

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 AND 2024

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
DECEMBER 31, 2025 AND 2024 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR25000624

To the Board of Directors and Shareholders of Taiwan Fu Hsing Industrial Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. (the "Company") as at December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in

accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, 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 judgement, were of most significance in our audit of the Company's 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2025 parent company only financial statements are stated as follows:

Cut-off of export sales revenue recognition

Description

Please refer to Note 4(26) for accounting policies on revenue recognition.

The Company is primarily engaged in export. The sales revenue should be recognised when the entity has transferred to the buyer the control of the goods based on the terms of sales orders, contracts or other agreements. As the procedures for the timing of revenue recognition involves checking of sales situation and relevant documents, and those procedures were performed manually, it may have a significant effect on the appropriateness of revenue recognition near the end of the reporting period. Thus, we consider the cut-off of export sales revenue recognition as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We understood, assessed and tested the design and the execution of internal controls on revenue recognition; and
- B. We performed cut-off tests on export sales revenue for a certain period around balance sheet date, verified corroboration of sales revenue recognition, assessed the timing of revenue recognition based on trade terms to ensure the appropriateness of sales revenue recognition.

Allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory valuation.

The Company recognised inventories at the lower of cost and net realisable value. As there are many types of inventory, the net realisable value which was used in the individual identification and valuation of obsolete or damage inventory, involved subjective judgement and uncertainty of estimation, thus, we consider the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and

B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$76,275 thousand and NT\$84,405 thousand, constituting 1% of the total assets as at December 31, 2025 and 2024, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$13,375 thousand and NT\$23,953 thousand, constituting 3% and 2%, respectively, of the total comprehensive income for the years then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

Wang, Chun-Kai

Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2026

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 303,911	4	\$ 672,383	8
1110	Financial assets at fair value through profit or loss - current	6(2)	663,127	8	564,980	6
1136	Current financial assets at amortised cost	6(3) and 8	12,272	-	273,539	3
1150	Notes receivable, net	6(4)	17,798	-	25,347	-
1170	Accounts receivable, net	6(4)	776,260	10	930,622	10
1180	Accounts receivable - related parties	6(4) and 7	18,864	-	51,566	1
1210	Other receivables - related parties	7	124,724	1	1,274	-
130X	Inventories	5 and 6(5)	472,717	6	409,358	5
1476	Other current financial assets		527	-	7,160	-
1479	Other current assets, others		53,191	1	47,631	1
11XX	Current Assets		<u>2,443,391</u>	<u>30</u>	<u>2,983,860</u>	<u>34</u>
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	415,574	5	462,805	5
1550	Investments accounted for under equity method	6(7)	3,872,856	48	4,067,611	46
1600	Property, plant and equipment	6(8)	1,251,126	16	1,260,909	14
1755	Right-of-use assets	6(9)	56,117	1	44,034	1
1780	Intangible assets		14,237	-	14,863	-
1840	Deferred income tax assets	6(21)	33,689	-	41,998	-
1975	Net defined benefit asset, non-current	6(11)	12,951	-	-	-
1980	Other non-current financial assets		12,598	-	24,028	-
1990	Other non-current assets, others		2,951	-	3,540	-
15XX	Non-current assets		<u>5,672,099</u>	<u>70</u>	<u>5,919,788</u>	<u>66</u>
1XXX	Total assets		<u>\$ 8,115,490</u>	<u>100</u>	<u>\$ 8,903,648</u>	<u>100</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2170	Accounts payable		\$ 324,797	4	\$ 346,327	4
2180	Accounts payable - related parties	7	128,088	2	317,576	3
2200	Other payables	6(10)	332,732	4	425,744	5
2220	Other payables - related parties	7	73,547	1	55,831	1
2230	Current income tax liabilities		34,189	-	63,581	1
2399	Other current liabilities, others		25,352	-	29,662	-
21XX	Current Liabilities		<u>918,705</u>	<u>11</u>	<u>1,238,721</u>	<u>14</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(21)	114,051	1	137,491	2
2580	Non-current lease liabilities		45,525	1	37,925	-
2640	Accrued pension liabilities	6(11)	-	-	2,589	-
2645	Guarantee deposits received		683	-	950	-
25XX	Non-current liabilities		<u>160,259</u>	<u>2</u>	<u>178,955</u>	<u>2</u>
2XXX	Total Liabilities		<u>1,078,964</u>	<u>13</u>	<u>1,417,676</u>	<u>16</u>
Equity						
Share capital						
3110	Share capital - common stock	6(12)	1,507,617	19	1,884,521	21
Capital surplus						
3200	Capital surplus	6(13)	567,114	7	567,114	6
Retained earnings						
3310	Legal reserve	6(14)	1,549,968	19	1,455,167	16
3320	Special reserve		48,991	1	137,755	2
3350	Unappropriated retained earnings		3,414,782	42	3,456,966	39
Other equity interest						
3400	Other equity interest	6(15)	(51,946)	(1)	(15,551)	-
3XXX	Total equity		<u>7,036,526</u>	<u>87</u>	<u>7,485,972</u>	<u>84</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 8,115,490</u>	<u>100</u>	<u>\$ 8,903,648</u>	<u>100</u>

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

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(16) and 7	\$ 5,447,618	100	\$ 5,840,260	100
5000	Operating costs	6(5)(11)(19)(20) and 7	(4,320,256)	(80)	(4,631,058)	(79)
5900	Net operating margin		<u>1,127,362</u>	<u>20</u>	<u>1,209,202</u>	<u>21</u>
	Operating expenses	6(11)(19)(20) and 7				
6100	Selling expenses		(183,305)	(3)	(191,043)	(3)
6200	General and administrative expenses		(254,765)	(5)	(258,375)	(5)
6300	Research and development expenses		(120,316)	(2)	(113,456)	(2)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(727)	-	(6,022)	-
6000	Total operating expenses		(<u>559,113</u>)	(<u>10</u>)	(<u>568,896</u>)	(<u>10</u>)
6900	Operating profit		<u>568,249</u>	<u>10</u>	<u>640,306</u>	<u>11</u>
	Non-operating income and expenses					
7100	Interest income	7	30,130	1	44,649	1
7010	Other income	6(17)	49,075	1	37,173	-
7020	Other gains and losses	6(18)	(110,357)	(2)	92,372	1
7050	Finance costs		(875)	-	(1,633)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net		<u>114,667</u>	<u>2</u>	<u>273,490</u>	<u>5</u>
7000	Total non-operating income and expenses		<u>82,640</u>	<u>2</u>	<u>446,051</u>	<u>7</u>
7900	Profit before income tax		650,889	12	1,086,357	18
7950	Income tax expense	6(21)	(<u>117,401</u>)	(<u>2</u>)	(<u>176,842</u>)	(<u>3</u>)
8200	Profit for the year		<u>\$ 533,488</u>	<u>10</u>	<u>\$ 909,515</u>	<u>15</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2025		2024		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	\$ 15,131	-	\$ 39,975	1
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(15)	(45,446)	(1)	1,115	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		2,577	-	4,699	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	(3,026)	-	(7,995)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(30,764)	(1)	37,794	1
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Other comprehensive income, before tax, exchange differences on translation	6(15)	(41,544)	(1)	156,649	3
8380	Total share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		50,480	1	(33,742)	(1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		8,936	-	122,907	2
8300	Other comprehensive (loss) income for the year		<u>(\$ 21,828)</u>	<u>(1)</u>	<u>\$ 160,701</u>	<u>3</u>
8500	Total comprehensive income for the year		<u>\$ 511,660</u>	<u>9</u>	<u>\$ 1,070,216</u>	<u>18</u>
Basic earnings per share (in dollars) 6(22)						
9750	Total basic earnings per share		\$ 3.08		\$ 4.83	
9850	Total diluted earnings per share		\$ 3.03		\$ 4.73	

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

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid- in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year 2024</u>									
Balance at January 1, 2024		\$ 1,884,521	\$ 567,114	\$ 1,361,922	\$ 87,897	\$ 3,217,413	(\$ 199,050)	\$ 61,295	\$ 6,981,112
Net income for 2024		-	-	-	-	909,515	-	-	909,515
Other comprehensive income	6(6)(15)	-	-	-	-	36,679	122,907	1,115	160,701
Total comprehensive income		-	-	-	-	946,194	122,907	1,115	1,070,216
Distribution of 2023 earnings:									
Legal reserve		-	-	93,245	-	(93,245)	-	-	-
Special reserve		-	-	-	49,858	(49,858)	-	-	-
Cash dividends	6(14)	-	-	-	-	(565,356)	-	-	(565,356)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	1,818	-	(1,818)	-
Balance at December 31, 2024		\$ 1,884,521	\$ 567,114	\$ 1,455,167	\$ 137,755	\$ 3,456,966	(\$ 76,143)	\$ 60,592	\$ 7,485,972
<u>Year 2025</u>									
Balance at January 1, 2025		\$ 1,884,521	\$ 567,114	\$ 1,455,167	\$ 137,755	\$ 3,456,966	(\$ 76,143)	\$ 60,592	\$ 7,485,972
Net income for 2025		-	-	-	-	533,488	-	-	533,488
Other comprehensive income (loss)	6(6)(15)	-	-	-	-	14,682	8,936	(45,446)	(21,828)
Total comprehensive income		-	-	-	-	548,170	8,936	(45,446)	511,660
Capital reduction	6(12)	(376,904)	-	-	-	-	-	-	(376,904)
Distribution of 2024 earnings:									
Legal reserve		-	-	94,801	-	(94,801)	-	-	-
Special reserve		-	-	-	(88,764)	88,764	-	-	-
Cash dividends	6(14)	-	-	-	-	(584,202)	-	-	(584,202)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	115	-	115	-
Balance at December 31, 2025		\$ 1,507,617	\$ 567,114	\$ 1,549,968	\$ 48,991	\$ 3,414,782	(\$ 67,207)	\$ 15,261	\$ 7,036,526

