2,274,029</u>	<u>12</u>	<u>\$ 1,753,347</u>	<u>10</u>

TABLE 1**Chang Wah Electromaterials Inc. and Subsidiaries****FINANCING PROVIDED TO OTHERS****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 4)	Interest Rate (%)	Nature for Financing (Note 3)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limit	Note
													Item	Value			
0	The Corporation	Chang Wah Energy Technology Co., Ltd.	Other receivables	Yes	\$ 400,000	\$ 200,000	\$ 75,000	2.5	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 1,796,090	\$ 7,184,362	Note 1
1	SH Electronics Chengdu Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Other receivables	Yes	330,015	141,435	-	3.0	2	-	Repayments of loans	-	None	-	1,364,369	1,364,369	Note 2
2	SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd	Other receivables	Yes	471,450	314,300	314,300	4.18	2	-	Financing of funds	-	None	-	7,570,527	7,570,527	Note 2

Note 1: According to “The Process of Financing Other” established by the Corporation, limits are as follows:

1. The total amount of loans shall not exceed 40% of the Corporation’s net worth in its latest audited or reviewed financial statements.
2. The amount of loans to any individual borrower shall not exceed 20% the Corporation’s net worth in its latest audited or reviewed financial statements.
3. The amount of loans for advance in installments or via revolving utilization shall not exceed 10% of the Corporation’s net worth in its latest audited or reviewed financial statements.

Note 2: The maximum amount of the total loan funds provided by a subsidiary for the companies or parties and the same object requiring short-term financing shall not exceed net worth in the latest audited or reviewed financial statements of the loan company. If the loan is made to a company in which the parent company directly or indirectly holds 100% of the ownership or voting rights of the Company, the term of the loan shall exceed five years.

Note 3: The nature for financing is as follows:

1. Business relationship
2. The need for short-term financing

Note 4: Amount was eliminated from the consolidated financial statements.

Chang Wah Electromaterials Inc. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2025

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

No.	Endorsement/ Guarantor Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Amount for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiary in Mainland China	Note
		Name	Relationship (Note 3)											
0	The Corporation	Shanghai Chang Wah Electromaterials Inc.	2, 6	\$ 3,592,181	\$ 53,902	\$ 53,902	\$ 53,902	\$ -	0.3	\$ 8,980,452	Yes	No	Yes	Note 1
1	Chang Wah Technology Co., Ltd.	Shanghai Chang Wah Electromaterials Inc.	2, 6	2,205,107	122,106	122,106	122,106	-	1.11	5,512,768	No	No	Yes	Note 2

Note 1: In accordance with the Corporation's "Procedures for Provision of Endorsements and Guarantees", limits are as follows:

1. The total amount of guarantees provided by the Corporation shall not exceed 50% of the Corporation's net worth in its latest audited or reviewed financial statements.
2. Except of the guarantor has business relationship with the guarantee, the amount of guarantees to any individual entity shall not exceed 20% of the Corporation's net worth in its latest audited or reviewed financial statements.
3. The total amount of guarantees provided by the Corporation and its subsidiaries shall not exceed the Corporation's net worth in its latest audited or reviewed financial statements.
4. Except of the guarantor has business relationship with the guarantee, the total amount of guarantees to any individual entity shall not exceed 50% of the Corporation's net worth in its latest audited or reviewed financial statements.

Note 2: Chang Wah Technology Co., Ltd.: The amount of guarantees to any individual entity shall not exceed 20% of its net worth. The total amount of guarantees shall not exceed 50% of its net worth.

Note 3: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

1. A company that the Corporation has business relationship with.
2. The Corporation owns directly or indirectly over 50% ownership of the investee company.
3. The company that owns directly or indirectly hold over 50% ownership of the Corporation.
4. In between companies that were held over 90% of voting shares directly or indirectly by an entity.
5. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
6. Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
7. According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

TABLE 3

Chang Wah Electromaterials Inc. and Subsidiaries

SIGNIFICANT MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES)

