

SHINIH ENTERPRISE CO., LTD.

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
SHINIH ENTERPRISE CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of SHINIH ENTERPRISE CO., LTD. ("the Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2025 are stated as follows:

1. Impairment assessment of property, plant and equipment

As of December 31, 2025, the Company's property, plant and equipment amounted to \$1,334,727 thousand, representing 26% of total assets. Management regularly reviews whether there are any indications of impairment of property, plant and equipment in accordance with IAS 36, *Impairment of Assets*. Assessing impairment losses on non-financial assets involves forecasting and discounting future cash flows to determine their recoverable amounts, and therefore involves a considerable degree of judgment and estimation uncertainty. Accordingly, we identified the impairment assessment of property, plant and equipment as a key audit matter in our audit of these parent company only financial statements.

Our primary audit procedures included obtaining management's self-assessment of impairment indicators, evaluating the appropriateness of management's identification of those indicators, reviewing whether there were any significant adverse changes in the extent or manner of use (or expected use) of the Company's property, plant and equipment, and assessing whether the economic performance of the Company's property, plant and equipment was below expectations.

2. Impairment of accounts receivable

As of December 31, 2025, the Company assessed its accounts receivable for impairment in accordance with its accounting policies. Given the instability in domestic and international economic conditions, the collection risk associated with accounts receivable has increased. In addition, the measurement of expected credit losses involves significant management judgment, including assumptions about customers' credit risk. Accordingly, we identified the impairment assessment of accounts receivable as a key audit matter in our audit of these parent company only financial statements.



Our primary audit procedures included testing controls over collections and reviewing subsequent receipts; obtaining management's accounts receivable aging analysis and performing sample tests of the accuracy of the aging buckets; analyzing and comparing the aging profile and the applicable provision rates; evaluating the reasonableness of the allowance for expected credit losses on accounts receivable; and assessing the adequacy of management's related disclosures.

3. Valuation of allowance to reduce inventory to market

The Company's accounting policy for recognizing losses arising from declines in market prices and from obsolete and slow-moving inventories is based on inventory aging information. Management uses, among other factors, historical and expected sales of inventories to estimate net realizable value and measures inventories at the lower of cost and net realizable value, with an allowance recorded for inventory write-downs. Accordingly, we identified the valuation of the allowance for inventory write-downs as a key audit matter in our audit of these parent company only financial statements.

Our primary audit procedures included assessing management's provision for inventory write-downs based on the nature of inventories; performing sample tests of the accuracy of the inventory aging schedule; evaluating the reasonableness of the write-down rates applied for declines in market prices and for obsolete and slow-moving inventories, including the key assumptions used by management; comparing the prior-year inventory allowance with the allowance estimated in the current year to assess the appropriateness of the estimation methods and assumptions applied; and assessing the adequacy of management's related disclosures regarding the allowance to reduce inventory to market.

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 its operations, or has no realistic alternative but to do so.



Those charged with governance, including members of the Audit Committee 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 review of the work performed by the audit team members. 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 for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huang, Chien Chen and Yang, Chen Yu.



CROWE (TW) CPAs

Taichung, Taiwan (Republic of China)

March 6, 2026

Notice to Readers

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

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

SHINIH ENTERPRISE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
ASSETS	NOTES	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$ 102,143	2	\$ 638,253	11
Notes receivable, net	6(2)	5,990	-	5,605	-
Accounts receivable, net	6(3)	17,645	-	24,322	1
Accounts receivable, net - related parties	7	2,233	-	4,098	-
Other receivables, net	6(4)	442	-	5,159	-
Other receivables, net - related parties	7	20,876	1	26,501	1
Current income tax assets	6(25)	15,753	-	13,422	-
Inventories	6(5)	54,172	1	66,739	1
Prepayments		12,176	-	15,838	-
Other financial assets - current	6(1)	150,285	3	156,257	3
Total current assets		381,715	7	956,194	17
NONCURRENT ASSETS					
Investments accounted for using equity method	6(6)	3,108,215	60	3,121,904	54
Property, plant and equipment	6(7) 、 8	1,334,727	26	1,314,969	23
Right-of-use assets	6(8)	7,372	-	7,986	-
Investment properties	6(9) 、 8	228,134	4	249,950	4
Intangible assets	6(10)	8,655	-	7,901	-
Deferred income tax assets	6(25)	105,003	3	106,670	2
Net defined benefit assets - noncurrent	6(14)	31	-	346	-
Other noncurrent assets		7,311	-	2,227	-
Total noncurrent assets		4,799,448	93	4,811,953	83
TOTAL ASSETS		\$ 5,181,163	100	\$ 5,768,147	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term loans	6(11)	\$ 1,010,382	20	\$ 1,121,705	20
Contract liabilities - current	6(20)	24,150	-	23,349	-
Notes payable		3,823	-	10,046	-
Accounts payable		3,752	-	8,629	-
Accounts payable - related parties	7	1,343	-	810	-
Other payables	6(12)	62,619	1	80,882	1
Other payables - related parties	7	4,588	-	5,865	-
Current income tax liabilities	6(25)	758	-	24,544	1
Lease liabilities - current	6(8) 、 7	595	-	587	-
Long-term liabilities - current portion	6(13)	50,000	1	95,417	2
Other current liabilities		24,612	1	21,594	-
Total current liabilities		1,186,622	23	1,393,428	24
NONCURRENT LIABILITIES					
Long-term loans	6(13)	470,000	9	600,000	11
Deferred income tax liabilities - noncurrent	6(25)	134,348	3	172,912	3
Lease liabilities - noncurrent	6(8) 、 7	7,124	-	7,719	-
Guarantee deposits received		5,045	-	5,056	-
Credit balance of investments accounted for using equity method	6(6)	-	-	64,018	1
Total noncurrent liabilities		616,517	12	849,705	15
Total liabilities		1,803,139	35	2,243,133	39
EQUITY					
Capital - common stock	6(15)	1,059,081	20	1,091,071	19
Capital surplus	6(16)	224,504	5	230,774	4
Retained earnings	6(17)				
Legal capital reserve		411,650	8	411,001	7
Special capital reserve		106,123	2	106,123	2
Unappropriated earnings		1,505,697	29	1,592,518	27
Others	6(18)	70,969	1	168,415	3
Treasury stock	6(19)	-	-	(74,888)	(1)
Total equity		3,378,024	65	3,525,014	61
TOTAL LIABILITIES AND EQUITY		\$ 5,181,163	100	\$ 5,768,147	100

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

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

ITEMS	NOTES	2025		2024	
		Amount	%	Amount	%
REVENUE	6(20) 、 7	\$ 246,836	100	\$ 415,773	100
COST OF REVENUE	6(5 、 21) 、 7	(222,056)	(90)	(237,043)	(57)
GROSS PROFIT		24,780	10	178,730	43
Unrealized gross profit on sales		(657)	-	(240)	-
Realized gross profit on sales		240	-	654	-
NET GROSS PROFIT		24,363	10	179,144	43
OPERATING EXPENSES	6(21)				
Marketing		(51,823)	(21)	(53,258)	(12)
General and administrative		(106,671)	(43)	(120,108)	(29)
Research and development		(91,140)	(37)	(95,071)	(23)
Expected credit loss	6(3)	(19)	-	-	-
Total operating expenses		(249,653)	(101)	(268,437)	(64)
OPERATING LOSS		(225,290)	(91)	(89,293)	(21)
NON-OPERATING INCOME AND EXPENSES					
Interest income		19,881	8	28,558	7
Other income	6(22) 、 7	51,842	21	47,131	11
Other gains and losses	6(23)	(60,258)	(24)	(48,644)	(12)
Finance costs	6(24) 、 7	(26,253)	(11)	(28,541)	(7)
Share of profit or loss of subsidiaries accounted for using equity method	6(6)	203,391	82	110,716	27
Total non-operating income and expenses		188,603	76	109,220	26
INCOME (LOSS) BEFORE INCOME TAX		(36,687)	(15)	19,927	5
INCOME TAX BENEFIT (EXPENSE)	6(25)	19,297	8	(14,669)	(4)
NET INCOME (LOSS)		(17,390)	(7)	5,258	1
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	6(14 、 26)	(377)	-	1,205	-
Remeasurements of defined benefit plans of the subsidiary accounted for using equity method	6(26)	(81)	-	270	-
Income tax benefit (expense) related to items that will not be reclassified	6(25 、 26)	76	-	(241)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	6(18 、 26)	(118,910)	(48)	186,208	45
Share of unrealized gains (losses) on debt instruments at FVOCI of subsidiaries accounted for using equity method		(2,318)	(1)	-	-
Income tax benefit related to items that may be reclassified	6(18 、 25 、 26)	23,782	9	(37,242)	(9)
Other comprehensive income (loss) for the current period		(97,828)	(40)	150,200	36
TOTAL COMPREHENSIVE INCOME FOR THE CURRENT PERIOD		<u>\$ (115,218)</u>	<u>(47)</u>	<u>\$ 155,458</u>	<u>37</u>
EARNINGS (LOSS) PER SHARE (IN DOLLARS)	6(27)				
Basic earnings (loss) per share		\$ (0.16)		\$ 0.05	
Diluted earnings (loss) per share		\$ (0.16)		\$ 0.05	

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

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

		Capital Surplus		Retained Earnings			Others				
	Capital - Common Stocks	Additional Paid-in Capital Arising From Bond Conversion	Others	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total Equity	
BALANCE, JANUARY 1, 2024	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 395,229	\$ 106,123	\$ 1,665,343	\$ 19,449	-	\$ (74,888)	\$ 3,433,101	
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	15,772	-	(15,772)	-	-	-	-	
Cash dividends to shareholders - NT\$0.6 per share	-	-	-	-	-	(63,545)	-	-	-	(63,545)	
Net income in 2024	-	-	-	-	-	5,258	-	-	-	5,258	
Other comprehensive income in 2024	-	-	-	-	-	1,234	148,966	-	-	150,200	
BALANCE, DECEMBER 31, 2024	\$ 1,091,071	\$ 213,926	\$ 16,848	\$ 411,001	\$ 106,123	\$ 1,592,518	\$ 168,415	-	\$ (74,888)	\$ 3,525,014	
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	649	-	(649)	-	-	-	-	
Cash dividends to shareholders - NT\$0.3 per share	-	-	-	-	-	(31,772)	-	-	-	(31,772)	
Net loss in 2025	-	-	-	-	-	(17,390)	-	-	-	(17,390)	
Other comprehensive income in 2025	-	-	-	-	-	(382)	(95,128)	(2,318)	-	(97,828)	
Retirement of treasury stock	(31,990)	(6,270)	-	-	-	(36,628)	-	-	74,888	-	
BALANCE, DECEMBER 31, 2025	\$ 1,059,081	\$ 207,656	\$ 16,848	\$ 411,650	\$ 106,123	\$ 1,505,697	\$ 73,287	\$ (2,318)	\$ -	\$ 3,378,024	