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

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 650,889	\$ 1,086,357
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss	12(2)	727	6,022
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(18)	4,346	(10,126)
Depreciation expense	6(8)(9)(19)	85,068	78,961
Amortization expense	6(19)	7,156	4,728
Share of profit or loss of associates and joint ventures accounted for using equity method		(114,667)	(273,490)
Dividend income	6(17)	(26,009)	(20,960)
Interest income		(30,130)	(44,649)
Interest expense		875	1,633
Gain on disposal of property, plant and equipment	6(18)	(1,641)	-
Impairment loss on non-financial assets	6(18)	-	5,000
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(102,493)	285,590
Notes receivable		7,549	(701)
Accounts receivable		153,635	340,832
Accounts receivable - related parties		32,702	(50,529)
Other receivables - related parties		(16,588)	(101)
Inventories		(63,359)	(72,442)
Other financial assets - current		885	1,340
Other current assets - others		(5,560)	(2,286)
Changes in operating liabilities			
Accounts payable		(21,530)	11,005
Accounts payable - related parties		(189,488)	(165,444)
Other payables		(93,211)	(26,353)
Other payables - related parties		17,716	25,427
Other current liabilities - others		(7,338)	14,524
Net defined benefit liability, non-current		(409)	(1,132)
Cash inflow generated from operations		289,125	1,193,206
Dividends received		346,944	341,894
Interest received		35,878	39,669
Interest paid		(875)	(1,633)
Income tax paid		(164,949)	(243,809)
Net cash flows from operating activities		<u>506,123</u>	<u>1,329,327</u>

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Other receivables - loaning of funds		(\$ 106,862)	\$ -
Acquisition of financial assets at amortised cost		(206,367)	(469,125)
Proceeds from disposal of financial assets at amortised cost		467,634	207,521
Acquisition of financial assets at fair value through other comprehensive income		-	(2,124)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,785	5,606
Acquisition of investments accounted for using equity method	6(7)	-	(343,511)
Proceeds from capital reduction of investments accounted for using equity method	6(7)	-	6,399
Acquisition of property, plant and equipment	6(23)	(50,896)	(35,520)
Proceeds from disposal of property, plant and equipment		3,246	-
Increase in prepaid equipment		(21,400)	(15,069)
Acquisition of intangible assets		(6,530)	(13,864)
Decrease in other financial assets - non-current		11,430	9,386
Net cash flows from (used in) investing activities		92,040	(650,301)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities	6(24)	(5,262)	(2,764)
(Decrease) increase in guarantee deposits received	6(24)	(267)	133
Cash dividends paid	6(14)	(584,202)	(565,356)
Capital reduction payments to shareholders	6(12)	(376,904)	-
Net cash flows used in financing activities		(966,635)	(567,987)
Net (decrease) increase in cash and cash equivalents		(368,472)	111,039
Cash and cash equivalents at beginning of year	6(1)	672,383	561,344
Cash and cash equivalents at end of year	6(1)	\$ 303,911	\$ 672,383

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

TAIWAN FU HSING INDUSTRIAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Taiwan Fu Hsing Industrial Co., Ltd. (the ‘Company’) was incorporated as a company limited by shares on November 23, 1957. The Company is engaged in the sales and manufacture of door locks and related accessories and furniture.

The Company has been a listed company since March 15, 1995.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 3, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’

Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027(Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit assets or liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months after the reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities for at least twelve months after the reporting period.

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

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months after the reporting period;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling costs.

(13) Investments accounted for under the equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financials and operating policies. In general, it is presumed that the parent has the power to govern the financials and operating policies, if a parent holds, directly or indirectly, more than half of the voting power of an entity. Investments in subsidiaries are accounted for under the equity method in these parent company only financial statements.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. When the Company loses control over its subsidiary, the remaining investment in the former subsidiary was remeasured at fair value, and the difference between the fair value and the carrying amount was recognised in profit or loss for the period. The amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	25 ~ 55 years
Machinery and equipment	7 ~ 10 years
Molds	2 years
Other equipment	3 ~ 10 years

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is

monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedge derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

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

D. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells door locks and related accessories and furniture. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer based on the agreed terms, the customer has full discretion over the usage of the products, and there is no unfulfilled obligation. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) The products are often sold with sales discounts based on aggregate sales over a one-year period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts. Accumulated experience is used to estimate and provide for the sales discounts using the expected value method. A refund liability (shown as ‘other payables’) is recognised for expected sales discounts payable to customers in relation to sales made until the end of the reporting period.
- (c) The Company’s obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Services rendered

Revenue from services rendered by the Company in accordance with the contract is recognised based on the stage of completion.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2025, the carrying amount of inventories was \$472,717.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand and petty cash	\$ 267	\$ 300
Checking and demand deposits	<u>72,920</u>	<u>20,876</u>
	73,187	21,176
Cash equivalents:		
Time deposits	<u>230,724</u>	<u>651,207</u>
	<u>\$ 303,911</u>	<u>\$ 672,383</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss - current

<u>Item</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financial assets mandatorily measured at fair value		
Beneficiary certificates	\$ 625,137	\$ 515,137
Listed (TSE and OTC) stocks	41,487	43,741
Non-hedging derivatives	<u>-</u>	<u>-</u>
	666,624	558,878
Valuation adjustment	<u>(3,497)</u>	<u>6,102</u>
	<u>\$ 663,127</u>	<u>\$ 564,980</u>

A. The information on financial assets at fair value through profit or loss recognised in net gains and losses is provided in Note 6(18).

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative financial instruments	December 31, 2025	
	Contract amount (notional principal)	Contract period
Financial assets:		
Pre-sale forward foreign exchange contracts	USD 1,000 thousands	2026.01

There were no such transactions as of December 31, 2024.

The Company entered into forward foreign exchange contracts to sell US dollars to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial asset at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Current items:		
Restricted bank deposits	\$ 5,972	\$ 6,230
Time deposits with original maturity date	6,300	267,309
	<u>\$ 12,272</u>	<u>\$ 273,539</u>

A. Interest income from time deposits was recognised under interest income from bank deposits.

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$12,272 and \$273,539, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Notes receivable	\$ 17,798	\$ 25,347
Less: Allowance for bad debts	-	-
	<u>\$ 17,798</u>	<u>\$ 25,347</u>
Accounts receivable	\$ 784,470	\$ 938,105
Less: Allowance for bad debts	(8,210)	(7,483)
	<u>\$ 776,260</u>	<u>\$ 930,622</u>
Accounts receivable - related parties	<u>\$ 18,864</u>	<u>\$ 51,566</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2025		December 31, 2024	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 17,798	\$ 766,670	\$ 25,347	\$ 948,064
Past due				
Up to 30 days	-	22,345	-	35,279
31 to 60 days	-	1,254	-	1,645
61 to 90 days	-	7,032	-	6
91 to 180 days	-	-	-	4,677
181 to 360 days	-	-	-	-
Over 360 days	-	6,033	-	-
	<u>\$ 17,798</u>	<u>\$ 803,334</u>	<u>\$ 25,347</u>	<u>\$ 989,671</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to \$1,304,620.

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$812,922 and \$1,007,535, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2025		
	Cost	Allowance	Book value
Raw materials	\$ 24,673	(\$ 2,150)	\$ 22,523
Work in process	275,072	(41,128)	233,944
Finished goods	227,632	(11,382)	216,250
	<u>\$ 527,377</u>	<u>(\$ 54,660)</u>	<u>\$ 472,717</u>
	December 31, 2024		
	Cost	Allowance	Book value
Raw materials	\$ 26,560	(\$ 2,787)	\$ 23,773
Work in process	220,193	(46,583)	173,610
Finished goods	220,265	(8,290)	211,975
	<u>\$ 467,018</u>	<u>(\$ 57,660)</u>	<u>\$ 409,358</u>

The cost of inventories recognised as expense for the years ended December 31, 2025 and 2024 was \$4,320,256 and \$4,631,058, respectively, including the amounts of \$3,000 and \$2,900, respectively, that the Company reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventories were scrapped or sold in 2025 and 2024.

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

Item	December 31, 2025	December 31, 2024
Non-current items:		
Equity instruments		
Listed (TSE and OTC) stocks	\$ 321,611	\$ 321,611
Unlisted stocks	<u>78,702</u>	<u>80,602</u>
	400,313	402,213
Valuation adjustment	<u>15,261</u>	<u>60,592</u>
	<u>\$ 415,574</u>	<u>\$ 462,805</u>

- A. The Company has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$415,574 and \$462,805 as at December 31, 2025 and 2024, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2025	2024
<u>Equity instruments at fair value through other comprehensive income (loss)</u>		
Fair value change recognised in other comprehensive income (loss)	(\$ <u>45,446</u>)	\$ <u>1,115</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ 115</u>	(\$ <u>1,818</u>)
Dividend income recognised in profit or loss		
Held at end of year	\$ 22,933	\$ 18,830
Derecognised during the year	<u>-</u>	<u>-</u>
	<u>\$ 22,933</u>	<u>\$ 18,830</u>

- C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$415,574 and \$462,805, respectively.
- D. The Company has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for under the equity method

<u>Investees</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Carrying amount</u>	<u>Percentage of ownership</u>	<u>Carrying amount</u>	<u>Percentage of ownership</u>
Subsidiaries:				
FORMFLEX ENTERPRISE CO., LTD. (Note 1)	\$ 962,324	100%	\$ 1,046,225	100%
TECHFLEX INDUSTRIAL CO., LTD.	816,206	100%	837,997	100%
FORTRESS INDUSTRIAL CO., LTD.	775,781	100%	832,066	100%
FU SING INDUSTRIAL (THAILAND) CO., LTD. (Note 2)	734,968	100%	720,334	100%
MASTER UNITED INVESTMENT GROUP LTD.	283,881	100%	298,028	100%
FU HSING AMERICAS INC.	157,809	100%	181,757	100%
ARCTEK INDUSTRIAL CO., LTD.	134,515	70%	135,702	70%
SUNION TECHNOLOGY CO., LTD.	<u>76,275</u>	100%	<u>84,405</u>	100%
	3,941,759		4,136,514	
Less: Accumulated impairment	<u>(68,903)</u>		<u>(68,903)</u>	
	<u>\$ 3,872,856</u>		<u>\$ 4,067,611</u>	

Note 1 : On March 12, 2024, the Board of Directors of the Company resolved to reduce and return its capital in FORMFLEX ENTERPRISE CO., LTD. amounting to USD 204 thousand (\$6,399). The Company had recovered the investment amount on April 22, 2024.