DECEMBER 31, 2025

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Stock - ordinary shares</u> Cleanaway Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	15,591,000	\$ 492,676	1.37	\$ 492,676	
	Acter Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	185,000	144,485	0.15	144,485	
	Sino-American Silicon Products Inc		Financial assets at fair value through other comprehensive income - current	5,024,000	535,056	0.78	535,056	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - current	5,832,000	519,048	1.03	519,048	
	Everlight Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	14,204,000	784,061	3.20	784,061	
	Taiflex Scientific Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	15,002,336	1,278,199	5.71	1,278,199	
	Chipbond Technology Corp.	-	Financial assets at fair value through other comprehensive income - current	40,867,000	2,202,731	5.49	2,202,731	
	Tian Zheng International Precision Machinery Co., Ltd.	The Corporation is appointed as member of the board of directors	Financial assets at fair value through other comprehensive income - non-current	1,271,800	108,103	3.10	108,103	
	VizionFocus Inc.	The Corporation is appointed as member of the board of directors	Financial assets at fair value through other comprehensive income - non-current	8,105,970	1,402,333	13.85	1,402,333	
	Advanced Echem Materials Company Limited	The Corporation is appointed as member of the board of directors	Financial assets at fair value through other comprehensive income - non-current	5,546,500	4,864,280	5.98	4,864,280	
	Bridge Roots II Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	195,516	16.67	195,516	
	<u>Stock - preferred shares of listed companies sold to specific group</u> Tian Zheng International Precision Machinery Co., Ltd.	The Corporation is appointed as member of the board of directors	Financial assets at fair value through other comprehensive income - non-current	3,700,000	280,349	9.03	280,349	
	<u>Fund</u> SMART Growth Fund, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	256,029	1.75	256,029	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Chang Wah Technology Co., Ltd.	<u>Stock - ordinary shares</u> Globalwafers Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	442,000	\$ 179,452	0.09	\$ 179,452	Note
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through other comprehensive income - current	1,161,000	123,647	0.18	123,647	
	Chang Wah Electromaterials Inc.	Parent company	Financial assets at fair value through other comprehensive income - non-current	36,099,000	1,568,502	4.97	1,568,502	
	Taiflex Scientific Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,067,085	261,316	1.17	261,316	
	Everlight Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,903,000	105,046	0.43	105,046	
	Acter Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	437,000	341,297	0.35	341,297	
Sing Jheng Investment Co., Ltd.	<u>Stock - ordinary shares</u> Chang Wah Electromaterials Inc.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	4,968,000	215,860	0.68	215,860	Note
	Chang Wah Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	21,426,642	957,771	2.25	957,771	
	JMC Electronics Co., Ltd.	Associate	Financial assets at fair value through other comprehensive income - non-current	195,000	4,914	0.23	4,914	
	Tian Zheng International Precision Machinery Co., Ltd.	The ultimate parent company serves as a corporate director-	Financial assets at fair value through other comprehensive income - non-current	607,000	51,595	1.00	51,595	

Note: Refer to Note 24, the Corporation's shares held by subsidiaries are treated as treasury shares.

(Concluded)

TABLE 4**Chang Wah Electromaterials Inc. and Subsidiaries**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Corporation	Wah Lee Industrial Corp. JMC Electronics Co., Ltd.	Corporate Director Investments accounted for using the equity method	Purchases Purchases	\$ 373,433 114,273	5 1	60 days 30 days	No general terms and conditions can be compared No general terms and conditions can be compared	60 days 30 days	\$ (113,644) (27,141)	(6) (1)	
Chang Wah Technology Co., Ltd.	The Corporation	Parent Company	Sales	(2,424,555)	(37)	60 days	Not significantly different	60 days	683,891	46	Note 1
	CWTC (Shanghai) Inc.	Subsidiary	Sales	(316,840)	(5)	180 days	Not significantly different	180 days	102,562	7	Note 1
SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent Company	Sales	(965,458)	(69)	45 days	Not significantly different	45 days	166,022	63	Note 1
SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Sister Company	Sales	(592,315)	(100)	60 days	Not significantly different	60 days	94,437	100	Note 1
SH Electronics Suzhou Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent Company	Sales	(1,069,420)	(46)	45 days	Not significantly different	45 days	200,995	40	Note 1
	Malaysian SH Electronics Sdn. Bhd.	Sister Company	Sales	(192,011)	(8)	30 days	Not significantly different	30 days	26,215	5	Note 1
	CWTC (Shanghai) Inc.	Sister Company	Sales	(173,586)	(8)	90 days	Not significantly different	90 days	41,182	8	Note 1
	Shanghai Chang Wah Electromaterials Inc.	Sister Company	Sales	(195,994)	(8)	90 days	Not significantly different	90 days	30,819	6	Note 1

Note 1: Amount was eliminated from the consolidated financial statements.

Note 2: Since the par value of the Corporation's share is NT\$1, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the Corporation.