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

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	\$ (36,687)	\$ 19,927
Adjustments to reconcile profit (loss) to net cash provided by operating activities		
Expected credit loss	19	-
Depreciation	70,627	80,791
Amortization	1,025	956
Interest expense	26,253	28,541
Interest income	(19,881)	(28,558)
Net investment income accounted for using equity method	(203,391)	(110,716)
Unrealized loss from sales	263	596
Net gain on disposals of property, plant and equipment	(2,590)	(29)
Impairment loss	-	84,885
Net changes in operating assets and liabilities		
Notes receivable	(385)	3,245
Accounts receivable	8,523	(6,636)
Inventories	12,567	4,967
Other receivables	6,550	(9,163)
Prepayments	3,662	293
Contract liabilities	801	17,151
Notes payable	(6,223)	573
Accounts payable	(4,344)	2,091
Other payables	(16,486)	14,365
Other current liabilities	3,018	11,030
Net defined benefit liability	(62)	(61)
Cash provided from (used in) operations	(156,741)	114,248
Interest received	23,673	27,710
Dividends received	31,490	284,786
Interest paid	(26,370)	(28,341)
Income taxes paid	(19,859)	(3,412)
Net cash provided by (used in) operating activities	(147,807)	394,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(72,071)	(54,078)
Acquisition of investment property	(260)	-
Acquisition of intangible assets	(1,779)	(1,034)
Proceeds from disposal of Property, plant and equipment	4,029	6,096
Increase in refundable deposits	(23)	(30)
Decrease (increase) in other noncurrent assets	(5,061)	522
Decrease in other financial assets	5,972	18,762
Net cash used in investing activities	(69,193)	(29,762)

(Continued)

SHINIH ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ (111,323)	\$ 331,705
Repayment of long-term loans	(175,417)	(278,333)
Repayments of the principal portion of lease liabilities	(587)	(578)
Increase (decrease) in guarantee deposit received	(11)	600
Cash dividends paid	(31,772)	(63,545)
Net cash used in financing activities	(319,110)	(10,151)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(536,110)	355,078
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	638,253	283,175
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 102,143	\$ 638,253

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

(Concluded)

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. GENERAL INFORMATION

SHINIH ENTERPRISE CO., LTD. ("the Company") was established under the laws of the Republic of China in accordance with the Company Act in 1962, initiating its commercial activities within that calendar year. The Company's operations include the manufacturing and refining of nonwoven fabric materials, as well as the production of insulation and industrial goods. Additionally, the Company is actively involved in the commerce of ancillary products, textile machinery, and engages in the real estate sector through the development, marketing, and leasing of mixed-use buildings.

The equity shares of the Company have been publicly listed and are actively traded on the Taiwan Stock Exchange (TWSE) since the 26th of August 2002.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 6, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS, AND INTERPRETATIONS

3.1 Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

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

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

(1) Amendments to IAS 21, "Lack of Exchangeability "

The amendments define exchangeability and provide application guidance on how an entity should determine the spot exchange rate at the measurement date when a currency lacks exchangeability. Additionally, the amendments require entities to disclose more useful information in their financial statements when a currency cannot be exchanged for another currency.

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

3.2 The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2026:

A summary of the new standards and amendments issued by the IASB that are effective from 2026 is as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9-Comparative Information"	January 1, 2023
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

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

- (i) Clarifies and provides additional guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. The scope includes contractual terms that may alter cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments with nonrecourse features, and contractually linked instruments.
- (ii) Introduce new disclosure requirements for certain instruments with contractual terms that may alter cash flows (e.g., instruments with features linked to the achievement of environmental, social, and governance (ESG) targets). These disclosures include a qualitative description of the nature of the contingent event, quantitative information on the potential changes in contractual cash flows resulting from these contractual terms, and the gross carrying amount of financial assets and the amortized cost of financial liabilities subject to these contractual terms.
- (iii) Clarifies the recognition and derecognition dates of certain financial assets and liabilities and introduces a new exception for the derecognition of a financial liability (or part of a financial liability) settled through an electronic payment system. Under this exception, an entity is permitted to derecognize a financial liability before the settlement date if, and only if, the entity has initiated a payment instruction and the following conditions are met:

- (a) The entity does not have the practical ability to revoke, stop, or cancel the payment instruction;
 - (b) The entity no longer has the practical ability to access the cash used for settlement as a result of the payment instruction; and
 - (c) The settlement risk associated with the electronic payment system is not significant.
- (iv) Update the disclosure requirements for equity instruments designated at fair value through other comprehensive income (FVTOCI). The entity shall disclose the fair value of each class of investment but is no longer required to disclose the fair value of each individual investment. Additionally, the amendments require the entity to disclose the fair value gains or losses recognized in other comprehensive income during the reporting period, separately presenting the fair value gains or losses related to investments derecognized during the reporting period; the fair value gains or losses related to investments held at the end of the reporting period; and any transfers of cumulative gains or losses within equity during the reporting period related to investments derecognized during that period.
- (2) Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”
- The amendments apply to contracts that expose an entity to variability in electricity generation due to uncontrollable natural conditions (such as the weather). These amendments include:
- (i) Clarifying the application of the ‘own use’ requirements for contracts to buy or sell nature-dependent electricity:
 When a contract requires an entity to purchase and take delivery of electricity as it is generated, and the design and operation of the electricity market in which the contract is transacted require the entity to sell any unused electricity within a specified time frame, the entity shall consider reasonable and supportable information regarding its past, current, and expected future electricity transactions within a reasonable period not exceeding 12 months.
 An entity applying these amendments to own-use contracts involving nature-dependent electricity shall disclose the following:
 - A. The variability in the underlying amount of electricity and the risk that the entity may be required to purchase electricity during a delivery interval in which it cannot use the electricity;
 - B. Unrecognized contractual commitments, including the expected future cash flows from purchasing electricity under these contracts; and
 - C. The impact of these contracts on the entity’s financial performance for the reporting period.
 - (ii) Clarifying the application of hedge accounting for contracts involving nature-dependent electricity as hedging instruments:

An entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that aligns with the variable amount of nature-dependent electricity expected to be delivered by the generation facility referenced in the hedging instrument. Additionally, when a contract involving nature-dependent electricity is designated as a hedging instrument in a cash flow hedge relationship, and its cash flows are conditional on the occurrence of a forecast transaction, which forecast transaction is presumed to be highly probable.

For entities that designate contracts involving nature-dependent electricity as hedging instruments, the terms and conditions of such hedging instruments shall be disclosed by risk category in accordance with IFRS 7.

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

3.3 The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

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

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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: On September 25, 2025, the FSC announced that IFRS 18 will become effective on January 1, 2028. Domestic entities may elect to early adopt IFRS 18 upon the FSC's endorsement of IFRS 18.

Except for the following, the Company has assessed that the standards and interpretations have no significant impact on the financial position and financial performance of the Company.

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

The amendments address an existing inconsistency between IFRS 10 and IAS 28. The recognition of a gain or loss arising from the sale or contribution of assets between an investor and its associate or joint venture depends on the nature of the assets transferred:

- (i) If the assets sold or contributed constitute a business, the full gain or loss is recognized;
- (ii) If the assets sold or contributed do not constitute a business, the gain or loss is recognized only to the extent of the investor's interest that is not attributable to related parties in the associate or joint venture.

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

IFRS 18, Presentation and Disclosure in Financial Statements, replaces IAS 1. The standard introduces a structured format for the statement of profit or loss, disclosure requirements for management-defined performance measures, and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

(3) IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

The standard allows eligible subsidiaries to apply IFRSs with reduced disclosure requirements.

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

The amendment requires that, when translating amounts (including comparative amounts) from the functional currency of a non-hyperinflationary economy into the presentation currency of a hyperinflationary economy, all amounts be translated using the closing exchange rate as at the date of the most recent statement of financial position. The amendment also provides an exception: when both the functional currency and the presentation currency are currencies of hyperinflationary economies, and the foreign operation is of an entity whose functional currency is that of a non-hyperinflationary economy, comparative amounts are not required to be retranslated.

In addition, new disclosure requirements are introduced, including disclosures of the translation method applied and aggregated financial information about foreign operations to which the method applies.

As of the issuance date of the parent company only financial statements, the Company is still evaluating the impact of the above standards and interpretations on its financial position and financial performance. The related impact will be disclosed upon completion of the assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

- A. Except for the financial assets and liabilities at fair value through profit or loss (including derivative financial instruments), the parent company only financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.
- B. When preparing the parent company only financial statements, the Company accounts for subsidiaries by using the equity method. In order to align with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.
- C. The preparation of financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the 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 financial statements are disclosed in Note 5.

4.3 Foreign Currencies

- A. Items included in the parent company only financial statements are measured using the functional currency of the Company. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.
- B. In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising in the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising in the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rate at the date of the transaction and are not retranslated.
- C. When preparing the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange

rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

4.4 Classification of Current and Noncurrent Assets and Liabilities

A. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the end of reporting period;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those intended to be exchanged or used to liabilities more than twelve months after the balance sheet date.

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

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be within twelve months from the end of reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the end of reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification..

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

4.5 Cash and cash equivalents

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

4.6 Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party of the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as

appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

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

(a) Measurement categories

The category of the financial assets of the Company is financial assets at amortized cost.

i. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

ii. Debt instruments measured at fair value through other comprehensive income

Debt instruments that meet both of the following conditions are measured at FVTOCI:

- (i) The debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling such financial assets; and
- (ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt investments relating to interest income calculated using the effective interest method, changes in foreign currency exchange rates, and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt investments are recognized in other comprehensive income and will be reclassified to profit or loss when such investment is disposed of.

(b) Impairment of financial assets

- i. The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, and contract assets.
- ii. The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e., ECLs) for accounts receivable, contract assets, and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.
- iii. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- iv. The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(c) Derecognition of financial assets

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

- i. The contractual rights to receive cash flows from the financial asset expired.
- ii. The contractual rights to receive cash flows from the financial asset which have been transferred and the Company has substantially transferred all risks and rewards of ownership of the financial asset.

- iii. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt investment measured at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an equity investment at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without being recycled to profit or loss.

B. Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

C. Financial liabilities

(a) Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at FVTPL are subsequently measured at amortized cost at the end of each reporting period.

(b) Derecognition of financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires. The difference between the carrying amount of financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Modification of Financial Instruments

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

renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Company applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.7 Inventories

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

4.8 Investments Accounted for Using the Equity Method

- A. A subsidiary is an entity that is controlled by the Company (including structured entity). The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains and losses on transactions between the Company and subsidiaries have been eliminated proportionately to the subsidiaries' interests. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies applied by the Company.
- C. The Company's share of subsidiaries' profit or loss is recognized in the Company's statement of comprehensive income, and its share of subsidiaries' other comprehensive income is recognized in the Company's other comprehensive income. When the Company's share of losses in a subsidiary equal to or exceeds its interest in the subsidiary, the Company shall recognize the loss proportional to its shares.
- D. Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the adjustment amount of non-controlling interests and the fair

value of the consideration paid or received is recognized directly in equity.

- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition as a financial asset or the cost on initial recognition of an associate or a joint venture. Any difference between the fair value and the carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary will be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

4.9 Property, Plant and Equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized, for property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the items are recognized in profit or loss.
- B. Subsequent costs are included in the carrying amount of asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other 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. The residual values of assets, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits of assets embodied in the assets which 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:

Land improvements	5 years
Buildings	3~35 years
Machinery	3~10 years
Other equipment	2~10years

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

4.10 Leases

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

A. The Company as lessee

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

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the assessment of an option to purchase the underlying asset, amounts expected to be payable by the lessee under residual value guarantees or a change in future lease payments resulting from a change in an index or a rate used to determine those

payments, the Company shall remeasure the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications. Lease liabilities are presented separately in the balance sheets. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

B. The Company as lessor

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

When a lease includes both land and buildings elements, the Company assesses the classification of each element as a finance lease or an operating lease separately allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as an operating lease.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. The initial direct costs incurred from received the operating lease plus to the carrying amount of the underlying asset adopted the same basic of lease income. The Company recognizes the lease payments as expense over the lease terms. The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification.