Note 2 : On March 8, 2023, the Board of Directors of the Company resolved to establish an overseas subsidiary in Southeast Asia. The Company directly invested and established FU SING INDUSTRIAL (THAILAND) CO., LTD. with a shareholding ratio of 100%. In 2024, the Company accumulatively invested cash capital amounting to THB 390 million (approximately \$343,511) and THB 750 million (approximately \$663,701), respectively.

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2025 for the information relating to the subsidiaries of the Company.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
<u>January 1, 2025</u>							
Cost	\$ 551,945	\$ 728,554	\$ 247,579	\$ 69,559	\$ 51,909	\$ 5,875	\$ 1,655,421
Accumulated depreciation and impairment	-	(206,590)	(131,832)	(32,252)	(23,838)	-	(394,512)
	<u>\$ 551,945</u>	<u>\$ 521,964</u>	<u>\$ 115,747</u>	<u>\$ 37,307</u>	<u>\$ 28,071</u>	<u>\$ 5,875</u>	<u>\$ 1,260,909</u>
<u>2025</u>							
Opening net book amount as at January 1	\$ 551,945	\$ 521,964	\$ 115,747	\$ 37,307	\$ 28,071	\$ 5,875	\$ 1,260,909
Additions	-	-	875	24,368	12,152	13,699	51,094
Prepayment for equipment transferred	-	-	16,176	12,598	6,672	(13,457)	21,989
Depreciation charge	-	(16,762)	(27,158)	(26,336)	(11,005)	-	(81,261)
Disposals - cost	-	-	(26,858)	(21,046)	(4,024)	-	(51,928)
Disposals - accumulated depreciation	-	-	25,253	21,046	4,024	-	50,323
Closing net book amount as at December 31	<u>\$ 551,945</u>	<u>\$ 505,202</u>	<u>\$ 104,035</u>	<u>\$ 47,937</u>	<u>\$ 35,890</u>	<u>\$ 6,117</u>	<u>\$ 1,251,126</u>
<u>At December 31, 2025</u>							
Cost	\$ 551,945	\$ 728,554	\$ 237,772	\$ 85,479	\$ 66,709	\$ 6,117	\$ 1,676,576
Accumulated depreciation and impairment	-	(223,352)	(133,737)	(37,542)	(30,819)	-	(425,450)
	<u>\$ 551,945</u>	<u>\$ 505,202</u>	<u>\$ 104,035</u>	<u>\$ 47,937</u>	<u>\$ 35,890</u>	<u>\$ 6,117</u>	<u>\$ 1,251,126</u>

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
<u>January 1, 2024</u>							
Cost	\$ 551,945	\$ 728,554	\$ 261,295	\$ 74,223	\$ 42,375	\$ 7,472	\$ 1,665,864
Accumulated depreciation and impairment	-	(188,831)	(126,465)	(41,682)	(21,562)	-	(378,540)
	<u>\$ 551,945</u>	<u>\$ 539,723</u>	<u>\$ 134,830</u>	<u>\$ 32,541</u>	<u>\$ 20,813</u>	<u>\$ 7,472</u>	<u>\$ 1,287,324</u>
<u>2024</u>							
Opening net book amount as at January 1	\$ 551,945	\$ 539,723	\$ 134,830	\$ 32,541	\$ 20,813	\$ 7,472	\$ 1,287,324
Additions	-	-	230	13,823	12,017	11,640	37,710
Prepayment for equipment transferred	-	-	9,415	14,095	3,408	(13,237)	13,681
Depreciation charge	-	(17,759)	(28,728)	(23,152)	(8,167)	-	(77,806)
Disposals - cost	-	-	(23,361)	(32,582)	(5,891)	-	(61,834)
Disposals - accumulated depreciation	-	-	23,361	32,582	5,891	-	61,834
Closing net book amount as at December 31	<u>\$ 551,945</u>	<u>\$ 521,964</u>	<u>\$ 115,747</u>	<u>\$ 37,307</u>	<u>\$ 28,071</u>	<u>\$ 5,875</u>	<u>\$ 1,260,909</u>
<u>At December 31, 2024</u>							
Cost	\$ 551,945	\$ 728,554	\$ 247,579	\$ 69,559	\$ 51,909	\$ 5,875	\$ 1,655,421
Accumulated depreciation and impairment	-	(206,590)	(131,832)	(32,252)	(23,838)	-	(394,512)
	<u>\$ 551,945</u>	<u>\$ 521,964</u>	<u>\$ 115,747</u>	<u>\$ 37,307</u>	<u>\$ 28,071</u>	<u>\$ 5,875</u>	<u>\$ 1,260,909</u>

A. No borrowing costs was capitalised for the years ended December 31, 2025 and 2024.

B. The significant components of buildings include main plants and renovations, which are depreciated over 40 ~ 55 and 25 years, respectively.

C. The Company has no property, plant and equipment pledged to others as collateral.

(9) Leasing arrangements – lessee

A. In March 2025, the Company leased the real estate located in Wanli West Section, Gangshan District, Kaohsiung City, and rental contracts are made for periods of 5 years. In December 2022, the Company leased the national land of Pingtung Technology Industrial Park from Pingtung Export Processing Zone Administration, Ministry of Economic Affairs, and rental contracts are made for periods of 10 years. The rental contract was determined based on mutual agreement and did not impose special covenants or agreements.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>December 31, 2024</u>
	<u>Book value</u>	<u>Disposals-cost</u>	<u>Disposals-cost</u>	<u>Disposals-cost</u>
Land and buildings	\$ 56,117	\$ 3,807	\$ 44,034	\$ 1,155

For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$15,890 and \$0, respectively. And the net increase in right-of-use assets due to the remeasurement of lease liabilities were \$0 and \$1,459, respectively.

C. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31, 2025</u>	<u>Year ended December 31, 2024</u>
Interest expense on lease liabilities	\$ 838	\$ 695
Expense on short-term lease contracts	3,443	3,335
Expense on leases of low-value assets	483	434
	<u>\$ 4,764</u>	<u>\$ 4,464</u>

D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$10,026 and \$7,228, respectively.

(10) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Salaries and bonus	\$ 199,283	\$ 244,959
Equipment payable	3,748	3,550
Refund liabilities	58,816	98,271
Directors' remuneration	15,000	20,000
Labour and health insurance fees	14,267	13,156
Others	41,618	45,808
	<u>\$ 332,732</u>	<u>\$ 425,744</u>

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company originally contributed monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the labor pension reserves contributed by the Company have accumulated to an amount which was sufficient to cover the labor pensions. Therefore, the suspension of contributions was reported to the respective competent authorities for the approval after being reviewed by the independent retirement fund committee of the Company. The suspension of contributions was approved by the respective competent authorities in April 2025.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of funded obligations	\$ 290,389	\$ 297,230
Fair value of plan assets	(303,340)	(294,641)
Net defined benefit (assets) liability	<u>(\$ 12,951)</u>	<u>\$ 2,589</u>

(c) Movements in net defined benefit (assets) liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2025</u>			
Balance at January 1	\$ 297,230	(\$ 294,641)	\$ 2,589
Current service cost	348	-	348
Interest expense (income)	4,756	(4,714)	42
	<u>302,334</u>	<u>(299,355)</u>	<u>2,979</u>
Remeasurements:			
Return on plan assets	-	(21,618)	(21,618)
Change in population assumptions	-	-	-
Change in financial assumptions	3,734	-	3,734
Experience adjustments	2,753	-	2,753
	<u>6,487</u>	<u>(21,618)</u>	<u>(15,131)</u>
Pension fund contribution	-	(799)	(799)
Paid pension	(18,432)	18,432	-
Balance at December 31	<u>\$ 290,389</u>	<u>(\$ 303,340)</u>	<u>(\$ 12,951)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2024</u>			
Balance at January 1	\$ 338,713	(\$ 295,017)	\$ 43,696
Current service cost	740	-	740
Interest expense (income)	4,065	(3,540)	525
	<u>343,518</u>	<u>(298,557)</u>	<u>44,961</u>
Remeasurements:			
Return on plan assets	-	(26,872)	(26,872)
Change in population assumptions	-	-	-
Change in financial assumptions	(5,824)	-	(5,824)
Experience adjustments	(7,279)	-	(7,279)
	<u>(13,103)</u>	<u>(26,872)</u>	<u>(39,975)</u>
Pension fund contribution	-	(2,397)	(2,397)
Paid pension	(33,185)	33,185	-
Balance at December 31	<u>\$ 297,230</u>	<u>(\$ 294,641)</u>	<u>\$ 2,589</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2025 and 2024 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Discount rate	1.30%	1.60%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
Effect on present value of defined benefit obligation				
December 31, 2025	(\$ 3,120)	\$ 3,208	\$ 2,659	(\$ 2,602)
December 31, 2024	(\$ 3,506)	\$ 3,608	\$ 3,023	(\$ 2,955)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) The Company assessed that the labor pension reserves contributed had accumulated to an amount which was sufficient to cover the labor pensions. The contributions were expected to be suspended within one year.

(g) As of December 31, 2025, the weighted average duration of the retirement plan is 5 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	124,014
Within 2 years		21,538
Within 3 years		21,431
Within 4 years		16,417
Within 5 years		18,632
Within 6 to 10 years		54,523

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2025 and 2024 were \$26,384 and \$25,306, respectively.

(12) Share capital

A. As of December 31, 2025, the Company’s authorized capital was 242,400 thousand shares (of which 10,000 thousand shares are reserved for the issuance of stock warrants, preferred shares with stock warrants and corporate bonds with stock warrants), at a par value of \$10 (in dollars) per share. One share has a voting right and the right to receive dividends, and the number of shares issued and for which the proceeds have been collected were both 150,762 thousand shares.