TABLE 5**Chang Wah Electromaterials Inc. and Subsidiaries****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Chang Wah Technology Co., Ltd.	The Corporation	Parent Company	Accounts receivable \$ 683,891	3.81	\$ -	-	\$ 679,537	\$ -
	CWTC (Shanghai) Inc.	Subsidiary	Accounts receivable 102,562	2.75	-	-	58,421	-
SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent Company	Accounts receivable 166,022	5.47	-	-	141,527	-
SH Electronics Suzhou Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent Company	Accounts receivable 200,995	5.11	-	-	187,033	-
SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd.	Sister Company	Other receivables 314,300	Note 2	-	-	-	-

Note 1: Amount was eliminated from the consolidated financial statements.

Note 2: Amounts include other receivables such as intercompany loan and interest receivable. Turnover rate is not appropriate to present in this case.

Note 3: Since the par value of the Corporation's share is NT\$1, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the Corporation.

TABLE 6**Chang Wah Electromaterials Inc. and Subsidiaries****INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)****FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Corporation	CWE Holding Co., Ltd.	Samoa	International investment activities	\$ 75,432	\$ 75,432	2,400,000	100	\$ 79,816	\$ 445	\$ 445	Notes 1
The Corporation	Wellstech Optical Co., Ltd.	Taiwan	Manufacturing and retailing of electronic components, computers and peripherals, and precision instruments	198,742	198,742	19,314,164	37.37	580,362	151,270	56,533	
The Corporation	Chang Wah Technology Co., Ltd.	Taiwan	Manufacturing of plastic products and electronic components for industrial use; retailing and wholesaling of electronic components and machinery	3,194,059	3,194,059	454,336,925	49.54	5,503,321	1,503,252	690,339	Notes 1 and 3
The Corporation	JMC Electronics Co., Ltd.	Taiwan	Manufacturing, processing and selling of COF substrates	595,062	595,062	35,531,390	42.81	725,144	(1,190,864)	(508,379)	Note 3
The Corporation	Chang Wah Energy Technology Co., Ltd.	Taiwan	Power generation of non-public business and renewable energy for equipment; leasing business; installing and retailing of electrical equipment, machinery and computer equipment	90,000	90,000	9,000,000	100	113,111	10,811	11,222	Notes 1 and 3
The Corporation	Silver Connection Co., Ltd.	British Cayman Islands	Manufacturing and selling of electrical contact materials such as silver contact and metal shaped materials, etc.	295,152	295,152	300,000	30	386,419	107,315	32,195	Note 2
The Corporation	Sing Jheng Investment Co., Ltd.	Taiwan	Investment activities	100,000	100,000	10,000,000	10	108,402	41,304	42	Notes 1 and 3
Chang Wah Technology Co., Ltd.	SH Asia Pacific Pte. Ltd	Singapore	Trading of electronic components and equipment; investing activities	3,273,072	3,273,072	21,206,103	100	7,828,566	615,247	609,234	Notes 1, 2 and 3
Chang Wah Technology Co., Ltd.	Sing Jheng Investment Co., Ltd.	Taiwan	Investment activities	490,000	490,000	49,000,000	49	549,634	41,304	6,804	Notes 1 and 3
Chang Wah Technology Co., Ltd.	Malaysian SH Electronics Sdn. Bhd.	Malaysia	Manufacturing and selling of leadframe and semiconductor materials	1,173,703	574,415	108,246,000	100	2,560,585	314,264	311,669	Notes 1, 2 and 3
SH Asia Pacific Pte. Ltd.	WSP Electromaterials Ltd.	British Virgin Islands	International investment activities	681,036	710,397	5,235,000	100	1,451,796	163,351	163,351	Notes 1 and 2

Note 1: Amount was eliminated from the consolidated financial statements as of December 31, 2025.

Note 2: Translated into NTD using the average exchange rate for the reporting period and exchange rate at the balance sheet date.

Note 3: The differences between the net income (loss) of investees and the investment income or loss recognized by the Corporation are the unrealized gains and losses from the intercompany transaction, the amortization of the investment cost premium and dividends received by subsidiaries from the Corporation.