4.11 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation and include land held for a currently undetermined future use (including property under construction for such purposes) and include land held for a currently undetermined future use.

Investment properties are measured at cost (including transaction costs) on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. The investment properties are depreciated using the straight-line basis over 5 to 60 years.

Investment property that is being constructed or developed is measured at cost less accumulated impairment loss. The cost of an investment property includes professional fees, borrowing costs eligible for capitalization. The properties shall start to depreciate as they achieve their expected condition for providing services.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss.

4.12 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: trademarks and patents - the patent term or the contract term; computer software 1 to 3 years. The estimated useful life and amortization method are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

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

4.13 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the carrying amount of asset exceeds its recoverable amount. The recoverable amount is the higher of a fair value of asset less costs to sell or value in use. When the indication of impairment loss recognized in prior years for an asset no longer exist, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

4.14 Provisions

Provisions (including warranties, decommissioning liabilities, restructurings, and onerous contracts) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. If the provisions are measured at the estimated cash flow to settle the obligation, its carrying amounts are those present value of the cash flow.

Carbon fees levied in accordance with Taiwan's Climate Change Response Act and Regulations Governing the Collection of Carbon Fees are not within the scope of IFRIC 21 "Levies", but are recognized and measured in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". When the estimated annual greenhouse gas emissions are probably to exceed the threshold for levy, the related carbon fee liability is accrued in the interim financial reports based on the proportion of greenhouse gas emissions incurred to date relative to the estimated total annual emissions.

4.15 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 recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund 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 employee will receive on retirement for their services with the Company in current or prior period. The liability recognized 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 estimated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid. The currency and term of the government bonds are consistent with the currency and estimated term of the obligation.
- ii. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' remuneration

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

D. Termination benefits

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

4.16 Capital Stock and Treasury Stock

A. Capital stock

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

B. Treasury stock

The Company's treasury stocks that have not been disposed or retired are stated at cost and shown as a deduction in stockholders' equity. When treasury stocks are sold, if the selling price is above the book value, the difference is credited to the capital surplus-treasury share transactions; if the selling price is below the book value, the difference is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The carrying value of treasury stocks is calculated using the weighted-average approach in accordance with the purpose of repurchase.

Upon retirement, treasury stocks are derecognized against the capital surplus - premium on stocks and capital stock proportionately according to the ratio of shares retired. The carrying value of treasury stock in excess of the sum of the par value and premium on stocks is first offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, is then debited to retained earnings. The sum of the par value and premium on treasury stocks in excess of the carrying value is credited to capital surplus from the same class of treasury share transactions.

4.17 Income Tax

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

recognized in other comprehensive income or equity, respectively.

- B.** The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. 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 calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.
- C.** Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and it does not give rise to equal deductible and taxable temporary differences at the time of transaction. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D.** Deferred income tax assets are recognized only to the extent, unused tax losses and unused tax credits that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F.** A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible

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

4.18 Revenue Recognition

The Company recognizes revenue based on the principle of revenue from customer contracts by applying the following steps:

- (a) Identifying the contract;
- (b) Identifying performance obligations;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to performance obligation; and
- (e) Recognize revenue when a performance obligation is satisfied.

The Company identifies performance obligations in contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when (or as) the performance obligations are satisfied.

The Company elects not to adjust the transaction price for a significant financing component when the period between the transfer of promised goods or services to the customer and payment is one year or less.

A. Revenue from sale of goods

The Company sells nonwoven fabric material, bedding, and related products. Sales are recognized when control of the products has been transferred to the customers since the customers obtain the rights to list price, use the products and assure the obligation to resale them as well as to bear the risk of obsolescence. The Company recognizes revenue and accounts receivable on transferring the control of the products. Revenue is presented net of sales return, quantity discounts and sales allowance.

The Company does not recognize sales revenue on materials delivered to processing subcontractors due to the delivery does not transfer control of materials.

B. Service Revenue

Service revenue is recognized when services are provided according to the relevant agreements.

4.19 Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants related to other noncurrent assets are recognized as non-current liabilities. These grants are then amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

4.20 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

4.21 Share-based payment transactions

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ASSUMPTIONS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY.

The Company considers critical accounting estimates and reviewing basic assumptions and estimates continually. The impacts of the change in accounting estimate shall be recognized currently when the impacts are related to the current period only. However, the impact shall be recognized currently and prospectively when the impacts not only effect current period but also the future periods.

In the preparation of these parent company only financial statements, the critical accounting judgments the Company has made, and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgments in applying accounting policies

A. Investment property

The Company's properties are mainly held for owner-occupied, and some are held to earn rentals or for capital appreciation. If these portions could be sold separately, which will be disposal of as investment property and property, plant and equipment separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

B. Lease terms

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the periods covered by the option, significant leasehold improvements

undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Company occurs.

5.2 Critical accounting estimation and assumption

A. Estimated impairment of financial assets

The provision for impairment of accounts receivable and debt investments is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for the impairment calculation, based on the Company's historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

B. Realizability of deferred income tax assets

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

C. Evaluation of inventories

As inventories are stated at the lower of cost or net realizable value, and the Company uses judgements and actuarial assumptions to determine the net realizable value of inventory at the end of each reporting period. The Company needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period, and then writes down the cost of inventories to net realizable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

D. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company uses judgements and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate at the end of reporting period. Any changes in these assumptions may have a significant impact on the carrying amount of defined pension obligation.

E. The useful lives of the property, plant and equipment and investment property

The property, plant and equipment and investment property are average amortized using the straight-line method. The Company regularly assesses the useful lives and residual value of the property, plant and equipment and investment property. A significant change in the relevant estimate would be adjusted for that period and the following years.

F. Impairment assessment of tangible and intangible assets

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

G. The lessee's incremental borrowing rate

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	December 31, 2025	December 31, 2024
Cash on hand and petty cash	\$ 382	\$ 451
Checking accounts and demand deposits	70,331	64,064
Cash equivalents		
Time deposits	31,430	573,738
Total	<u>\$ 102,143</u>	<u>\$ 638,253</u>

- (1) Bank deposits with medium to long-term original maturity dates that are not intended to be used or pledged are classified as other financial assets – current.
- (2) The cash and cash equivalents of the Company are not pledged to others.
- (3) The Company inward remittance of USD 8,000 thousand in accordance with the Regulations Governing the Investment of Repatriated Offshore Funds approved by the National Taxation Bureau, MOF, and submitted an investment plan to the MOEA on October 12, 2022. The approval letter was received on November 1, 2022. That amount is only used for the examined investment plan project under the relevant regulations, it should not be used for other purposes. The investment plan was not completed as scheduled. The remaining funds of USD 5,200 thousand were applied for an extension on September 23, 2024, and the approval letter was received on October 11, 2024. As of December 31, 2025 and 2024, \$150,285 thousand and \$156,257 thousand were transferred to other current financial assets, respectively.
- (4) Please refer to Note 12 for relevant credit risk management and assessment methods.

6.2 NOTES RECEIVABLE

Items	December 31, 2025	December 31, 2024
Gross carrying amount at amortized cost	\$ 5,990	\$ 5,605
Notes receivable, net	\$ 5,990	\$ 5,605

(1) The Company has no notes receivable pledged to others.

(2) Please refer to Note 6.3 for the loss allowance for notes receivable.

6.3 ACCOUNTS RECEIVABLE - NON-RELATED PARTIES

Items	December 31, 2025	December 31, 2024
Gross carrying amount at amortized cost	\$ 17,645	\$ 25,086
Less: Loss allowance	-	(764)
Accounts receivable, net	\$ 17,645	\$ 24,322

(1) The average credit period of sales of goods ranges from 30 to 90 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

(2) The Company has no accounts receivable pledged to others.

(3) The Company applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

(4) The following table detailed the loss allowance of notes and accounts receivable based on the Company's provision matrix (include related parties):

December 31, 2025

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 21,951	\$ -	\$ 21,951
Past due 1-90 days	3,897	-	3,897

December 31, 2025

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Past due 91-180 days	\$ 20	\$ -	\$ 20
Total	\$ 25,868	\$ -	\$ 25,868

December 31, 2024

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 28,087	\$ -	\$ 28,087
Past due 1-90 days	5,918	-	5,918
Past due 91-180 days	1	-	1
Past due over 361 days	783	(764)	19
Total	\$ 34,789	\$ (764)	\$ 34,025

(1) Movements of the loss allowance for notes and accounts receivable (including related parties') were as follows:

Items	2025	2024
Balance, January 1	\$ 764	\$ 764
Add: Provision for impairment	19	-
Less: Write offs	(783)	-
Balance, December 31	\$ -	\$ 764

The Company did not hold any collaterals or other credit enhancements for these accounts receivable.

(2) Please refer to Note 12 for the relevant credit risk management and assessment methods.

6.4 OTHER RECEIVABLES, NET - NON-RELATED PARTIES

Items	2025	2024
Gross carrying amount at amortized cost	\$ 579	\$ 5,296
Less: Loss allowance	(137)	(137)
Other receivables, net	\$ 442	\$ 5,159

6.5 INVENTORIES AND OPERATING COSTS

Items	December 31, 2025	December 31, 2024
Raw materials	\$ 27,985	\$ 44,742
Work-in-process	180	199
Finished goods	26,007	21,798
Total	<u>\$ 54,172</u>	<u>\$ 66,739</u>

(1) The cost of inventories recognized as expense for the period:

Items	2025	2024
Loss on decline (gain on reversal) in market value of inventories	\$ (1,716)	\$ 9,286
Inventories gain (loss) on physical taking	(23)	(28)
Loss on inventory disposed	1,427	515
Unallocated Production overheads	71,688	78,559
Total	<u>\$ 71,376</u>	<u>\$ 88,332</u>

For the years 2025 and 2024, the Company recognized a reversal of inventory write-downs resulting from the disposal of certain inventories and also wrote down inventories to net realizable value. Accordingly, the gain on reversal of inventory write-downs and the loss on inventory write-down were \$1,716 thousand and \$9,286 thousand, respectively.

(2) The Company has no inventories pledged to others.

6.6 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments accounted for using the equity method consisted of the following:

Items	December 31, 2025	December 31, 2024
Subsidiaries — Investments accounted for using equity method	\$ 3,108,215	\$ 3,121,904
Subsidiaries — Credit balance of Investments accounted for using equity method	—	(64,018)
Total	<u>\$ 3,108,215</u>	<u>\$ 3,057,886</u>

Subsidiaries consisted of the following:

Investee companies	December 31, 2025		December 31, 2024	
	Amount	Equity ratio	Amount	Equity ratio
<u>Investments accounted for using equity method</u>				
SHINIH HOLDING CO., LTD.	\$ 2,120,910	100%	\$ 2,252,215	100%
SHINIH VIETNAM COMPANY LTD.	353,910	100%	280,526	100%
SUNBURST INTERNATIONAL LTD.	11,022	100%	9,295	100%
VFT INC.	342,736	100%	318,037	100%
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. (NOTE 2)	23,248	29%	—	—
KUREHA (THAILAND) CO., LTD.	90,928	50%	96,531	50%
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. (NOTE 1)	23,731	11%	36,487	11%
TAIWAN KUREHA CO., LTD.	53,955	84.62%	46,020	84.62%
INTERBOND CO., LTD.	1,090	100%	1,198	100%
SHINIH USA INC.	86,685	100%	81,595	100%
Total	<u>\$ 3,108,215</u>		<u>\$ 3,121,904</u>	

Credit balance of Investments accounted for using equity method

DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. (NOTE 2)	\$ —	—	\$ (64,018)	100%
Total	<u>\$ —</u>		<u>\$ (64,018)</u>	

NOTE 1: The consolidated shareholding of the Company and subsidiary SHINIH HOLDING CO., LTD. (please refer to Table 7 for relevant information) is 100%.