B. Movements in the number of the Company’s ordinary shares outstanding are as follows:

	2025	Unit: Thousand shares 2024
At January 1	188,452	188,452
Cash capital decrease	(37,690)	-
At December 31	<u>150,762</u>	<u>188,452</u>

C. On May 23, 2025, the shareholders of the Company at their annual shareholders’ meeting resolved to reduce capital by 37,690 thousand shares, and the amount of capital reduction was 376,904. After the capital reduction, the paid-in capital was \$1,507,617. The case was approved by the Taiwan Stock Exchange under Tai-Zheng-Shang-Yi-Zi No. 1141803328, dated August 1, 2025. The capital reduction was set effective on August 8, 2025, and the registration for the change was completed on August 27, 2025. The share replacement due to the capital reduction was set effective on October 3, 2025.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. Where the Company accrues profit every year, after paying all regulatory taxes and dues, 10% of the earnings should be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. And set aside or reverse special reserve as required by the regulations when necessary.

When the Company appropriates special reserve in accordance with the laws, an equivalent amount of special reserve shall be set aside from the undistributed earnings of the prior year based on the insufficiency of the cumulative decrease of equity of the prior year before the earning distribution. If it is insufficient to be set aside, the current post-tax profit plus the amount other than the current post-tax profit are included in the appropriation of the current unappropriated earnings.

After the provision or reversal of special reserve as required by the regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years as accumulated distributable earnings for shareholders shall be proposed by the Board of Directors and approved by the shareholders.

The appropriation shall be proposed by the Board of Directors and resolved by the shareholders if the Company distributes dividends and bonus, legal reserve and capital surplus, in whole or in part, by issuing new shares; the appropriation shall be authorised to the Board of Directors, upon approval adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders, if dividends and bonus, legal reserve and capital surplus, in whole or in part, are distributed in the form of cash.

The Company's dividend distribution policy aligns with the future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year the dividend must not be less than 30% of earnings. The dividend and bonus can be distributed in cash or shares, among which the cash dividend must not be less than 50% of the appropriated dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

In accordance with the abovementioned rules, the special reserve appropriated as a result of the Company's choice of reclassifying provision for land revaluation increment to retained earnings as of December 31, 2025 and 2024 were both \$48,991.

D. On March 5, 2025 the Board of Directors resolved that total cash dividends for the distribution of earnings for the year of 2024 was \$584,202 at NT\$3.1 (in dollars) per share, and reported to the shareholders on May 23, 2025. On March 6, 2024 the Board of Directors resolved that total cash dividends for the distribution of earnings for the year of 2023 was \$565,356 at NT\$3 (in dollars) per share, and reported to the shareholders on May 24, 2024.

On March 3, 2026 the Board of Directors resolved that total cash dividends for the distribution of earnings for the year of 2025 was \$376,904 NT\$2.5 (in dollars) per share.

(15) Other equity items

	2025		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 76,143)	\$ 60,592	(\$ 15,551)
Revaluation	-	(45,446)	(45,446)
Revaluation transferred to retained earnings - gross	-	115	115
Currency translation differences:			
— Exchange differences on translation of net assets in foreign operations	(41,544)	-	(41,544)
— Exchange differences on translation of shares of investments accounted for under the equity method	50,480	-	50,480
At December 31	(\$ 67,207)	\$ 15,261	(\$ 51,946)

	2024		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 199,050)	\$ 61,295	(\$ 137,755)
Revaluation	-	1,115	1,115
Revaluation transferred to retained earnings - gross	-	(1,818)	(1,818)
Currency translation differences:			
— Exchange differences on translation of net assets in foreign operations	156,649	-	156,649
— Exchange differences on translation of shares of investments accounted for under the equity method	(33,742)	-	(33,742)
At December 31	(\$ 76,143)	\$ 60,592	(\$ 15,551)

(16) Operating revenue

The Company derives revenue all from contracts with customers and mainly from the transfer of goods at a point in time and services over time in the following major geographical regions:

<u>2025</u>	<u>Goods</u>	<u>Services</u>	<u>Total</u>
US	\$ 4,726,353	\$ -	\$ 4,726,353
Asia	406,116	15,837	421,953
Europe	789	-	789
Other	298,523	-	298,523
	<u>\$ 5,431,781</u>	<u>\$ 15,837</u>	<u>\$ 5,447,618</u>
<u>2024</u>	<u>Goods</u>	<u>Services</u>	<u>Total</u>
US	\$ 5,137,247	\$ -	\$ 5,137,247
Asia	466,333	14,528	480,861
Europe	334	-	334
Other	221,818	-	221,818
	<u>\$ 5,825,732</u>	<u>\$ 14,528</u>	<u>\$ 5,840,260</u>

(17) Other income

	For the years ended December 31,	
	2025	2024
Dividend income	\$ 26,009	\$ 20,960
Rent income	12,723	12,673
Other income	10,343	3,540
	<u>\$ 49,075</u>	<u>\$ 37,173</u>

(18) Other gains and losses

	For the years ended December 31,	
	2025	2024
Gains on disposals of property, plant and equipment	\$ 1,641	\$ -
Impairment loss on non – financial assets	- (	5,000)
Net (loss) gain on financial assets (liabilities) at fair value through profit or loss	(4,346)	10,126
Net currency exchange (loss) gain	(107,652)	87,246
	<u>(\$ 110,357)</u>	<u>\$ 92,372</u>

(19) Expenses by nature

	For the years ended December 31,	
	2025	2024
Employee benefit expense	\$ 881,664	\$ 890,363
Depreciation charges on property, plant and equipment	81,261	77,806
Depreciation charges on right-of-use assets	3,807	1,155
Amortisation	7,156	4,728
	<u>\$ 973,888</u>	<u>\$ 974,052</u>

(20) Employee benefit expense

	For the years ended December 31,	
	2025	2024
Wages and salaries	\$ 729,625	\$ 738,849
Labor and health insurance fees	78,355	70,987
Pension costs	26,774	26,571
Directors' remuneration	15,342	20,342
Other personnel expenses	31,568	33,614
	<u>\$ 881,664</u>	<u>\$ 890,363</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the ratio of distributable profit of the current year shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' remuneration. If a company has accumulated deficit, earnings should be channeled to cover losses. The aforementioned employees' compensation shall be distributed no lower than 50% to non-managerial employees. Employees' compensation (bonus) can be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash. The requirements are determined by the Chairman of Board of Directors.

B. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$126,649 and \$179,099, respectively; while directors' remuneration was accrued at \$15,000 and \$20,000, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2025, the Board of Directors estimated the employees' compensation and directors' remuneration based on the Company's Articles of Incorporation and operating performance level. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$126,649 and \$15,000, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Current tax:		
Current tax on profits for the year	\$ 122,611	\$ 177,282
Tax on unappropriated earnings	17,889	11,199
Prior year income tax overestimation	(4,942)	(5,511)
Total current tax	<u>135,558</u>	<u>182,970</u>
Deferred tax:		
Origination and reversal of temporary differences	(18,157)	(6,128)
Income tax expense	<u>\$ 117,401</u>	<u>\$ 176,842</u>

(b) The income tax credit /(charge) relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2025	2024
Remeasurement of defined benefit obligations	\$ 3,026	\$ 7,995

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 130,178	\$ 217,272
Effect of amount not allowed to be recognised under the regulations	(25,724)	(46,118)
Additional tax on undistributed earnings	17,889	11,199
Prior year income tax overestimation	(4,942)	(5,511)
Income tax expense	\$ 117,401	\$ 176,842

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2025			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Net defined benefit liability	\$ 518	(\$ 518)	\$ -	\$ -
Loss on obsolete and slow-moving and market price decline of inventories	11,532	(600)	-	10,932
Impairment loss on non-financial assets	4,734	-	-	4,734
Accrued unused compensated absences	5,560	-	-	5,560
Accrued sales returns and discounts	19,654	(7,891)	-	11,763
Unrealised valuation loss	-	700	-	700
	<u>41,998</u>	<u>(8,309)</u>	<u>-</u>	<u>33,689</u>
Deferred tax liabilities:				
Net defined benefit assets	-	436	(3,026)	(2,590)
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(90,052)	22,614	-	(67,438)
Unrealised exchange gain	(4,599)	2,195	-	(2,404)
Unrealised valuation gain	(1,221)	1,221	-	-
	<u>(137,491)</u>	<u>26,466</u>	<u>(3,026)</u>	<u>(114,051)</u>
	<u>(\$ 95,493)</u>	<u>\$ 18,157</u>	<u>(\$ 3,026)</u>	<u>(\$ 80,362)</u>

	2024			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Net defined benefit liability	\$ 8,739	(\$ 226)	(\$ 7,995)	\$ 518
Loss on obsolete and slow-moving and market price decline of inventories	12,112	(580)	-	11,532
Impairment loss on non-financial assets	4,734	-	-	4,734
Accrued unused compensated absences	6,060	(500)	-	5,560
Accrued sales returns and discounts	25,157	(5,503)	-	19,654
Unrealised exchange loss	7,648	(7,648)	-	-
	<u>64,450</u>	<u>(14,457)</u>	<u>(7,995)</u>	<u>41,998</u>
Deferred tax liabilities:				
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(114,593)	24,541	-	(90,052)
Unrealized exchange gain	-	(4,599)	-	(4,599)
Unrealised valuation gain	(1,864)	643	-	(1,221)
	<u>(158,076)</u>	<u>20,585</u>	<u>-</u>	<u>(137,491)</u>
	<u>(\$ 93,626)</u>	<u>\$ 6,128</u>	<u>(\$ 7,995)</u>	<u>(\$ 95,493)</u>

D. As of the report date, the Company's income tax returns through 2023 have been assessed and approved by the Tax Authority. There were no disputes between the Company and the Tax Authority.