TABLE 7

Chang Wah Electromaterials Inc. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2025 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2025	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Amount as of December 31, 2025(Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
Guangdong How Weih Electronics Co., Ltd.	Researching, developing, manufacturing and selling of new electronic components and precision hardware and plastic components.	\$ 670,740	3	\$ -	\$ -	\$ -	\$ -	\$ 51,993	25.16	\$ 13,045	\$ 816,201	\$ 59,002	Note 3
SH Electronics Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	267,155	2	66,077	-	-	66,077	176,476	100	176,157	1,568,875	1,010,592	Notes 3 and 7
Shanghai Chang Wah Electromaterials Inc.	Acting as an agent for IC packaging materials and equipment	125,720	1 and 2	149,668	-	-	149,668	130,370	100	130,370	807,534	181,110	Notes 3 and 7
SH Precision Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	110,005	2	31,807	-	-	31,807	65,584	100	66,894	666,521	464,517	Notes 3 and 7
CWTC (Shanghai) Inc.	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, electronic products, machinery and equipment, etc.	62,860	1	64,308	-	-	64,308	12,506	100	12,506	130,313	-	Note 7
SH Electronics Suzhou Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor packaging materials and precision tools	785,750	2	-	-	-	-	155,462	100	155,853	1,646,227	125,080	Notes 3 and 7

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
The Corporation (Note 4)	\$ 530,229 (USD16,957 thousand)	\$ 1,205,347 (USD38,350 thousand)	\$ -
Chang Wah Technology Co., Ltd.(Note 5)	64,308 (USD 2,000 thousand)	1,434,561 (USD45,643 thousand)	-

Note 1: Investment methods are classified into the following two categories:

1. Direct investment
2. Invest through holding company registered in a third region.
3. Others.

(Continued)

- Note 2: For the current year, the recognition of investment gains or losses and the year-end carrying amounts of investments—except for Guangdong How Weih Electronics Co., Ltd., which are recognized and disclosed based on the financial statements audited and certified by the international firm affiliated with our domestic accounting firm—are recognized and disclosed based on the financial statements for the corresponding periods audited by the Company’s certifying CPA.
- Note 3: Guangdong How Weih Electronics Co., Ltd. accumulated repatriation of investment income of RMB13,839 thousand (USD1,967 thousand); SH Electronics Chengdu Co., Ltd. accumulated repatriation of investment income of RMB230,205 thousand (USD32,967 thousand); SH Precision Chengdu Co., Ltd. accumulated repatriation of investment income of RMB107,496 thousand (USD15,330 thousand); Shanghai Chang Wah Electromaterials Inc. accumulated repatriation of investment income of RMB39,682 thousand (USD6,027 thousand); SH Electronics Suzhou Co., Ltd. accumulated repatriation of investment income of RMB28,407 thousand (USD4,000 thousand).
- Note 4: According to the Ministry of Economic Affairs’ approvals, the difference between the Company’s authorized investment amount and the cumulative outward remittances from Taiwan totals USD 21,393 thousand. This amount includes the transfer of equity in SH Electronics Chengdu Co., Ltd., SH Precision Chengdu Co., Ltd., SH Electronics Suzhou Co., Ltd., and Shanghai Chang Wah Electromaterials Inc. to CWTC and its subsidiaries, for which the Ministry of Economic Affairs determined a reduction of USD 16,682 thousand in the Company’s investment amount due to such equity transfers. In addition, the original indirect investment through How Weih Holding (Cayman) Co., Ltd. was restructured into a direct investment in Guangdong How Weih Electronics Co., Ltd of USD 22,326 thousand via a share-exchange arrangement, together with an indirect investment of USD 9,838 thousand through Silver Connection Co., Ltd., as well as a net investment impact of USD 5,911 thousand arising from other equity transfers.
- Note 5: For subsidiary CWTC, the difference between the investment amount approved by the Ministry of Economic Affairs and the cumulative investment remitted from Taiwan totals USD 43,643 thousand. This amount includes indirect investments through SHAP of USD 23,279 thousand in SH Electronics Chengdu Co., Ltd., USD 8,035 thousand in SH Precision Chengdu Co., Ltd. USD 3,659 thousand in SH Electronics Suzhou Co., Ltd., and USD 8,670 thousand in Shanghai Chang Wah Electromaterials Inc.
- Note 6: Pursuant to the Ministry of Economic Affairs, ROC and the amended “Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China”, the Corporation obtained the approval of the operational headquarters from the Ministry of Economic Affairs, so there is no ceiling for the investment amount.
- Note 7: Amount was eliminated from the consolidated financial statements as of December 31, 2025.