NOTE 2: The consolidated shareholding of the Company and subsidiary SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. (please refer to Table 7 for relevant information) is 100%.

- (1) For the information of the subsidiaries of the Company, please refer to Note 4.3 of 2025 consolidated financial statements.
- (2) The shares of profit or loss and other comprehensive profit and loss of the subsidiaries under equity method for the years ended 2025 and 2024 are recognized according to the audited financial statements for the same periods.

6.7 PROPERTY, PLANT AND EQUIPMENT

Items	December 31, 2025	December 31, 2024
Land	\$ 477,804	\$ 438,525
Land improvements	7,465	7,465
Buildings	242,531	210,622
Machinery	848,834	843,819
Other equipment	62,189	61,713
Equipment to be inspected and construction in progress	<u>461,473</u>	<u>445,897</u>
Total cost	2,100,296	2,008,041

Items	December 31, 2025	December 31, 2024
Less: Accumulated depreciation and impairment	\$ (765,569)	\$ (693,072)
Total	<u>\$ 1,334,727</u>	<u>\$ 1,314,969</u>

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Cost							
Balance, January 1, 2025	\$ 438,525	\$ 7,465	\$ 210,622	\$ 843,819	\$ 61,713	\$ 445,897	\$ 2,008,041
Additions	26,862	-	5,353	6,506	762	29,651	69,134
Disposals	-	-	-	(11,523)	(1,018)	-	(12,541)
Reclassification (NOTE)	12,417	-	26,556	10,032	732	(14,075)	35,662
Balance, December 31, 2025	<u>\$ 477,804</u>	<u>\$ 7,465</u>	<u>\$ 242,531</u>	<u>\$ 848,834</u>	<u>\$ 62,189</u>	<u>\$ 461,473</u>	<u>\$ 2,100,296</u>
Accumulated depreciation and impairment							
Balance, January 1, 2025	\$ -	\$ 5,890	\$ 114,419	\$ 526,679	\$ 46,084	\$ -	\$ 693,072
Depreciation expense	-	1,053	9,163	55,256	3,075	-	68,547
Disposals	-	-	-	(10,084)	(1,018)	-	(11,102)
Reclassification (NOTE)	-	-	15,052	-	-	-	15,052
Balance, December 31, 2025	<u>\$ -</u>	<u>\$ 6,943</u>	<u>\$ 138,634</u>	<u>\$ 571,851</u>	<u>\$ 48,141</u>	<u>\$ -</u>	<u>\$ 765,569</u>

NOTE: Net reclassification from investment properties amounted to \$20,610 thousand.

	Land	Land improvements	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Cost							
Balance, January 1, 2024	\$ 438,525	\$ 7,465	\$ 207,636	\$ 804,703	\$ 59,660	\$ 455,119	\$ 1,973,108
Additions	-	-	2,699	14,077	2,105	38,261	57,142
Disposals	-	-	-	(22,157)	(52)	-	(22,209)
Reclassification	-	-	287	47,196	-	(47,483)	-
Balance, December 31, 2024	<u>\$ 438,525</u>	<u>\$ 7,465</u>	<u>\$ 210,622</u>	<u>\$ 843,819</u>	<u>\$ 61,713</u>	<u>\$ 445,897</u>	<u>\$ 2,008,041</u>
Accumulated depreciation and impairment							
Balance, January 1, 2024	\$ -	\$ 4,504	\$ 106,046	\$ 392,232	\$ 43,358	\$ -	\$ 546,140
Depreciation expense	-	1,386	8,373	65,652	2,778	-	78,189
Disposals	-	-	-	(16,090)	(52)	-	(16,142)
Impairment loss	-	-	-	84,885	-	-	84,885
Balance, December 31, 2024	<u>\$ -</u>	<u>\$ 5,890</u>	<u>\$ 114,419</u>	<u>\$ 526,679</u>	<u>\$ 46,084</u>	<u>\$ -</u>	<u>\$ 693,072</u>

(1) The reconciliations of the current additions and the property, plant and equipment stated in the statement of cash flow are as follows:

Items	2025	2024
Additions to the property, plant and equipment	\$ 69,134	\$ 57,142
(Increase) decrease in payables to contractor and equipment suppliers	2,937	(3,064)
Payments for acquisition of property, plant and equipment	<u>\$ 72,071</u>	<u>\$ 54,078</u>

(1) Please refer to Note 6.24 for information on capitalization of interest.

(2) Please refer to Note 8 for property, plant and equipment pledged by the Company as a guarantee for loans.

6.8 LEASE AGREEMENT

(1) Right-of-use assets

Items	December 31, 2025	December 31, 2024
Buildings	\$ 11,672	\$ 11,672
Total cost	11,672	11,672
Less: Accumulated depreciation and impairment	(4,300)	(3,686)
Total	<u>\$ 7,372</u>	<u>\$ 7,986</u>

Items	2025	2024
Depreciation of right-of-use assets		
Buildings	\$ 614	\$ 614
Total	<u>\$ 614</u>	<u>\$ 614</u>

(2) Lease liabilities

Items	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	\$ 595	\$ 587
Noncurrent	<u>\$ 7,124</u>	<u>\$ 7,719</u>

Range of discounts rate for lease liabilities is as follows:

	December 31, 2025	December 31, 2024
Buildings	1.40%	1.40%

Please refer to Note 12 for the maturity analysis of the lease liabilities.

(3) Other lease information

- A. The Company leases the investment properties under operating lease agreements, please refer to Note 6.9 investment property.
- B. The Company elected to apply the recognition exemption to short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases in 2025 and 2024. Details for the relevant expense are as follows:

Items	2025	2024
Expenses relating to short-term leases	\$ 543	\$ 638
Total cash outflow for leases	\$ 1,243	\$ 1,337

6.9 INVESTMENT PROPERTY

Items	December 31, 2025	December 31, 2024
Land	\$ 217,749	\$ 230,165
Buildings	143,140	166,126
Total cost	360,889	396,291
Less: Accumulated depreciation	(132,755)	(146,341)
Investment property, net	\$ 228,134	\$ 249,950

	Land	Buildings	Total
Cost			
Balance, January 1, 2025	\$ 230,165	\$ 166,126	\$ 396,291
Additions	-	260	260
Reclassified to property, plant and equipment	(12,416)	(23,246)	(35,662)
Balance, December 31, 2025	\$ 217,749	\$ 143,140	\$ 360,889
Accumulated depreciation			

	Land	Buildings	Total
Balance, January 1, 2025	\$ -	\$ 146,341	\$ 146,341
Reclassified to property, plant and equipment	-	(15,052)	(15,052)
Depreciation expense	-	1,466	1,466
Balance, December 31, 2025	\$ -	\$ 132,755	\$ 132,755

	Land	Buildings	Total
Cost			
Balance, January 1, 2024	\$ 230,165	\$ 166,126	\$ 396,291
Balance, December 31, 2024	\$ 230,165	\$ 166,126	\$ 396,291
Accumulated depreciation			
Balance, January 1, 2024	\$ -	\$ 144,353	\$ 144,353
Depreciation expense	-	1,988	1,988
Balance, December 31, 2024	\$ -	\$ 146,341	\$ 146,341

A. Rental revenue and direct operating expenses from investment property:

Items	2025	2024
Rental revenue from investment properties	\$ 31,761	\$ 31,033
Direct operating expenses arising from the investment of property that generated rental revenue during the period	\$ 3,081	\$ 4,019
Direct operating expenses arising from the investment properties that didn't generate rental revenue during the period	-	306
Total	\$ 3,081	\$ 4,325

B. The Company will receive the total rent from leasing the investment properties under the operating lease agreement as follows:

Items	December 31, 2025	December 31, 2024
Within 1 year	\$ 24,671	\$ 29,950
More than 1 year but less than 5 years	84,019	99,017
More than 5 years	1,381	9,867
Total	<u>\$ 110,071</u>	<u>\$ 138,834</u>

C. The investment properties held by the Company are not measured at fair value, but only disclosed its fair value information. Its fair value hierarchy is Level 3. The fair values of the Company's investment properties were \$887,800 thousand and \$1,246,600 thousand respectively as of December 31, 2025 and 2024. Those fair values were assessed by the Company's management by reference to the transaction prices of similar properties, but did not be assessed by independent valuer.

D. Please refer to Note 8 for investment properties pledged by the Company as a guarantee for loans.

6.10 INTANGIBLE ASSETS

Items	December 31, 2025	December 31, 2024
Computer software	\$ 1,657	\$ 1,034
Other intangible assets - spunbond technology and rights	7,392	7,392
Total costs	9,049	8,426
Less: Accumulated amortization	(394)	(525)
Total	<u>\$ 8,655</u>	<u>\$ 7,901</u>

Other intangible assets, such as proprietary spunbond technology and related rights, are assessed to have an indefinite useful life. Accordingly, these assets are not amortized but are tested for impairment annually, or more frequently if there are indications of impairment. No impairment has been identified to date.

Items	2025		
	Computer software	Spunbond technology and rights	Total
Cost			
Balance, January 1	\$ 1,034	\$ 7,392	\$ 8,426
Additions	1,779	–	1,779
Disposals	(1,156)	–	(1,156)

Items	2025		
	Computer software	Spunbond technology and rights	Total
Balance, December 31	\$ 1,657	\$ 7,392	\$ 9,049
Accumulated amortization and impairment			
Balance, January 1	\$ 525	\$ –	\$ 525
Amortization expense	1,025	–	1,025
Disposals	(1,156)	–	(1,156)
Balance, December 31	\$ 394	\$ –	\$ 394

Items	2024		
	Computer software	Spunbond technology and rights	Total
Cost			
Balance, January 1	\$ 2,527	\$ 7,392	\$ 9,919
Additions	1,034	–	1,034
Disposals	(2,527)	–	(2,527)
Balance, December 31	\$ 1,034	\$ 7,392	\$ 8,426
Accumulated amortization and impairment			
Balance, January 1	\$ 2,096	\$ –	\$ 2,096
Amortization expense	956	–	956
Disposals	(2,527)	–	(2,527)
Balance, December 31	\$ 525	\$ –	\$ 525

6.11 SHORT-TERM LOANS

The nature of loans	December 31, 2025	December 31, 2024
Unsecured loans	\$ 710,382	\$ 991,705
Secured loans	300,000	130,000
Total	\$ 1,010,382	\$ 1,121,705
Interest rate range	1.89%~4.74%	1.89%~5.74%

Please refer to Note 8 for the assets pledged by the Company as a guarantee for the abovementioned loans.