(22) Earnings per share

	For the year ended December 31, 2025		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 533,488	173,376	\$ 3.08
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 533,488	173,376	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	2,698	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 533,488</u>	<u>176,074</u>	<u>\$ 3.03</u>

	For the year ended December 31, 2024		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 909,515	188,452	\$ 4.83
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 909,515	\$ 188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	3,702	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 909,515	192,154	\$ 4.73

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2025	2024
Increase in property, plant and equipment	\$ 51,094	\$ 37,710
Add: Opening balance of payable on equipment (Note)	3,550	1,360
Less: Ending balance of payable on equipment (Note)	(3,748)	(3,550)
Cash paid for purchases of property, plant and equipment	\$ 50,896	\$ 35,520

Note: Recorded as 'other payables'.

B. Financing activities with no cash flow effects:

	For the years ended December 31,	
	2025	2024
Prepayments for equipment being converted to property, plant and equipment	\$ 21,989	\$ 13,681
Increase in right-of-use asset	\$ 15,890	\$ -
Loss : Increase in lease liabilities	(15,890)	-
	\$ -	\$ -
Remeasurement of lease liabilities	\$ -	\$ 1,459
Loss : Increase in right-of-use asset	-	(1,459)
	\$ -	\$ -

(24) Changes in liabilities from financing activities

	Changes in cash			At December 31, 2025
	At January 1, 2025	flow from financing activities	Other non-cash changes	
Lease liability (Note)	\$ 40,737	(\$ 5,262)	\$ 15,890	\$ 51,365
Guarantee deposits received	950	(267)	-	683
	<u>\$ 41,687</u>	<u>(\$ 5,529)</u>	<u>\$ 15,890</u>	<u>\$ 52,048</u>

	Changes in cash			At December 31, 2024
	At January 1, 2024	flow from financing activities	Other non-cash changes	
Lease liability (Note)	\$ 42,042	(\$ 2,764)	\$ 1,459	\$ 40,737
Guarantee deposits received	817	133	-	950
	<u>\$ 42,859</u>	<u>(\$ 2,631)</u>	<u>\$ 1,459</u>	<u>\$ 41,687</u>

Note: The lease liability (shown as other current liabilities, others).

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
FORTRESS INDUSTRIAL CO., LTD. (FORTRESS)	Subsidiary
MASTER UNITED INVESTMENT GROUP LTD.(MASTER)	"
FORMFLEX ENTERPRISE CO.,LTD.(FORMFLEX)	"
FU HSING AMERICAS INC.(F.H.A.)	"
FU SING INDUSTRIAL (THAILAND) CO.,LTD. (FU SING THAILAND)	"
ARCTEK INDUSTRIAL CO., LTD. (ARCTEK)	"
TECHFORM INDUSTRIAL CO., LTD.(TECHFORM)	"
SUNION TECHNOLOGY CO., LTD. (SUNION)	"
RUI SHENG INDUSTRIAL CO., LTD. (RUI SHENG)	"
ZIYONG HARDWARE PRODUCTS (TAICANG) CO., LTD. (ZIYONG TAICANG)	"
ARCTEK SECURITY TECHNOLOGIES (SHANGHAI) CO., LTD. (ARCTEK)	"
FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO., LTD. (FORMFLEX CHANGSHU)	"
FORTUNE INDUSTRIAL LTD. (FORTUNE) (NOTE)	"
HUNDURE TECHNOLOGY CO., LTD. (HUNDURE).	The Company appointed the representative to serve as the director of the company.
TAIWAN FU HSING CULTURE & EDUCATION FOUNDATION	Other related party

NOTE : On January 22, 2024, the Board of Directors resolved to terminate operation and deregister FORTUNE INDUSTRIAL LTD. and remitted back the residual property amounting to USD 320 thousand.

(2) Significant related party transactions and balances

A. Operating revenue

	For the years ended December 31,	
	2025	2024
Sales of goods:		
Subsidiaries		
F.H.A	\$ 57,226	\$ 72,445
Others	5,844	6,819
Sales of services:		
Subsidiaries		
FORTRESS	10,239	9,720
FORMFLEX CHANGSHU	5,598	4,808
	<u>\$ 78,907</u>	<u>\$ 93,792</u>

Prices of goods sold to related parties are determined by mutual agreements and the credit term is 30~150 days after monthly billings. Services rendered to related parties are based on a cost-plus basis after negotiation.

B. Purchases

	For the years ended December 31,	
	2025	2024
Purchases of goods:		
Subsidiaries		
FORMFLEX CHANGSHU	\$ 951,403	\$ 1,338,131
TECHFORM	417,134	362,853
SUNION	152,910	211,935
ZIYONG TAICANG	-	8,535
Other related party		
HUNDURE	47	1,462
Purchases of services (recorded as 'selling expenses'):		
Subsidiaries		
F.H.A	45,827	49,366
	<u>\$ 1,567,321</u>	<u>\$ 1,972,282</u>

Prices of goods purchased from related parties are based on mutual agreements and the payment term is 30~90 days after monthly billings. Prices and payment terms of services rendered by related parties are determined by mutual agreements.

C. Receivables from related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable:		
Subsidiaries		
F.H.A	\$ 14,692	\$ 50,755
Others	4,172	811
	<u>18,864</u>	<u>51,566</u>
Other receivables-loans:		
Subsidiaries		
FU SING THAILAND	106,862	-
Other receivables-others:		
Subsidiaries		
FU SING THAILAND	16,655	-
FORTRESS	1,198	1,080
Others	9	194
	<u>124,724</u>	<u>1,274</u>
	<u>\$ 143,588</u>	<u>\$ 52,840</u>

Please refer to E. Loans to / from related parties for further information of the loans. the abovementioned other receivables mainly include:

- (a) Outstanding receivables arising from the sale of parts to related parties, which were not accounted for sales revenue when it occurred.
- (b) Receivables arising from services rendered by the Company.

D. Payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable:		
Subsidiaries		
FORMFLEX CHANGSHU	\$ 57,268	\$ 273,263
TECHFORM	50,349	28,395
SUNION	20,471	15,918
	<u>128,088</u>	<u>317,576</u>
Other payables:		
Subsidiaries		
FORMFLEX CHANGSHU	60,303	40,449
F.H.A	11,326	13,473
Others	1,918	1,909
	<u>73,547</u>	<u>55,831</u>
	<u>\$ 201,635</u>	<u>\$ 373,407</u>

The abovementioned other payables mainly include:

(a) Payables arising from services rendered by the related parties.

(b) Outstanding payables arising from importing parts from related parties, which were not accounted for as purchases when it occurred.

E. Loans to /from related parties—Loans to related parties

(a) Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries		
FU SING THAILAND	<u>\$ 106,862</u>	<u>\$ -</u>

(ii) Interest income

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries		
FU SING THAILAND	<u>\$ 358</u>	<u>\$ -</u>

The terms of loans to subsidiaries are the borrowing period of 1 year and the interest is repayable quarterly at 3% per annum.

F. Collections and payments on behalf of others

For the year ended December 31, 2025, the Company's payments on material preparation for compensation project collected and paid on behalf of Hundure Technology Co., Ltd. amounted to \$6,567. There were no such transactions for the year ended December 31, 2024.

G. For the year ended December 31, 2024, the Company's capital increase in FU SING THAILAND, please refer to Note 6(7) Investments accounted for under the equity method. There were no such transactions for the year ended December 31, 2025.

H. For the years ended December 31, 2025 and 2024, the Company donated cash amounting to \$9,064 and \$7,583, respectively, to Taiwan Fu Hsing Culture & Education Foundation, for cultural education promotion and enterprise social responsibility.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	\$ 78,674	\$ 88,474
Post-employment benefits	39	154
	<u>\$ 78,713</u>	<u>\$ 88,628</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Purpose</u>
Restricted bank deposits (Recorded as 'Current financial assets at amortised cost, net')	\$ <u>5,972</u>	\$ <u>6,230</u>	Guarantee for derivative financial products

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Facilities of the letters of credit issued but unused:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Importing raw materials and equipment	\$ <u>20,845</u>	\$ <u>21,008</u>

(2) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	\$ <u>19,730</u>	\$ <u>19,916</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) In order to cooperate with the Company's overall business strategy, simultaneously optimize the Company's asset structure and improve the overall efficiency of capital utilization, on January 30, 2026, the Board of Directors of the Company resolved to dispose the plant located in the Pingtung Technology Industrial Park.

(2) Details of the appropriation of earnings for 2025 as resolved by the Board of Directors of the Company on March 3, 2026 are provided in Note 6(14).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital needed for expanding and upgrading plants and equipment, the Company's management shall ensure that there are necessary financial resources and operating plans to support operations, capital expenditures, research and development expenses, debt repayment and dividend payment in the next 12 months.

The Company uses debt ratio to control capital. The Company's policy is to maintain a stable debt ratio as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Debt ratio	<u>22%</u>	<u>22%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 663,127	\$ 564,980
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 415,574	\$ 462,805
Financial assets at amortised cost/		
Loans and receivables		
Cash and cash equivalents	\$ 303,911	\$ 672,383
Financial assets at amortised cost - current	12,272	273,539
Notes receivable	17,798	25,347
Accounts receivable (including related parties)	795,124	982,188
Other receivables - related parties	124,724	1,274
Other financial assets (current and non-current)	13,125	31,188
	<u>\$ 1,266,954</u>	<u>\$ 1,985,919</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	\$ 452,885	\$ 663,903
Other accounts payable (including related parties)	406,279	481,575
	<u>\$ 859,164</u>	<u>\$ 1,145,478</u>
Lease liabilities	<u>\$ 51,365</u>	<u>\$ 40,737</u>

B. Financial risk management policies

In order to control effectively and decrease financial risk, the directors of the Company focus on identifying, evaluating and hedging market uncertainties to minimise potential adverse effects from markets on the Company's financial performance. The risk includes market risk (including foreign exchange risk, interest rate risk and other price risk); credit risk and liquidity risk. Risk management is carried out by related segments under approved policies.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB, etc. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In order to prevent decrease in value of assets denominated in foreign currencies and estimated future cash flows fluctuation by foreign currency exchange, the Company hedges currency risk through derivative financial instruments (including forward exchange agreements). These derivative financial instruments assist in decreasing foreign currency fluctuation but cannot eliminate the impact.
- ii. The Company's strategic investment is to hold certain investments in foreign operations, thus, the Company does not hedge the investment.
- iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2025		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 33,398	31.43	\$ 1,049,699
AUD:NTD	708	21.01	14,875
RMB:NTD	2,199	4.49	9,874
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	44,348	31.43	1,380,344
THB:NTD	737,061	1.00	734,968
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5,054	31.43	158,847
RMB:NTD	15,469	4.49	69,456