(Concluded)

TABLE 8**Chang Wah Electromaterials Inc. and Subsidiaries**

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% Total Sales or Assets
1	Chang Wah Technology Co., Ltd.	The Corporation	Subsidiary to parent	Sales	\$ 2,424,555	Follow the terms of contract	12.53
1	Chang Wah Technology Co., Ltd.	The Corporation	Subsidiary to parent	Accounts receivable	683,891	Follow the terms of contract	1.67
1	Chang Wah Technology Co., Ltd.	CWTC (Shanghai) Inc.	Parent to subsidiary	Sales	316,840	Follow the terms of contract	1.64
1	Chang Wah Technology Co., Ltd.	CWTC (Shanghai) Inc.	Parent to subsidiary	Accounts receivable	102,562	Follow the terms of contract	0.25
2	SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd.	Subsidiary to subsidiary	Other receivables	314,300	Follow the terms of contract	0.77
4	SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Sales	965,458	Follow the terms of contract	4.99
4	SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Accounts receivable	166,022	Follow the terms of contract	0.41
5	SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Subsidiary to subsidiary	Sales	592,315	Follow the terms of contract	3.06
6	SH Electronics Suzhou Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Sales	1,069,420	Follow the terms of contract	5.53
6	SH Electronics Suzhou Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Accounts receivable	200,995	Follow the terms of contract	0.49
6	SH Electronics Suzhou Co., Ltd.	CWTC (Shanghai) Inc.	Subsidiary to subsidiary	Sales	173,586	Follow the terms of contract	0.90
6	SH Electronics Suzhou Co., Ltd.	Shanghai Chang Wah Electromaterials Inc.	Subsidiary to subsidiary	Sales	195,994	Follow the terms of contract	1.01
6	SH Electronics Suzhou Co., Ltd.	Malaysian SH Electronics Sdn.Bhd.	Subsidiary to subsidiary	Sales	192,011	Follow the terms of contract	0.99

Note: Amount was eliminated from the consolidated financial statements.

TABLE 9**Chang Wah Electromaterials Inc. and Subsidiaries****SEGMENT INFORMATION****FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024****(In Thousands of New Taiwan Dollars)**

	The Corporation	CWTC and Its Subsidiaries	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2025					
Revenue from external customers	\$ 8,270,498	\$ 11,031,443	\$ 49,839	\$ -	\$ 19,351,780
Inter-segment revenue	<u>4,806</u>	<u>2,396,755</u>	<u>-</u>	<u>(2,401,561)</u>	<u>-</u>
Segment revenue	<u>\$ 8,275,304</u>	<u>\$ 13,428,198</u>	<u>\$ 49,839</u>	<u>\$ (2,401,561)</u>	<u>\$ 19,351,780</u>
Segment income	\$ 479,316	\$ 1,677,014	\$ 14,243	\$ (12,876)	\$ 2,157,696
Interest income	38,172	288,612	3,956	(1,596)	329,144
Other income	430,652	201,704	1,065	(103,325)	530,096
Other gains and losses	(386,250)	(124,361)	(3,519)	-	(514,130)
Share of profits of subsidiaries and associates accounted for using the equity method	335,368	-	-	(741,974)	(406,606)
Finance costs	<u>(81,429)</u>	<u>(131,439)</u>	<u>(1,646)</u>	<u>1,716</u>	<u>(212,798)</u>
Profit before income (loss) tax	815,829	1,911,530	14,099	(858,056)	1,883,402
Income tax (profit)	<u>99,739</u>	<u>361,270</u>	<u>2,843</u>	<u>-</u>	<u>463,852</u>
Net profit for the year	<u>\$ 716,090</u>	<u>\$ 1,550,260</u>	<u>\$ 11,256</u>	<u>\$ (858,056)</u>	<u>\$ 1,419,550</u>
For the Year Ended December 31, 2024					
Revenue from external customers	\$ 7,311,599	\$ 9,866,810	\$ 52,995	\$ -	\$ 17,231,404
Inter-segment revenue	<u>8,931</u>	<u>2,119,984</u>	<u>-</u>	<u>(2,128,915)</u>	<u>-</u>
Segment revenue	<u>\$ 7,320,530</u>	<u>\$ 11,986,794</u>	<u>\$ 52,995</u>	<u>\$ (2,128,915)</u>	<u>\$ 17,231,404</u>
Segment income	\$ 249,415	\$ 1,657,091	\$ 16,279	\$ 1,951	\$ 1,924,736
Interest income	43,788	340,410	3,629	(2,739)	385,088
Other income	315,201	216,303	45,814	(103,929)	473,389
Other gains and losses	12,470	260,333	4,898	220	277,921
Share of profits of subsidiaries and associates accounted for using the equity method	1,119,520	-	-	(957,929)	161,591
Finance costs	<u>(83,394)</u>	<u>(112,588)</u>	<u>(2,792)</u>	<u>2,771</u>	<u>(196,003)</u>
Profit before income (loss) tax	1,657,000	2,361,549	67,828	(1,059,655)	3,026,722
Income tax (profit)	<u>64,775</u>	<u>430,083</u>	<u>11,896</u>	<u>-</u>	<u>506,754</u>
Net profit for the year	<u>\$ 1,592,225</u>	<u>\$ 1,931,466</u>	<u>\$ 55,932</u>	<u>\$ (1,059,655)</u>	<u>\$ 2,519,968</u>