6.12 OTHER PAYABLES

Items	December 31, 2025	December 31, 2024
Salaries and bonuses payable	\$ 29,102	\$ 35,064
Payable for equipment and construction	4,964	7,901
Compensation payable to employees and directors	–	1,140
Others	28,553	36,777
Total	<u>\$ 62,619</u>	<u>\$ 80,882</u>

6.13 LONG-TERM LOANS AND CURRENT PORTION

The nature of loans	December 31, 2025	December 31, 2024
Secured loans	\$ 520,000	\$ 695,417
Less: Current portion	(50,000)	(95,417)
Total	<u>\$ 470,000</u>	<u>\$ 600,000</u>
Interest rate range	<u>2.25%~2.27%</u>	<u>2.03%~2.43%</u>
Year to maturity	<u>2026~2028</u>	<u>2025~2027</u>

1. The method of repayment for the Company's long-term loans is paid in instalments to Chang Hwa Bank and Bank of Shanghai. The principal amount will be paid in full to KGI Bank at the maturity date.
2. Please refer to Note 8 for the assets pledged by the Company as a guarantee for the abovementioned loans.

6.14 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company has made monthly contributions equal to 6% of each employee's salary to employees' pension accounts.
- B. The Company recognized expenses in the parent company only statements of comprehensive income were \$6,482 thousand and \$9,555 thousand under the contributions rates specified in the plans in 2025 and 2024, respectively.

(2) Defined benefit plans

- A. The Company has a defined benefit plans in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The

Company has made monthly contributions equal to 2% of each employee' salary to employees' pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. The Fund is managed by the Government's designated authorities and the Company have no right to influence their investment strategies.

B. Amounts recognized in the parent company only balance sheets are as follows:

Items	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 1,635	\$ 11,799
Fair value of plan assets	(1,666)	(12,145)
Net defined benefit liability	\$ (31)	\$ (346)

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

Items	2025		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 11,799	\$ (12,145)	\$ (346)
Service costs			
Interest expense (revenue)	169	(175)	(6)
Amounts recognized in profit and loss	169	(175)	(6)
Remeasurements			
Return on plan assets (Amounts included in interest income or expense is excluded)	-	(894)	(894)
Actuarial (gains) losses			
Effect of changes in financial assumptions	8	-	8
Experience adjustments	1,263	-	1,263
Amounts recognized in other comprehensive income (losses)	1,271	(894)	377
Pension fund contributions	-	(56)	(56)
Paid pension	(11,604)	11,604	-
Balance, December 31	\$ 1,635	\$ (1,666)	\$ (31)

Items	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1	\$ 13,809	\$ (12,889)	\$ 920
Service costs			
Interest expense (revenue)	152	(141)	11
Amounts recognized in profit and loss	152	(141)	11
Remeasurements			
Return on plan assets (Amounts included in interest income or expense is excluded)	–	(1,180)	(1,180)
Actuarial (gains) losses			
Effect of changes in financial assumptions	(387)	–	(387)
Experience adjustments	362	–	362
Amounts recognized in other comprehensive income (losses)	(25)	(1,180)	(1,205)
Pension fund contributions	–	(72)	(72)
Paid pension	(2,137)	2,137	–
Balance, December 31	\$ 11,799	\$ (12,145)	\$ (346)

The pension costs of the aforementioned defined benefit plans are recognized in profit or loss by the following categories:

Items	2025	2024
Operating costs	\$ (6)	\$ 11
Total	\$ (6)	\$ 11

5. Information about fair value of plan assets are as follows:

Item	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 1,666	\$ 12,145

E. Because of the defined benefit plans under the Labor Standards Law, the Company is

exposed to the following risks:

(1) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

(2) Interest risk

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

(3) Salary risk

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

F. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on measurement date were as follows:

Items	December 31, 2025	December 31, 2024
Discount rate	1.31%	1.60%
Expected salary increase rate	1.50%	1.50%

Reasonably possible changes to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Items	December 31, 2025	December 31, 2024
Discount rate		
Increase 0.5%	\$ (13)	\$ (472)
Decrease 0.5%	13	496
Expected salary increase rate		
Increase 0.5%	11	472
Decrease 0.5%	(11)	(448)

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

be correlated.

G. The Company anticipates contributing \$51 thousand to the associated defined benefit pension plans in the upcoming year. The weighted average maturity periods of the defined benefit obligation for the Company are 1.8 years.

6.15 COMMON STOCKS

- (1) As of December 31, 2025, the Company's authorized capital was \$2,000,000 thousand, consisting of 200,000 thousand shares, and the total amount of paid-in capital was \$1,059,081 thousand with a nominal value of \$10 each. The number of shares issued by the Company has been fully paid-up.
- (2) The reconciliation of the number and amount of the Company's common stocks outstanding is as follows:

Items	2025	2024
On January 1	105,908	105,908
On December 31	105,908	105,908

6.16 CAPITAL SURPLUS

Items	December 31, 2025	December 31, 2024
Additional paid-in capital arising from bond conversion	\$ 207,656	\$ 213,926
Recognition of changes in ownership interest in subsidiaries	4	4
Others	16,844	16,844
Total	\$ 224,504	\$ 230,774

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including additional paid-in capital from issuance of common stocks and additional paid-in capital arising from bond conversion) and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal capital reserve is insufficient. The capital surplus from shares of changes in equities and stock options may not be used for any purpose.

6.17 RETAINED EARNINGS AND DIVIDEND POLICY

- (1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its operating losses, set aside a legal capital reserve at 10% of

the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws or as requested by the authorities in charge. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting to distribute dividend to shareholders.

The distribution of dividends and bonuses to shareholders, or the disbursement of the full amount or a portion of the statutory capital reserve designated for retained earnings as mandated by Article 241, Paragraph 1 of the Company Act, shall be executed in monetary form. The Board of Directors holds the authority to enact such distributions pursuant to a decree established under Article 240 of the Company Act, with an obligation to report on these actions at the subsequent shareholders' meeting.

Cash dividends distribute the allocation of the abovementioned dividends as a priority, but it depends on the proportion of cash dividends on the Company's capital expenditure plan. Among these, the aggregate proportion of capitalization of retained earnings and capital surplus transferred to common stock should not exceed 90% of the total dividends for the year.

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

Items	December 31, 2025	December 31, 2024
Provisions on initial application of IFRSs	\$ 106,123	\$ 106,123
Total	<u>\$ 106,123</u>	<u>\$ 106,123</u>

A. In accordance with the regulation, the Company shall set aside special capital reserve from the debit balance on other equity items at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. The amounts set aside by the Company as \$106,123 thousand of special capital reserve on the initial application of IFRSs in accordance with rule NO.1010012865 issued by the FSC, dated April 6, 2012, are unrealized revaluation reserve transferred to retained earnings, shall be reversed proportionately to retained earnings when the relevant assets are used, disposed of or reclassified subsequently.

- (4) The appropriations of 2024 and 2023 earnings have been approved by shareholders' meetings held on March 7, 2025, and March 11, 2024, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2024	2023	2024	2023
Legal capital reserve	\$ 649	\$ 15,772		
Cash dividends	31,772	63,545	\$ 0.30	\$ 0.60
Total	<u>\$ 32,421</u>	<u>\$ 79,317</u>		

The abovementioned legal capital reserve have been approved by shareholder's meeting held on June 13, 2025, and June 14, 2024, respectively.

- (5) The Company's appropriation of earnings for 2025 had been approved in the Board meeting held on March 6, 2026. The appropriations of earnings were as follows:

Items	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	31,772	\$ 0.30
Total	<u>\$ 31,772</u>	

The Company did not set aside a legal reserve as it incurred a net loss in 2025.

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

6.18 OTHER EQUITY

Items	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2025	\$ 168,415	\$ -	\$ 168,415
Exchange differences on translation of foreign operations	(118,910)	-	(118,910)
Income taxes arising from exchange differences on translation of foreign operations	23,782	-	23,782

Items	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Share of unrealized gains (losses) on FVOCI debt instruments of equity- method subsidiaries	\$ -	\$ (2,318)	\$ (2,318)
Balance, December 31, 2025	\$ 73,287	\$ (2,318)	\$ 70,969

Items	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2024	\$ 19,449	\$ -	\$ 19,449
Exchange differences on translation of foreign operations	186,208	-	186,208
Income taxes arising from exchange differences on translation of foreign operations	(37,242)	-	(37,242)
Balance, December 31, 2024	\$ 168,415	\$ -	\$ 168,415

The exchange difference arising from the translation of the net assets of foreign operations from their functional currency to the presentation currency of the Company is recognized directly in other comprehensive income and accumulated to the exchange differences arising from exchange differences on translation of foreign operations. Those previous exchange differences will be reclassified to profit or loss when the disposal of foreign operations.

6.19 TREASURY STOCK

(1) Reasons for share repurchase and movements in the number of the treasury stock are as follows:

(Unit: Shares in thousand)

Reasons for share repurchase	2025		Balance, December 31
	Balance, January 1	Increase (decrease) during the year	
To be reissued to employees	3,199	(3,199)	-

Reasons for share repurchase	2024		
	Balance, January 1	Increase (decrease) during the year	Balance, December 31
To be reissued to employees	3,199	-	3,199

- A. The Company held the Board meeting on November 9, 2021, when the board approved repurchasing the Company's common stock and transfer to employees. It is estimated to repurchase 5,000 shares. The repurchase terms are from November 10, 2021, to January 9, 2022, with the value ranging from \$15.65 to \$33.05. There are 3,504 thousand treasury stocks during the repurchase period; the average price is \$23.41 for each for \$82,028 thousand. As of January 7, 2025, the Company has transferred 305 thousand shares; the remaining repurchase amount is \$74,888 thousand.
- B. The Company transferred treasury stock to employees under the Regulation of Transferring the Repurchased Treasury Stock approved by the board on August 9, 2022. The transfer price was the actual repurchased price of \$23.41. The subscription record date was August 9, 2021, and the price per share was \$20.50 on the subscription benchmark date. The fair value of the subscription per share was \$0. There were 305 thousand shares for transferred shares with fully paid. All of them are transferred.
- C. As the repurchased treasury shares exceeded the period stipulated in the Company's "Regulations Governing Share Repurchase and Transfer to Employees," the Company resolved at a board meeting on December 18, 2024, to retire the treasury shares and proceed with a capital reduction in accordance with the Securities and Exchange Act. A total of 3,199 thousand treasury shares, amounting to NT\$74,888 thousand, were retired on the capital reduction record date of January 7, 2025. The retirement resulted in reductions of NT\$31,990 thousand in capital stock and NT\$6,270 thousand in capital surplus - share premium, in proportion to the shares retired. The remaining shortfall of NT\$36,628 thousand was offset against retained earnings. The capital reduction was approved by the competent authority, and the registration was completed on February 6, 2025.
- D. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 10% of the number of the Company's issued, outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- E. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and are not entitled to dividends before they are reissued.
- F. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should be reissued to the employees within five years from the repurchase date and shares not reissued within the three-year period are to be retired.

6.20 OPERATING REVENUE

Items	2025	2024
Revenue from contracts with customers		
Sale of goods	\$ 215,075	\$ 384,740
Subtotal	215,075	384,740
Rental revenue		
Rental revenue from property	31,761	31,033
Total	\$ 246,836	\$ 415,773

A. Description of customer contract

The customer agreement delineates the revenue generated from the sales of nonwoven and insulation materials. The primary clients encompasses purchasers of the produced apparel and industrial materials. Transactions are conducted at prices specified within the contractual agreement. The financial consideration received is categorized as short-term receivables and is consequently valued at the invoiced amount.