	December 31, 2024		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 48,095	32.79	\$ 1,577,035
AUD:NTD	1,910	20.39	38,945
RMB:NTD	4,633	4.48	20,756
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	46,194	32.79	1,502,340
THB:NTD	750,348	0.96	720,334
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	13,066	32.79	428,434
RMB:NTD	11,183	4.48	50,100

iv. Total exchange (loss) gain, including realised and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2025 and 2024, amounted to (\$107,652) and \$87,246, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:
For the year ended December 31, 2025

	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 10,497	\$ -
AUD:NTD	1%	149	-
RMB:NTD	1%	99	-
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	1%	-	13,803
THB:NTD	1%	-	7,350
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	1,588	-
RMB:NTD	1%	695	-

	For the year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,770	\$ -
AUD:NTD	1%	389	-
RMB:NTD	1%	208	-
<u>Non-monetary items</u>			
<u>Investments accounted for under the equity method</u>			
USD:NTD	1%	-	15,023
THB:NTD	1%	-	7,203
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,284	-
RMB:NTD	1%	501	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, it is expected that significant price risk would not happen as the Company had assessed the bearable price risk at the time of investing and managed with proper authorisation.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$33,156 and \$28,249, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$20,779 and \$23,140, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

- ii. The Company's treasury measures and control credit risk of deposits with banks, fixed investment income and other financial instruments. The Company's clients and performing parties are banks with good credit quality or financial institutions and companies with investment, thus, the possibility of default is remote and the credit risk is insignificant.
- iii. The Company manages their credit risk taking into consideration the entire group's concern. To maintain quality of accounts receivable, the Company has established procedures relating to credit risk management. Individual customers' risk assessment considers several factors that may influence the customers' ability to pay, such as the customer's financial position, historical transactions and current economic situation. Individual risk limits are set based on internal or external ratings in accordance with limits set by the sales department. The utilisation of credit limits is regularly monitored. When appropriate, the Company applies certain credit enhancement tools, such as collecting sales revenue in advance to reduce credit risk of specific customers.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. As of December 31, 2025 and 2024, the Company assesses the default possibility of accounts receivable for its customers: The provision for not past due and up to 30 days past due was 0.01% and 0.1%, respectively; The provision for 31 to 360 days past due was 25%~50%; And the provision for past due over a year was 100%. In addition, so far, the Company's balance of receivables past due over 31 days constitutes was 1.74% and 0.62%, of total receivables.
- vi. As of December 31, 2025 and 2024, notes and accounts receivable from the Company's top 2 customers constituted 71% and 67% of the Company's total notes and accounts receivables, respectively. The credit concentration risk of the remaining accounts receivable is relatively insignificant.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2025	2024
At January 1	\$ 7,483	\$ 1,461
Provision for impairment	<u>727</u>	<u>6,022</u>
At December 31	<u>\$ 8,210</u>	<u>\$ 7,483</u>

For provisioned loss in 2025 and 2024, the impairment losses arising from customer contracts are \$727 and \$6,022, respectively.

(c) Liquidity risk

The objectives for managing liquidity risk are maintaining cash and deposits needed for operations, high liquidity marketable securities and adequate borrowing credits to ensure the Company is financially flexible.

The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2025			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable (including related parties)	\$ 452,885	\$ -	\$ -	\$ -
Other payables (including related parties)	406,279	-	-	-
Lease liability	<u>6,628</u>	<u>6,628</u>	<u>17,949</u>	<u>26,899</u>
	<u>\$ 865,792</u>	<u>\$ 6,628</u>	<u>\$ 17,949</u>	<u>\$ 26,899</u>

Derivative financial liabilities: None

	December 31, 2024			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Accounts payable (including related parties)	\$ 663,903	\$ -	\$ -	\$ -
Other payables (including related parties)	481,575	-	-	-
Lease liability	<u>3,463</u>	<u>3,463</u>	<u>10,390</u>	<u>30,363</u>
	<u>\$1,148,941</u>	<u>\$ 3,463</u>	<u>\$ 10,390</u>	<u>\$ 30,363</u>

Derivative financial liabilities: None

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including current portion), other receivables - related parties, other financial assets, notes payable, accounts payable (including current portion) and other payables (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity security	\$ 663,063	\$ -	\$ -	\$ 663,063
Derivative instruments	-	64	-	64
Financial assets at fair value through other comprehensive income				
Equity security	<u>387,252</u>	<u>-</u>	<u>28,322</u>	<u>415,574</u>
	<u>\$ 1,050,315</u>	<u>\$ 64</u>	<u>\$ 28,322</u>	<u>\$ 1,078,701</u>
Liabilities: None				

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity security	\$ 564,980	\$ -	\$ -	\$ 564,980
Financial assets at fair value through other comprehensive income				
Equity security	<u>434,483</u>	<u>-</u>	<u>28,322</u>	<u>462,805</u>
	<u>\$ 999,463</u>	<u>\$ -</u>	<u>\$ 28,322</u>	<u>\$1,027,785</u>
Liabilities: None				

- (b) The methods and assumptions the Company used to measure fair value are as follows:
- (i) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (ii) Except for financial instruments with active markets, when assessing non-standard and low-complexity financial instruments, for example, forward foreign exchange contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

- D. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.
- E. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.
- F. The Company's treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3 periodically, which is to evaluate and measure the fair value of financial instruments.

The Company's equity securities for fair value measurements being categorised within Level 3 are investments in unlisted companies evaluated by net asset value method.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

F. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Loans to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					year ended December 31, 2025	December 31, 2025						for doubtful accounts	Item	Value			
0	Taiwan Fu Hsing Industrial Co., Ltd.	Fu Sing Industrial (Thailand) Co., Ltd.	Other receivables-related parties	Y	\$ 628,600	\$ 628,600	\$ 106,862	3.00	Note 1(2)	-	Factory construction expenses	\$ -	None	\$ -	\$ 663,701	\$ 703,653	Note 2

Note 1: The code represents the nature of loans as follows:

- (1) Business relationship.
- (2) Short-term financing.

Note 2: In accordance with the Investee's policy for granting loans, limit on loans granted to a single party is described as follows:

- (1) For business relationship, the total amount shall not exceed 20% of the net assets value; the limit amount for single party shall not exceed the amount of transaction.
- (2) For short-term financing, the total amount shall not exceed 10% of the net assets value; the limit amount for single party shall not exceed 50% of the net assets value.
The limit amount for subsidiaries shall not exceed the amount of its paid-in capital multiplied by the proportion of the company's equity holdings.
- (3) Between the subsidiaries controlled by the same parent company for the business needs short-term financing, the total amount shall not exceed 30% of the net assets value; the limit amount for single party shall not exceed 20% of the net assets value.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2025

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2025				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	12,293,879	\$ 176,656	Note	\$ 176,656	
	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss - current	10,654,303	160,301	Note	160,301	
	Beneficiary certificates - Union Money Market Fund	None	Financial assets at fair value through profit or loss - current	11,044,657	154,309	Note	154,309	
	Beneficiary certificates - Fubon Money Market Fund	None	Financial assets at fair value through profit or loss - current	6,950,340	109,181	Note	109,181	
	Beneficiary certificates - Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	1,172,306	20,015	Note	20,015	
	Beneficiary certificates - Yuanta/P-shares Taiwan Dividend Plus ETF	None	Financial assets at fair value through profit or loss - current	250,000	9,183	Note	9,183	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through profit or loss - current	500,000	19,400	Note	19,400	
	Stocks - Fine Blanking & Tool Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,552,867	215,257	9.98	215,257	
	Stocks - Advanced International Multitech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,142,000	79,826	Note	79,826	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000,000	38,800	Note	38,800	
	Stocks - Excelsior Medical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	425,426	34,714	Note	34,714	
	Stocks - King Chou Marine Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	350,000	18,655	Note	18,655	
	Stocks - Hundure Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	990,390	18,322	9.51	18,322	
	Stocks - Sunsino Development Associate Inc.	None	Financial assets at fair value through other comprehensive income - non-current	877,269	5,000	Note	5,000	
Stocks - NCKU Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,300,000	5,000	8.33	5,000		
Fortress Industrial Co., Ltd.	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss - current	5,290,237	79,595	Note	79,595	

Note: It is not disclosed as the ownership does not exceed 5%.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Indirectly-owned subsidiary	Purchases	\$ 951,403	26	Agreement	Note	Note	(\$ 57,268)	(12)	
Taiwan Fu Hsing Industrial Co., Ltd.	Techform Industrial Co., Ltd.	Subsidiary	Purchases	417,134	11	Agreement	Note	Note	(50,349)	(11)	
Taiwan Fu Hsing Industrial Co., Ltd.	Sunion Technology Co., Ltd.	Subsidiary	Purchases	152,810	4	Agreement	Note	Note	(20,471)	(4)	
Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Affiliated company	Purchases	219,963	22	Agreement	Note	Note	(31,148)	(14)	
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	(Sales)	(951,403)	(100)	Agreement	Note	Note	57,268	100	
Techform Industrial Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	(Sales)	(417,134)	(57)	Agreement	Note	Note	50,349	38	
Sunion Technology Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	(Sales)	(152,810)	(89)	Agreement	Note	Note	20,471	92	
Arctek Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Affiliated company	(Sales)	(219,963)	(62)	Agreement	Note	Note	31,148	72	

Note: The above sales were based on agreements with the companies and there were no material differences with general transactions.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2025

Table 4

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Industrial Co., Ltd.	Parent company	\$ 117,571	4.41	\$ -	-	\$ 110,808	\$ -
Taiwan Fu Hsing Industrial Co., Ltd.	Fu Sing Industrial (Thailand) Co., Ltd.	Subsidiary	106,862	Not applicable	-	-	-	-

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2025

Table 5

Expressed in thousands of NTD

Transactions amount between the parent company and subsidiaries or between subsidiaries reaching \$10 million is provided below and descriptions are disclosed in Note 2, and the same transaction is disclosed only once.