TABLE 10

Chang Wah Electromaterials Inc.

RECONCILIATION OF CAPITAL SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Arising from Issuance of Common Shares (Note 1)	Arising from Consolidation Excess (Note 1)	Arising from Conversion of Bonds (Note 1)	Arising from Treasury Shares Transactions (Note 1)	Arising from Changes in Equity of Associates Accounted for Using the Equity Method (Note 3)	Arising from Changes in Equity of Subsidiaries (Notes 2 and 3)	Arising from the Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed (Note 1)	Share Options (Note 4)	Others (Notes 1 and 5)	Total
Balance at January 1, 2025	\$ 656,465	\$ 566,837	\$ 2,780,932	\$ 121,089	\$ 56,598	\$ 918,476	\$ 1,291,844	\$ -	\$ 1,209	\$ 6,393,450
Distribute cash dividends from capital surplus	(69,315)	-	-	-	-	-	-	-	-	(69,315)
Disposal of the Parent company's shares by subsidiaries	-	-	-	12	-	-	-	-	-	12
Dividends to subsidiaries	-	-	-	48,568	-	-	-	-	-	48,568
Arising from changes in equity of subsidiaries	-	-	-	-	-	(187,870)	-	-	-	(187,870)
Balance at December 31, 2025	<u>\$ 587,150</u>	<u>\$ 566,837</u>	<u>\$ 2,780,932</u>	<u>\$ 169,669</u>	<u>\$ 56,598</u>	<u>\$ 730,606</u>	<u>\$ 1,291,844</u>	<u>\$ -</u>	<u>\$ 1,209</u>	<u>\$ 6,184,845</u>
Balance at January 1, 2024	\$ 914,988	\$ 566,837	\$ 1,584,691	\$ 56,819	\$ 56,598	\$ 911,577	\$ 1,370,442	\$ 68,931	\$ 1,209	\$ 5,532,092
Distribute cash dividends from capital surplus	(258,575)	-	-	-	-	-	-	-	-	(258,575)
Convertible bonds with redemption rights	52	-	-	-	-	-	-	(52)	-	-
Convertible bonds converted	-	-	1,196,241	-	-	-	-	(68,879)	-	1,127,362
Disposal of the Parent company's shares by subsidiaries	-	-	-	8,658	-	-	-	-	-	8,658
Dividends to subsidiaries	-	-	-	50,649	-	-	-	-	-	50,649
Arising from the difference between the consideration received or paid and actual disposal or acquisition	-	-	-	-	-	-	(78,598)	-	-	(78,598)
Arising from changes in equity of subsidiaries	-	-	-	-	-	6,899	-	-	-	6,899
Transfer of treasury stocks to employees	-	-	-	4,963	-	-	-	-	-	4,963
Balance at December 31, 2024	<u>\$ 656,465</u>	<u>\$ 566,837</u>	<u>\$ 2,780,932</u>	<u>\$ 121,089</u>	<u>\$ 56,598</u>	<u>\$ 918,476</u>	<u>\$ 1,291,844</u>	<u>\$ -</u>	<u>\$ 1,209</u>	<u>\$ 6,393,450</u>

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

Note 2: Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

Note 3: Such capital surplus may be used only to offset a deficit.

Note 4: Capital surplus - share options: It is the equity component of convertible bond issued by the Corporation and cannot be used for any purpose.

Note 5: Capital surplus - others: The Corporation's shares for cash capital increase reserved for employees to subscribe, and the employees did not exercise part of the subscription. This column is for forfeited employee stock options.