B. Disaggregation of revenue from contracts with customers

The Company classifies revenue from the following categories of main products:

Items	2025	2024
Major products/Service line		
Nonwoven material	\$ 214,913	\$ 383,187
others	162	1,553
Total	\$ 215,075	\$ 384,740

Timing of revenue recognition

Performance obligation satisfied at a point in time	\$ 215,075	\$ 384,740
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C. Contract balances

The Company recognizes contract liabilities related to the revenue from contracts with customers as follows:

Items	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities			
- current	\$ 24,150	\$ 23,349	\$ 6,198

6.21 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	2025			2024		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefit expenses						
Salary	\$ 56,577	\$ 91,596	\$ 148,173	\$ 54,286	\$ 106,460	\$ 160,746
Insurance	6,567	8,381	14,948	5,990	9,354	15,344
Pension	2,157	4,319	6,476	1,930	7,636	9,566
Remuneration to directors	-	1,431	1,431	-	1,617	1,617
Others	2,385	2,667	5,052	2,574	2,946	5,520
Depreciation	35,945	34,682	70,627	38,564	42,227	80,791
Amortization	-	1,025	1,025	-	956	956
Total	\$ 103,631	\$ 144,101	\$ 247,732	\$ 103,344	\$ 171,196	\$ 274,540

A. The average number of employees of the Company in 2025 and 2024 were 224 and 242, respectively. Among them, the numbers of non-employee Directors were 4, respectively. The average employee benefits expenses were \$794 thousand and \$803 thousand for 2025 and 2024, respectively. The average salaries were \$674 thousand and \$675 thousand for 2025 and 2024, respectively. The average salaries in 2025 and 2024 decreased by 0.1%.

B. The salary and remuneration policy of the Company

(a) Directors' remuneration

According to the Company's Articles of Incorporation, the Company may pay remuneration to directors when they perform their duties for the Company, regardless of the Company's operating profit or loss. The remuneration is authorized by the Board according to their degree of participation and contribution to the Company's operation and the usual level of the same industry. All directors may receive travel expenses according to the actual situation.

(b) Managers' remuneration

Managers' remuneration is paid according to the Company's employee salary regulations, and is reviewed by the Remuneration Committee and submitted to the Board for resolution.

(c) Employees' compensation

The salary and remuneration of employees include monthly salary, retirement pension, bonus and employee compensation, which are paid according to their duties, contributions, performance and responsibilities.

- C. The profit before tax represents the amount before the Company deducts the employee's and directors' remuneration for the year. The Company is stipulated to distribute compensation of employees at the rate between 1% to 5% of profit before tax, and directors' remuneration at the rate not higher than 3% of profit before tax. Provided that if the Company has accumulated losses, it shall first reserve an amount to offset the losses before allocating employee compensation and director remuneration in accordance with the aforementioned proportions. At least thirty percent of the aforementioned employee compensation shall be allocated to non-managerial employees. If there is a change in the proposed amount after the annual financial statement is authorized for issue, the difference is recorded as a change in accounting estimate and adjusted in the next fiscal year. The number of employee stock compensation shares is calculated based on the closing price of the day before the board resolution date of the following year and taking into account the effects of ex-rights and ex-dividends.
- D. The appropriations of employees' compensation and directors' remuneration for 2025 and 2024 have been approved by the board of directors held on March 6, 2026, and March 7, 2025, respectively. The amount of approved and recognized in financial statement is shown as follows.

	2025		2024	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Amounts approved	\$ -	\$ -	\$ 855	\$ 285
Amounts recognized in financial statement	-	-	855	285
Difference	\$ -	\$ -	\$ -	\$ -

The Company did not recognize any employee compensation or directors' remuneration as it incurred a net loss for 2025.

The aforementioned employees' compensation is distributed in cash.

- E. Information regarding employees' compensation and directors' remuneration of the Company is available from the Market Observation Post System on the website of the TWSE.

6.22 OTHER INCOME

Items	2025	2024
Management fees income	\$ 32,895	\$ 36,511
Research and development subsidy income	11,142	3,855

Items	2025	2024
Commission income	\$ 6,111	\$ 5,389
Others	1,694	1,376
Total	<u>\$ 51,842</u>	<u>\$ 47,131</u>

The aforementioned subsidy income mainly comprises grants related to the research and development of circular textile materials recycling and reuse.

6.23 OTHER GAINS AND LOSSES

Items	2025	2024
Foreign exchange gains, net	\$ (61,489)	\$ 37,003
Gain on disposal of property, plant and equipment	2,590	29
Impairment loss on property, plant and equipment	–	(84,885)
Others	(1,359)	(791)
Total	<u>\$ (60,258)</u>	<u>\$ (48,644)</u>

6.24 FINANCIAL COSTS

Items	2025	2024
Interest expense		
Bank loans	\$ 35,754	\$ 37,081
Interest on lease liabilities	113	121
Less: Capitalized amount for qualified assets	(9,614)	(8,661)
Financial costs	<u>\$ 26,253</u>	<u>\$ 28,541</u>
Interest capitalization rates	<u>2.16%</u>	<u>2.04%</u>

6.25 INCOME TAX

A. Income tax expense(benefits)

(1) Components of income tax expense(benefits)

Items	2025	2024
Current income tax expense	\$ –	\$ 15,550
Tax on unappropriated earnings	–	3,920

Items	2025	2024
Adjustments on prior years	\$ (6,258)	\$ 917
Deferred income tax related to temporary differences and unused loss carryforwards	(13,039)	(5,718)
Income tax expense recognized in profit or loss	<u>\$ (19,297)</u>	<u>\$ 14,669</u>

(2) Income tax expenses (benefits) recognized in other comprehensive income

Items	2025	2024
Exchange differences on translation of foreign operations	\$ (23,782)	\$ 37,242
Remeasurements of defined benefit plans	(76)	241
Total	<u>\$ (23,858)</u>	<u>\$ 37,483</u>

B. Reconciliation between accounting profit and income tax expense recognized in profit or loss:

Items	2025	2024
Income (Loss) before tax	<u>\$ (36,687)</u>	<u>\$ 19,927</u>
Income (Loss) tax expense at the statutory rate	\$ (7,337)	\$ 3,985
Tax effect of adjusting items:		
Deductible items in determining taxable income	7,337	11,565
Income tax on unappropriated earnings	-	3,920
Income tax adjustments on prior years	(6,258)	917
Deferred income tax related to temporary differences	4,415	(5,718)
Operating Loss Carryforward	<u>(17,454)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ (19,297)</u>	<u>\$ 14,669</u>

The profit-seeking enterprise income tax rate for entities subject to the ROC is 20%, and the tax rate for unappropriated earnings is 5%.

C. Income tax assets and liabilities:

Items	December 31, 2025	December 31, 2024
Income tax assets	\$ 15,753	\$ 13,422
Income tax liabilities	\$ 758	\$ 24,544

D. Deferred tax assets or liabilities arising from temporary differences, operating loss carryforward, and investment tax credit:

Items	2025			December 31
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	
Deferred income tax assets				
Temporary differences				
Unrealized loss on inventories	\$ 7,490	\$ (343)	\$ -	\$ 7,147
Net defined benefit liability	447	(14)	76	509
Investment income and unrealized profits / losses of subsidiaries	32,850	(16,425)	-	16,425
Exchange differences on translation of foreign operations	-	-	2,649	2,649
Impairment loss	24,476	(4,791)	-	19,685
Unrealized profit on debt conversion	40,587	(132)	-	40,455
Operating Loss Carryforward	-	17,454	-	17,454
Others	820	(141)	-	679
Subtotal	\$ 106,670	\$ (4,392)	\$ 2,725	\$ 105,003

Deferred income tax liabilities				
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ (65,107)
Exchange differences on translation of foreign operations	(21,133)	-	21,133	-

Items	2025			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Unrealized exchange gain	\$ (8,138)	\$ 5,082	\$ -	\$ (3,056)
Investment income and unrealized profits/losses of subsidiaries	(78,534)	12,349	-	(66,185)
Subtotal	(172,912)	17,431	21,133	(134,348)
Total	\$ (66,242)	\$ 13,039	\$ 23,858	\$ (29,345)

Items	2024			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences				
Unrealized loss on inventories	\$ 5,633	\$ 1,857	\$ -	\$ 7,490
Net defined benefit liability	701	(13)	(241)	447
Investment income and unrealized profits / losses of subsidiaries	22,357	10,493	-	32,850
Exchange differences on translation of foreign operations	16,109	-	(16,109)	-
Impairment loss	10,747	13,729	-	24,476
Unrealized profit on debt conversion	40,719	(132)	-	40,587
Others	773	47	-	820
Subtotal	\$ 97,039	\$ 25,981	\$ (16,350)	\$ 106,670

Deferred income tax liabilities				
Provision on land value increment tax	\$ (65,107)	\$ -	\$ -	\$ (65,107)

Items	2024			
	January 1	Recognized in (losses) gains	Recognized in other comprehensive income	December 31
Exchange differences on translation of foreign operations	\$ -	\$ -	\$ (21,133)	\$ (21,133)
Unrealized exchange gain	(4,009)	(4,129)	-	(8,138)
Investment income and unrealized profits/losses of subsidiaries	(62,400)	(16,134)	-	(78,534)
Subtotal	(131,516)	(20,263)	(21,133)	(172,912)
Total	\$ (34,477)	\$ 5,718	\$ (37,483)	\$ (66,242)

The income tax returns of the Company have examined through 2023 by tax authority.

6.26 OTHER COMPREHENSIVE INCOME

Items	2025		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ (377)	\$ 76	\$ (301)
Remeasurements of the defined benefit plans of subsidiaries recognized by the equity method	(81)	-	(81)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(118,910)	23,782	(95,128)
Share of unrealized gains (losses) on FVOCI debt instruments of subsidiaries accounted for under the equity method	(2,318)	-	(2,318)
Total	\$ (121,686)	\$ 23,858	\$ (97,828)

Items	2024		
	Before tax	Income tax (expense)	After tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	\$ 1,205	\$ (241)	\$ 964
Remeasurements of the defined benefit plans of subsidiaries recognized by the equity method	270	–	270
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	186,208	(37,242)	148,966
Total	<u>\$ 187,683</u>	<u>\$ (37,483)</u>	<u>\$ 150,200</u>

6.27 EARNINGS PER SHARE

Items	2025	2024
Basic earnings(loss) per share		
Net income(loss) attributable to ordinary shareholders of the Company	<u>\$ (17,390)</u>	<u>\$ 5,258</u>
Weighted average shares outstanding (in thousands)	<u>105,908</u>	<u>105,908</u>
Basic earnings(loss) per share (after tax) (in dollars)	<u>\$ (0.16)</u>	<u>\$ 0.05</u>
Diluted earnings per share		
Net income(loss) attributable to ordinary shareholders of the Company	<u>\$ (17,390)</u>	<u>\$ 5,258</u>
Net income(loss) for calculating diluted earnings per share	<u>\$ (17,390)</u>	<u>\$ 5,258</u>
Weighted average shares outstanding (in thousands)	105,908	105,908
Effect of dilutive potential common shares		
Employees' compensation (in thousands)	–	91
Weighted average shares outstanding for diluted earnings(loss) per share (in thousands)	<u>105,908</u>	<u>105,999</u>
Diluted earnings(loss) per share (after tax) (in dollars)	<u>\$ (0.16)</u>	<u>\$ 0.05</u>