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	1	Purchases	\$ 951,403	Agreement	13%
		"	"	Accounts payable - related parties	57,268	Agreement	1%
		"	"	Other payable - related parties	60,303	Agreement	1%
		Techform Industrial Co., Ltd.	1	Purchases	417,134	Agreement	6%
		"	"	Accounts payable - related parties	50,349	Agreement	1%
		Sunion Technology Co., Ltd.	1	Purchases	152,810	Agreement	2%
		"	"	Accounts payable - related parties	20,471	Agreement	-
		Fu Hsing Americas Inc.	1	Sales	57,226	Agreement	1%
		"	"	Operating expenses	45,827	Agreement	1%
		"	"	Accounts receivable - related parties	14,692	Agreement	-
		"	"	Other payable - related parties	11,326	Agreement	-
		Fortress Industrial Co., Ltd.	1	Service revenue	10,239	Agreement	-
		Fu Sing Industrial (Thailand) Co., Ltd.	1	Other receivable - related parties(loans)	106,862	Agreement	1%
		"	"	Other receivable - related parties	16,655	Agreement	-
1	Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Purchases	219,963	Agreement	3%
		"	"	Service revenue	12,744	Agreement	-
		"	"	Accounts payable - related parties	31,148	Agreement	-
2	Rui Sheng Industrial Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	3	Sales	14,287	Agreement	-
		Arctek Industrial Co., Ltd.	3	Sales	38,832	Agreement	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Information on investees

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income(loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Enterprise Co., Ltd.	SAMOA	Investment holdings	\$ 735,344	\$ 735,344	23,500,000	100.00	\$ 962,324	\$ 67,633	\$ 67,891	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Techform Industrial Co., Ltd.	Taiwan	Processing of hardware products	800,000	800,000	80,000,000	100.00	816,206 (	1,890) (	5,790)	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Taiwan	Sales and manufacture of door locks, transom closers and floor springs	410,231	410,231	39,930,000	100.00	775,781	71,937	72,907	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Fu Sing Industrial (Thailand) Co., Ltd.	Thailand	Sales and manufacture of door locks and related accessories	663,701	663,701	74,999,999	100.00	734,968 (	12,623) (	14,716)	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Master United Investment Group Ltd.	British Virgin Islands	Investment holdings	337,175	337,175	930,000	100.00	260,211 (	13,689) (	13,689)	
Taiwan Fu Hsing Industrial Co., Ltd.	Fu Hsing Americas Inc.	U.S.A	Sales of door locks and related accessories	11,263	11,263	300,000	100.00	157,809 (	14,404) (	15,800)	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Taiwan	Sales and manufacture of transom closers and floor springs	65,200	65,200	5,838	70.00	89,282	15,015	10,489	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Sunion Technology Co., Ltd.	Taiwan	Sales and manufacture of electronic lock parts	29,000	29,000	5,500,000	100.00	76,275	13,375	13,375	
Arctek Industrial Co., Ltd.	Rui Sheng Industrial Co., Ltd.	Taiwan	Sales and manufacture of transom closers and floor springs	14,000	14,000	756,000	70.00	30,705	6,736	-	Note 2

Note 1: The difference of the investee company's gain (loss) in the current year and the Company's investment gain (loss) recognized was the unrealized gain (loss) arising from intercompany transactions.

Note 2: Those amounts have been included in the profit or loss for the current year of the Company's investees accounted for under the equity method, which were calculated and recognised as gain (loss) on investment by the Company.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2025

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee as of December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formflex Material Industrial (Changshu) Ltd.	Sales and manufacture of architectural door and locks and related accessories	\$ 735,090	(2)	\$ 735,090	\$ -	\$ -	\$ 735,090	\$ 68,320	100	\$ 68,320	\$ 923,556	\$ 1,115,786	Note 2
Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories and furniture	297,447	(2)	319,892	-	-	319,892	(13,698)	100	(13,698)	259,051	435,021	Note 2
Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	74,763	(3)	-	-	-	-	(234)	100	(234)	20,014	-	Note 2
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Footnote									
Taiwan Fu Hsing Industrial Co., Ltd.	\$ 1,054,982	\$ 1,054,982	\$ 4,252,766	Note 3									
Fortress Industrial Co., Ltd.	28,770	28,770	462,786	Note 4 and Note 5									

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

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China: reinvest in Mainland China through MASTER UNITED INVESTMENT GROUP LTD., and FORMFLEX ENTERPRISE CO., LTD.

(3) Others: The Company invested in Arctek Security Technologies (Shanghai) Co., Ltd. not using its capital but through the debts of Formflex Material Industrial (Changshu) Ltd., the Company's investee in Mainland China.

Note 2: The investment gain/loss was recognised based on the financial statements that are audited and attested by R.O.C. parent company's CPA.

Note 3: Limit amount prescribed by the Jing-Shen-Zi Letter No. 09704604680 of Ministry of Economic Affairs, dated August 29, 2008, and is calculated based on 60% of the Company's consolidated net assets.

Note 4: Calculated based on 60% of the Company's consolidated net assets.

Note 5: It pertained to the investee's liquidation which had been completed in Mainland China at the end of 2023.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries
Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area
Year ended December 31, 2025

Table 8

Expressed in thousands of NTD

Purchaser/seller	Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			
		Amount	%	Amount	%	Balance at December 31, 2025	%	Amount	%	Balance at December 31, 2025	Purpose	Maximum balance during the year ended December 31, 2025	Balance at December 31, 2025	Interest rate	Interest during the year ended December 31, 2025
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Material Industrial (Changshu) Co., Ltd.	(\$ 951,403)	(26)	\$ 5,598	35	(\$ 117,571)	(14)	\$ 9	-	\$ -	-	\$ -	-	-	\$ -
Fortress Industrial Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	14,287	1	-	-	3,970	2	-	-	-	-	-	-	-	-

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash :		
Cash on hand and Petty cash		\$ 267
Bank deposits	Demand deposits - NTD	18,490
	Demand deposits - USD (US \$1,526 thousand, exchange rate 31.43)	47,963
	Demand deposits - RMB (RMB ¥257 thousand, exchange rate 4.49)	1,155
	Demand deposits - AUD (AUD \$253 thousand, exchange rate 21.01)	5,312
		<u>72,920</u>
Cash equivalents:		
Time deposits	Time deposits - NTD, continually maturing before February 2026, interest rate 1.225%	17,000
	Time deposits - USD (US \$68,000 thousand, exchange rate 31.43), continually maturing before February 2026, interest rate 3.5%~4%	213,724
		<u>230,724</u>
		<u>\$ 303,911</u>

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Name of Financial Instrument	Description	Shares	Face Value	Total Amount	Interest Rate	Cost	Fair Value		Amount of Change in The Fair Value is Attributable to Change in The Credit Risk	Note
							Unit Price	Total Amount		
Beneficiary certificates:										
Taishin 1699 Money Market Fund	Money funds	12,293,879	Not applicable	\$ 175,000	-	\$ 175,000	14.37	\$ 176,656	Not applicable	
Taishin Ta-Chong Money Market Fund	Money funds	10,654,303	Not applicable	160,000	-	160,000	15.05	160,301	Not applicable	
Union Money Market Fund	Money funds	11,044,657	Not applicable	154,000	-	154,000	13.97	154,309	Not applicable	
Fubon Chi-Hsiang Money Market Fund	Money funds	6,950,340	Not applicable	109,000	-	109,000	15.71	109,181	Not applicable	
Capital Money Market Fund	Money funds	1,172,306	Not applicable	20,000	-	20,000	17.07	20,015	Not applicable	
Yuanta/P-shares Taiwan Dividend Plus ETF	Stock funds	250,000	Not applicable	7,137	-	7,137	36.73	9,183	Not applicable	
Listed (TSE and OTC) stocks:										
Min Aik Precision Industrial Co., Ltd	Stocks	500,000	Not applicable	27,221	-	27,221	38.80	19,400	Not applicable	
HUA YU LIEN Development Co., Ltd.	Stocks	49,821	Not applicable	4,670	-	4,670	64.90	3,233	Not applicable	
Chipbond Technology Corporation	Stocks	50,000	Not applicable	2,952	-	2,952	53.90	2,695	Not applicable	
Huaku Development Co., Ltd.	Stocks	30,000	Not applicable	2,437	-	2,437	116.50	3,495	Not applicable	
Pegatron Corporation	Stocks	30,000	Not applicable	2,217	-	2,217	68.60	2,058	Not applicable	
Hiyee International Co., Ltd.	Stocks	31,399	Not applicable	1,990	-	1,990	80.80	2,537	Not applicable	
Derivative financial instruments:										
Pre-sale forward foreign exchange contracts	Pre-sale forward foreign exchange	Not applicable	Not applicable	USD 1,000	-	-	Not applicable	64	Not applicable	
						666,624	\$ 663,127			
Valuation adjustment of financial assets at fair value through profit or loss						(3,497)				
						\$ 663,127				

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Customer C	Sales revenue	\$ 429,081	
Customer B	Sales revenue	157,545	
Others (balance of each client has not exceeded 5% of total account balance)	Sales revenue	197,844	
		<u>784,470</u>	
Less: Allowance for bad debts		(8,210)	
		<u>\$ 776,260</u>	
Related parties:			
FU HSING AMERICAS INC.	Sales revenue	\$ 14,692	
Others (balance of each client has not exceeded 5% of total account balance)	Sales revenue	4,172	
		<u>\$ 18,864</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw materials		\$ 24,673	\$ 22,959	The lower of cost and net realisable value
Work in progress		275,072	275,153	
Finished goods		227,632	248,716	
		527,377	\$ 546,828	
Less: Allowance for inventory valuation and obsolete and slow-moving inventories		(54,660)		
		\$ 472,717		

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OTHER CURRENT ASSETS, OTHERS
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Receivables from business tax refund		\$ 26,217	
Office supplies		15,218	
Prepayments		8,557	
Others		<u>3,199</u>	
		<u>\$ 53,191</u>	

TAIWAN FU HSIING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Name	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value			
Listed stocks:											
Fine Blanking & Tool Co., Ltd.	7,552,867	\$ 253,777	-	\$ -	-	(\$ 38,520)	7,552,867	\$ 215,257	Not applicable	None	
Advanced International Multitech Co., Ltd.	1,142,000	85,764	-	-	-	(5,938)	1,142,000	79,826	"	"	
Min Aik Precision Industrial Co., Ltd.	1,000,000	45,800	-	-	-	(7,000)	1,000,000	38,800	"	"	
Excelsior Medical Co., Ltd.	405,168	34,844	20,258	-	-	(130)	425,426	34,714	"	"	
King Chou Marine Technology Co., Ltd.	350,000	14,298	-	4,357	-	-	350,000	18,655	"	"	
Unlisted stocks:											
Hundure Technology Co., Ltd.	990,390	18,322	-	-	-	-	990,390	18,322	"	"	
Sunsino Development Associate Inc.	833,406	5,000	43,863	-	-	-	877,269	5,000	"	"	
NCKU Venture Capital Co., Ltd.	1,300,000	5,000	-	-	-	-	1,300,000	5,000	"	"	
Saint Pin Technology Co., Ltd.	251,835	-	-	-	-	-	251,835	-	"	"	
Nailermate Enterprise Corp.	39	-	-	-	-	-	39	-	"	"	Preferred shares
Shing Bee Enterprise Co., Ltd.	511,928	-	-	-	-	-	511,928	-	"	"	
Tsu Yung Enterprise Co., Ltd.	400,000	-	-	-	-	-	400,000	-	"	"	
Map Technology Holdings Limited	7,853,941	-	-	-	-	-	7,853,941	-	"	"	
Ofis International Co., Ltd.	720,000	-	-	1,900	(720,000)	(1,900)	-	-	"	"	
Hwa Nan Co., Ltd.	85,891	-	-	-	-	-	85,891	-	"	"	
Melten Connected Healthcare Inc.	1,111,111	-	-	-	-	-	1,111,111	-	"	"	
		<u>\$ 462,805</u>		<u>\$ 6,257</u>		<u>(\$ 53,488)</u>		<u>\$ 415,574</u>			

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

Name	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral	Notes
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount		
Subsidiaries:													
FORMFLEX ENTERPRISE CO., LTD.	23,500,000	\$1,046,225	-	\$ 56,084	-	(\$ 139,985)	23,500,000	100.00%	\$ 962,324	41	\$ 964,596	None	
TECHFORM INDUSTRIAL CO., LTD.	80,000,000	837,997	-	-	-	(21,791)	80,000,000	100.00%	816,206	10	820,108	None	
FORTRESS INDUSTRIAL CO., LTD.	39,930,000	832,066	-	75,484	-	(131,769)	39,930,000	100.00%	775,781	19	776,882	None	
FU SING INDUSTRIAL (THAILAND) CO., LTD.	74,999,999	720,334	-	14,634	-	-	74,999,999	100.00%	734,968	10	737,061	None	
MASTER UNITED INVESTMENT GROUP LTD.	930,000	298,028	-	-	-	(14,147)	930,000	100.00%	283,881	280	260,211	None	
FU HSING AMERICAS INC.	300,000	181,757	-	-	-	(23,948)	300,000	100.00%	157,809	563	169,040	None	
ARCTEK INDUSTRIAL CO., LTD.	5,838	135,702	-	10,489	-	(11,676)	5,838	70.00%	134,515	15,302	89,331	None	
SUNION TECHNOLOGY CO., LTD.	5,500,000	84,405	-	13,375	-	(21,505)	5,500,000	100.00%	76,275	14	76,275	None	
		<u>4,136,514</u>		<u>170,066</u>		<u>(364,821)</u>			<u>3,941,759</u>		<u>\$ 3,893,504</u>		
Accumulated impairment		(68,903)		-		-			(68,903)				
		<u>\$4,067,611</u>		<u>\$ 170,066</u>		<u>(\$ 364,821)</u>			<u>\$3,872,856</u>				

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Litai Color Printing Enterprises Co., Ltd.	Purchases	\$ 31,197	
Tsu Yung Enterprise Co., Ltd.	Purchases and outsource	25,837	
Others (balance of each vendor has not exceeded 5% of total account balance)	Purchases and outsource	267,763	
		<u>\$ 324,797</u>	
Related parties:			
Formflex Metal Industrial (Changshu) Co., Ltd.	Purchases	\$ 57,268	
Techform Industrial Co., Ltd.	Purchases and outsource	50,349	
Sunion Technology Co., Ltd.	Purchases	<u>20,471</u>	
		<u>\$ 128,088</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

<u>Item</u>	<u>Volume</u>	<u>Amount</u>	<u>Note</u>
Metalwork doors	31,088 thousand pieces	\$ 5,461,677	
Less: Sales returns and discounts		(29,896)	
Net sales revenue		5,431,781	
Other service revenue		15,837	
		<u>\$ 5,447,618</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Amount		Note
	Subtotal	Total	
Beginning raw materials		\$ 26,560	
Add: Raw materials purchased	\$ 2,896,984		
Less: Raw materials reclassified as expenses, etc.	(447)	2,896,537	
Ending raw materials		(24,673)	
Raw materials used		2,898,424	
Direct labour		433,100	
Manufacturing expense		<u>701,487</u>	
Manufacturing cost		4,033,011	
Beginning work in progress		220,193	
Less: Work in progress reclassified as expenses		(5,838)	
Ending work in progress		(<u>275,072</u>)	
Cost of finished goods		3,972,294	
Beginning finished goods		220,265	
Add: Finished goods reclassified as expenses, etc.		(6,317)	
Ending finished goods		(<u>227,632</u>)	
Cost of goods sold from finished goods		3,958,610	
Cost of goods sold from purchase		425,389	
Cost of goods sold from molds		9,213	
Less: Allowance for inventory valuation and obsolete and slow-moving inventories		(3,000)	
Revenue from sale of scraps		(<u>69,956</u>)	
		<u>\$ 4,320,256</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Processing fees		\$ 274,657	
Indirect labor		125,983	
Repairs and maintenance expense		65,912	
Depreciation		59,005	
Utilities expense		54,861	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	121,069	
		<u>\$ 701,487</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 48,567	
Commissions expense		46,722	
Export expense		23,708	
Advertisement expense		15,288	
Freight		13,617	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	35,403	
		<u>\$ 183,305</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 117,181	
Depreciation		22,281	
Professional service fees		20,877	
Directors' remuneration		15,342	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	79,084	
		<u>\$ 254,765</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 65,804	
Research and development expenses		21,962	
Labour and health insurance fees		6,999	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	25,551	
		<u>\$ 120,316</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 15

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest expense		\$ <u>875</u>	

TAIWAN FU HSING INDUSTRIAL CO., LTD.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTISATION EXPENSES BY
FOR THE YEAR ENDED DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 16

Function Nature	Year ended December 31, 2025			Year ended December 31, 2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	\$ 589,147	\$ 292,517	\$ 881,664	\$ 581,279	\$ 309,084	\$ 890,363
Wages and salaries	498,073	231,552	729,625	494,720	244,129	738,849
Labour and health insurance fees	54,731	23,624	78,355	49,231	21,756	70,987
Pension costs	18,696	8,078	26,774	19,024	7,547	26,571
Directors' remuneration	-	15,342	15,342	-	20,342	20,342
Other personnel expenses	17,647	13,921	31,568	18,304	15,310	33,614
Depreciation expense	59,005	26,063	85,068	55,130	23,831	78,961
Amortisation expense	156	7,000	7,156	-	4,728	4,728

Note:

A. As at December 31, 2025 and 2024, the Company had 1,190 and 1,146 employees, respectively, including both 7 non-employee directors.

B. (a) Average employee benefit expense for the years ended December 31, 2025 and 2024 was \$732 and \$764, respectively.

(b) Average employee salaries for the years ended December 31, 2025 and 2024 were \$616 and \$649, respectively.

(c) Changes of adjustments of average employees' salary was (5%).

(d) The Company has no supervisors' remuneration as it set up an audit committee.

(e) The Company sets up the Remuneration Committee with all independent directors serving as Remuneration Committee members. The Committee evaluates the factors such as the industry environment, profitability of the Company, performance and contribution of employees and researches on the market pay levels to establish the 'Taiwan Fu Hsing Industrial Co., Ltd. Remuneration Policy', which is used as a basis for determining salaries to managers after the policy is approved by the Board of Directors. The members committee will regularly review managers' performance to assess their contribution to the Company and reasonableness of remuneration. Also, the Committee will continue to review and revise the Company's remuneration policy to ensure a competitive compensation structure that is aligned with the interests of shareholders.

All employees' position classifications, salary structures, salary levels and salary calculation and so on are stipulated in the Company's 'Position Structure and Salary Management Regulations'. The regulations are published in the Company's internal website for reference of employees, and are regularly reviewed by the human resource department or revised to comply with the laws and regulations.

According to the Article 26-1 of Incorporation of the Company, when distributing earnings, the ratio of distributable profit of the current year shall not be lower than 5% for employees' compensation and shall not be higher than 5% for directors' remuneration.

The aforementioned employees' compensation shall be distributed no lower than 50% to non-managerial employees.

The Company conducts performance assessment on all employees every year in accordance with 'Performance Assessment and Management Regulations' to determine their performance levels through self-evaluations and second-level supervisor evaluations according to the individual's KPI, competency, attendance, rewards and punishments and so on. The year-end bonuses to employees are distributed based on the employees' performance and the Company's profitability in accordance with the 'Year-End Bonus Approval and Distribution Standards'.

The bonuses to managers and specific persons are distributed by reference to individual's and special contribution to the Company in accordance with the 'Taiwan Fu Hsing Industrial Co., Ltd. Remuneration Policy'.