If the Company is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting

potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

6.28 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Items	January 1, 2025	Cash Flows	Non-cash Changes		December 31, 2025
			Change in Exchange Rate	Others	
Short-term borrowings	\$ 1,121,705	\$ (111,323)	\$ -	\$ -	\$ 1,010,382
Long-term loan (include current portion)	695,417	(175,417)	-	-	520,000
Lease liabilities	8,306	(587)	-	-	7,719
Guarantee deposits	5,056	(11)	-	-	5,045
Total liabilities arising from financing activities	<u>\$ 1,830,484</u>	<u>\$ (287,338)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,543,146</u>

Items	January 1, 2024	Cash Flows	Non-cash Changes		December 31, 2024
			Change in Exchange Rate	Others	
Short-term borrowings	\$ 790,000	\$ 331,705	\$ -	\$ -	\$ 1,121,705
Long-term loan (include current portion)	973,750	(278,333)	-	-	695,417
Lease liabilities	8,884	(578)	-	-	8,306
Guarantee deposits	4,456	600	-	-	5,056
Total liabilities arising from financing activities	<u>\$ 1,777,090</u>	<u>\$ 53,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,484</u>

7. RELATED PARTY TRANSACTIONS

A. Names of related parties and relationship

Names of related parties	Relationship with the Company
TAIWAN KUREHA CO., LTD. (TAIWAN KUREHA)	Subsidiary
SHINIH HOLDING CO., LTD. (HOLDING)	Subsidiary
SUNBURST INTERNATIONAL LTD.(SUNBURST)	Subsidiary
VFT INC. (VFT)	Subsidiary
KUREHA (THAILAND) CO., LTD.	Subsidiary

Names of related parties	Relationship with the Company
SHINIH USA INC. (USA HOLDING)	Subsidiary
SHINIH VIETNAM COMPANY LTD. (SHINIH VIETNAM)	Subsidiary
INTERBOND CO., LTD. (INTERBOND)	Subsidiary
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. (DONG GUAN TAIXIN)	Indirect subsidiary
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. (SHINIH SUZHOU)	Indirect subsidiary
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD. (SHINIH DONG GUAN)	Indirect subsidiary
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD. (TANGSHAN SHINIH)	Indirect subsidiary
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD. (TAIXIN TANGSHAN)	Indirect subsidiary
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD. (TAIXIN QINGDAO)	Indirect subsidiary
HUBEI TAIXIN FIBER PRODUCTS CO., LTD. (TAIXIN HUBEI)	Indirect subsidiary
SHINIH(COMBODIA)CO., LTD. (SHINIH COMBODIA)	Indirect subsidiary
SHANGHAI SHINIH TRADING CO., LTD. (SHINIH SHANGHAI)	Indirect subsidiary
SHINIH HAI DUONG COMPANY LTD.	Indirect subsidiary
PT. SHINIH NONWOVENS INDONESIA (SHINIH INDONESIA)	Indirect subsidiary
AMERICAN OUTDOOR LIVING INC. (AOLI)	Indirect subsidiary
WORLD FURNITURE GROUP (WFG)	Indirect subsidiary
S INTERNATIONAL INC.(SII)	Indirect subsidiary
AMERICANFURNITURE ALLIANCE INC. (AFA)	Indirect subsidiary
MS NONWOVEN INC. (MSNI)	Indirect subsidiary
AMERICAN NONWOVEN INC. (ANI)	Indirect subsidiary
Jianbao Health Product Technical Co., Ltd (Jianbao Health)	Substantive related party
SUN JUNG UNITED CO., LTD.	Substantive related party
KAI SHEN CONSTRUCTION CO., LTD.	Substantive related party
CHIEN JUNG TSAI	Directors of the Company
HSIEH, YA-NAN	Other related parties

Other related parties (hereinafter referred to as such) are individuals who are relatives within the second degree of kinship of the Company's key management personnel.

B. Significant transactions between related parties

(a) Revenue

Related Party	2025	2024
Subsidiary	\$ 15,483	\$ 4,154
Indirect subsidiary	16,729	7,784
Substantive related party	2,608	2,915
Total	<u>\$ 34,820</u>	<u>\$ 14,853</u>

Sales prices between related parties were determined and negotiated referring to the relevant market prices. The payment term was T/T 90 days.

(b) Rent revenue

Categories/Names of related parties	2025	2024
Subsidiary - TAIWAN KUREHA	\$ 3,600	\$ 3,600
Other related parties	1,714	1,714
Total	<u>\$ 5,314</u>	<u>\$ 5,314</u>

The abovementioned rental plants are calculated and charged monthly based on the local rental market.

(c) Others income

Categories/Names of related parties	2025	2024
Subsidiary-SHINIH VIETNAM	\$ 22,794	\$ 18,374
Subsidiary-AOLI	5,324	3,952
Indirect subsidiary-PT SHINIH	4,777	4,318
Indirect subsidiary- SHINIH SUZHOU	-	9,867
Total	<u>\$ 32,895</u>	<u>\$ 36,511</u>

Other income mainly consists of the remuneration received by the Company for providing supply chain services.

(d) Commission

Categories/Names of related parties	2025	2024
Subsidiary-SHINIH VIETNAM	\$ 4,996	\$ 3,806
Subsidiary	297	437
Indirect subsidiary	787	835
Total	<u>\$ 6,080</u>	<u>\$ 5,078</u>

(e) Purchases

Categories/Names of related parties	2025	2024
Subsidiary	\$ 2,241	\$ 4,014
Indirect subsidiary	6,160	718
Substantive related party	315	1,088
Total	<u>\$ 8,716</u>	<u>\$ 5,820</u>

Purchases prices between related parties were determined and negotiated referring to the relevant market prices. The payment term was T/T 90 days.

(f) Lease agreements

(1) Lease liabilities

Lease liabilities – current

Categories/Names of related parties	December 31, 2025	December 31, 2024
Directors of the Company	\$ 595	\$ 587
Total	<u>\$ 595</u>	<u>\$ 587</u>

Lease liabilities – noncurrent

Categories/Names of related parties	December 31, 2025	December 31, 2024
Directors of the Company	\$ 7,124	\$ 7,719
Total	<u>\$ 7,124</u>	<u>\$ 7,719</u>

(2) Interest expense

Categories/Names of related parties	2025	2024
Directors of the Company	\$ 113	\$ 121
Total	<u>\$ 113</u>	<u>\$ 121</u>

The Company leases real estate from related parties for use as employees' dormitories, with the rent determined by the rental contract and taking into consideration the local market rates.

(g) Accounts receivable

Categories/Names of related parties	December 31, 2025	December 31, 2024
Subsidiary-TAIWAN KUREHA	\$ 1,260	\$ 1,538
Subsidiary	–	262
Indirect subsidiary-SHINIH SUZHOU	–	1,235
Substantive related parties	973	1,063
Total	<u>\$ 2,233</u>	<u>\$ 4,098</u>

(h) Other receivables

Categories/Names of related parties	December 31, 2025	December 31, 2024
Subsidiary-SHINIH VIETNAM	\$ 11,812	\$ 20,031
Subsidiary	1,032	1,139
Indirect subsidiary-SHINIH SUZHOU	425	2,656
Indirect subsidiary-AOLI	2,171	657
Indirect subsidiary-SHINIH INDONESIA	4,613	1,273
Indirect subsidiary	447	511
Substantive related parties	376	234
Total	<u>\$ 20,876</u>	<u>\$ 26,501</u>

The other receivables mainly represent the Company purchases the raw materials and equipment and dividends receivables for subsidiaries and Indirect subsidiary.

(i) Accounts payable

Categories/Names of related parties	December 31, 2025	December 31, 2024
Subsidiary	\$ 216	\$ 264
Subsidiary-SHINIH VIETNAM	1,127	-
Indirect subsidiary	-	175
Substantive related parties	-	371
Total	<u>\$ 1,343</u>	<u>\$ 810</u>

(j) Other payables

Categories/Names of related parties	December 31, 2025	December 31, 2024
Subsidiary-HOLDING	\$ 129	\$ 1,820
Subsidiary- TAIWAN KUREHA	779	873
Subsidiary- SII	3,677	3,167
Substantive related parties	3	5
Total	<u>\$ 4,588</u>	<u>\$ 5,865</u>

Other payables primarily comprise amounts payable for management service fees and expenses paid by the Company on behalf of its subsidiaries.

(k) Purchases of PPE

Categories/Names of related parties	2025	2024
Other related parties- HSIEH, YA-NAN	\$ 26,862	\$ -
Subsidiary	-	1,995
Total	<u>\$ 26,862</u>	<u>\$ 1,995</u>

(l) Disposal of PPE

Categories/Names of related parties	2025		2024	
	Proceeds from disposal	Gain (loss) on disposal	Proceeds from disposal	Gain (loss) on disposal
Subsidiary	\$ -	\$ -	\$ 4,924	\$ (344)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,924</u>	<u>\$ (344)</u>

C. Endorsement and Guarantees

Party being guaranteed	Matter being guaranteed	December 31, 2025	December 31, 2024
Subsidiary-HOLDING	Banking facilities	\$ 691,460	\$ 721,270
Subsidiary-TAIWAN KUREHA	Banking facilities	135,715	136,393
Subsidiary-VFT	Banking facilities	94,290	98,335
Subsidiary-USA HOLDING	Banking facilities	94,290	–
Indirect subsidiary-DONG GUAN TAIXIN	Banking facilities	44,716	–
Indirect subsidiary-AOLI	Banking facilities	–	98,335
Total		<u>\$ 1,060,471</u>	<u>\$ 1,054,333</u>

D. Compensation of key management personnel

Items	2025	2024
Salaries and other short-term employee benefits	\$ 20,586	\$ 17,063
Post- employment benefits	786	3,711
Total	<u>\$ 21,372</u>	<u>\$ 20,774</u>

8. PLEDGED ASSETS

The following assets have already provided various performance guarantees and collateral for long-term and short-term loans:

Items	December 31, 2025	December 31, 2024
Property, plant and equipment, net	\$ 553,071	\$ 536,303
Investment property, net	191,491	213,372
Total	<u>\$ 744,562</u>	<u>\$ 749,675</u>

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS:

A. The letters of credit opened with the banks but not yet used are as follows:

Items	December 31, 2025	December 31, 2024
Letters of credit	\$ 1,850	\$ 136

B. Material capital expenditures contracted but not yet incurred are as follows:

Items	December 31, 2025	December 31, 2024
Property, plant, and equipment	\$ 5,271	\$ 5,973

C. Contingency: NONE.

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS:

12.1 Capital risk management

The Company requires adequate capital structure to enable the expansion and enhancement of its plant and equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to fund its working capital needs, capital asset purchases, development expenditure, and debt service requirements and other business requirements associated with its existing operations over the next 12 months.

12.2 Financial risks on financial instruments

A. Financial risk management policies

The Company's activities expose it to a variety of financial risks. These financial risks included market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

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

B. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

- (i) The Company's sales, purchase and borrowing activities denominated in foreign currencies are exposed to foreign currency risk. The Company's functional currency is New Taiwan dollars. The main foreign currencies of those thousand transactions are US dollars, THB , CNY and VND, etc. To protect against reductions in value and the volatility of future cash flows results from changes in foreign exchange rates, the Company might hedge its foreign exchange risk exposure by using foreign currency loans and derivatives, such as forward exchange agreements. The usage of derivative financial instruments can assist the Company to reduce but not completely eliminate the influence of changes in foreign exchange rates.
- (ii) Foreign currency risk and sensitivity analysis

December 31, 2025				
	Foreign Currency		Exchange Rate	New Taiwan Dollars
Financial Assets				
Monetary Items				
USD	\$	7,199	31.430	\$ 226,280
CNY		477	4.4716	2,133
Investments accounted for using equity method				
USD		81,815	31.430	2,571,445
THB		90,755	1.0019	90,928
CNY		13,536	4.4716	60,527
VND		296,520,594	0.0012	355,825
Financial Liabilities				
Monetary Items				
USD		202	31.430	6,353
CNY		40	4.4716	177
December 31, 2024				
	Foreign Currency		Exchange Rate	New Taiwan Dollars
Financial Assets				
Monetary Items				
USD	\$	24,225	32.785	\$ 794,225

December 31, 2024			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
CNY	\$ 706	4.5608	\$ 3,219
Investments accounted for using equity method			
USD	81,503	32.785	2,672,068
THB	100,313	0.9623	96,531
CNY	(2,964)	4.5608	(13,520)
VND	215,889,356	0.0013	282,413
Financial Liabilities			
Monetary Items			
USD	259	32.785	8,503
CNY	217	4.5608	991

The Company is mainly exposed to US dollar and CNY. The sensitivity analysis rate for the Company is 1% increase and decrease in NTD against the relevant foreign currencies 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/ decrease in profit before tax would be resulted where the NTD strengthens/ weakens 1% against the relevant currencies with all other variables held constant in the amounts of \$2,219 thousand and \$7,880 thousand for the years ended December 31, 2025 and 2024, respectively.

ii. Price risk

The Company does not hold the financial assets in the form of equity securities measured at fair value through profit or loss and has no other price risk items.

iii. Interest rate risk

The carrying amounts of interest – bearing financial instruments held by the Company as of the reporting date are as follows:

Items	Carrying Amounts	
	December 31, 2025	December 31, 2024
Fair value interest rate risk		
Financial assets	\$ 181,715	\$ 729,995
Financial liabilities	(260,000)	(360,000)

Items	Carrying Amounts	
	December 31, 2025	December 31, 2024
Net	\$ (78,285)	\$ 369,995
Cash flow interest rate risk		
Financial assets	\$ 68,488	\$ 63,777
Financial liabilities	(1,270,382)	(1,457,122)
Net	\$ (1,201,894)	\$ (1,393,345)

Sensitivity analysis for instruments with fair value interest rate risk

The Company does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Company does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Company's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate increases (decreases) 0.25%, the profit before tax will increase (decrease) \$3,005 thousand and \$3,483 thousand for the years ended December 31, 2025 and 2024, respectively.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

Financial credit risk

The Company's exposure to financial credit risk, which pertaining to bank deposits and other financial instruments was evaluated and monitored by the Company's

treasury function. The Company only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

The credit concentration risk of accounts receivable is relatively immaterial because the Company has not concentrated on the minority as target customers.

ii. Measurement of expected credit loss

(i) Accounts receivable: The Company applies simplified approach to its accounts receivable. Please refer to Note 6.3 for more information.

(ii) The criteria used to determine whether credit risk has increased significantly: The Company considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition.

iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

iv. Credit risk of financial assets measured at amortized cost:

Please refer to Note 6.3 for information on the Company's credit exposures associated with accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit losses. Therefore, the loss allowance is assessed based on the 12-month expected credit loss. After the assessment, the Company determines that no material impairment occurred.

(c) Liquidity risk

i. Liquidity risk management

The objective of the Company's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Company has sufficient financial flexibility for its operations. For the years ended December 31, 2025 and 2024, the Company's unused financing facilities were \$1,501,000 thousand and \$1,281,800 thousand, respectively.

ii. Maturity analysis for financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative financial liabilities	December 31, 2025				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 1,013,900	\$ -	\$ -	\$ 1,013,900	\$ 1,010,382
Notes payable	3,823	-	-	3,823	3,823
Accounts payable	5,095	-	-	5,095	5,095
Other payables	33,793	-	-	33,793	33,793
Lease liabilities	700	2,800	4,900	8,400	7,719

Non-derivative financial liabilities	December 31, 2025				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Long-term loans (include current portion)	\$ 61,268	\$ 483,964	\$ -	\$ 545,232	\$ 520,000
Guarantee deposits received	-	5,045	-	5,045	5,045
Total	\$ 1,118,579	\$ 491,809	\$ 4,900	\$ 1,615,288	\$ 1,585,857

Non-derivative financial liabilities	December 31, 2024				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 1,124,431	\$ -	\$ -	\$ 1,124,431	\$ 1,121,705
Notes payable	10,046	-	-	10,046	10,046
Accounts payable	9,439	-	-	9,439	9,439
Other payables	46,367	-	-	46,367	46,367
Lease liabilities	700	2,800	5,600	9,100	8,306
Long-term loans (include current portion)	110,823	606,781	-	717,604	695,417
Guarantee deposits received	-	5,056	-	5,056	5,056
Total	\$ 1,301,806	\$ 614,637	\$ 5,600	\$ 1,922,043	\$ 1,896,336

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

12.3 Categories of financial instruments

Items	December 31, 2025	December 31, 2024
<u>Financial assets</u>		
Financial assets at amortized costs (Note1)	\$ 299,626	\$ 859,480
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,578,138	1,888,030

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, accounts payable, other payables, long-term loans and guarantee deposits received.

12.4 Fair value information of financial instruments

- A. Definition of fair value measurements are grouped into Level 1 to 3 as follows:
- Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.
- B. Financial instruments that are not measured at fair value
- The fair value of the Company's financial instruments is not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loans, accounts payables, long-term loans and deposits received approximately their fair value.
- C. Fair value of financial instruments that are measured at fair value: NONE.
- D. The methods and assumptions the Company used to measure fair value are as follows:
- (a) The Company measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
- (b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.
- (c) Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.
- E. Transfer between Level 1 and Level 2 of the fair value hierarchy: None.
- F. Changes in level 3 instruments: None.

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information

- A. Financings provided to others: Please see Table 1 attached.
- B. Endorsement and guarantee provided to others: Please see Table 2 attached.
- C. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): None.
- D. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please see Table 3 attached.
- E. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please see Table 4 attached.
- F. The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 5 attached.

13.2 Information on investees (before inter-company eliminations): Please see Table 6

attached.

13.3 Information on investment in Mainland China

- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached.
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 5 attached.

14. SEGMENT INFORMATION

The Company's management has identified the reportable segment under the reporting information used for making decisions adopted by the chief operating decision maker. The Company has provided the chief operating decision maker the information on resource allocation and assessment of segment performance, focusing on the financial information by geographic plants. The company has provided the segment information disclosure in the consolidated financial statements for the year ended December 31, 2025.

SHINIH ENTERPRISE CO., LTD.
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
1	SHINIH HOLDING CO., LTD.	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Other receivables	Yes	NTD 11,179 (CNY 2,500)	NTD 11,179 (CNY 2,500)	NTD 11,179 (CNY 2,500)	2%	2	-	Operating capital	-	-	-	NTD 2,121,138 (USD 67,487)	NTD 4,242,276 (USD 134,975)
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 33,537 (CNY 7,500)	NTD 33,537 (CNY 7,500)	NTD 33,537 (CNY 7,500)	2%	2	-	Operating capital	-	-	-		
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 15,715 (USD 500)	NTD 15,715 (USD 500)	NTD 15,715 (USD 500)	2.5%	2	-	Operating capital	-	-	-		
			Other receivables	Yes	NTD 47,145 (USD 1,500)	NTD 47,145 (USD 1,500)	NTD 47,145 (USD 1,500)	3.5%	2	-	Operating capital	-	-	-		
		SHINIH VIETNAM COMPANY LTD.	Other receivables	Yes	NTD 220,010 (USD 7,000)	NTD 125,720 (USD 4,000)	NTD 125,720 (USD 4,000)	5%	2	-	Operating capital	-	-	-		
		SHINIH HAI DUONG COMPANY LTD.	Other receivables	Yes	NTD 125,720 (USD 4,000)	NTD 125,720 (USD 4,000)	NTD 125,720 (USD 4,000)	5%	2	-	Operating capital	-	-	-		
		PT. SHINIH NONWOVENS INDONESIA	Other receivables	Yes	NTD 132,006 (USD 4,200)	NTD 132,006 (USD 4,200)	NTD 132,006 (USD 4,200)	5%	2	-	Operating capital	-	-	-	NTD 636,341 (USD 20,246)	NTD 848,455 (USD 26,995)
2	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 17,886 (CNY 4,000)	NTD 17,886 (CNY 4,000)	NTD 17,886 (CNY 4,000)	2%	2	-	Operating capital	-	-	-	NTD 350,689 (CNY 78,426)	NTD 701,379 (CNY 156,852)
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 20,569 (CNY 4,600)	NTD 20,569 (CNY 4,600)	NTD 20,569 (CNY 4,600)	2%	2	-	Operating capital	-	-	-		
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 252,645 (CNY 56,500)	NTD 107,318 (CNY 24,000)	NTD 107,318 (CNY 24,000)	2%	2	-	Operating capital	-	-	-		

(Continued)

SHINIH ENTERPRISE CO., LTD.
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

No.	Financing Company	Counterparty	Financial Statement Account	Related party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
3	AMERICAN NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 78,575 (USD 2,500)	NTD 78,575 (USD 2,500)	NTD 44,987 (USD 1,431)	4%	2	-	Operating capital	-	-	-	NTD 327,861 (USD 10,431)	NTD 655,723 (USD 20,863)
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 57,831 (USD 1,840)	NTD 57,831 (USD 1,840)	NTD 57,831 (USD 1,840)	4%	2	-	Operating capital	-	-	-	NTD 98,358 (USD 3,129)	NTD 131,145 (USD 4,173)
4	AMERICAN OUTDOOR LIVING INC.	SHINIH USA INC.	Other receivables	Yes	NTD 25,144 (USD 800)	NTD 25,144 (USD 800)	NTD 9,492 (USD 302)	4%	2	-	Operating capital	-	-	-	NTD 151,609 (USD 4,823)	NTD 303,217 (USD 9,647)
		AMERICAN FURNITURE ALLIANCE INC.	Other receivables	Yes	NTD 31,430 (USD 1,000)	NTD 31,430 (USD 1,000)	NTD 18,858 (USD 600)	4%	2	-	Operating capital	-	-	-	NTD 45,483 (USD 1,447)	NTD 60,643 (USD 1,929)
5	MS NONWOVEN INC.	VFT INC.	Other receivables	Yes	NTD 20,430 (USD 650)	-	-	-	2	-	Operating capital	-	-	-	NTD 21,072 (USD 670)	NTD 42,145 (USD 1,341)
6	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 53,659 (CNY 12,000)	NTD 53,659 (CNY 12,000)	NTD 53,659 (CNY 12,000)	2%	2	-	Operating capital	-	-	-	NTD 89,510 (CNY 20,017)	NTD 179,019 (CNY 40,035)
7	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 46,057 (CNY 10,300)	NTD 46,057 (CNY 10,300)	NTD 46,057 (CNY 10,300)	2%	2	-	Operating capital	-	-	-	NTD 79,698 (CNY 17,823)	NTD 159,395 (CNY 35,646)
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 22,805 (CNY 5,100)	NTD 22,805 (CNY 5,100)	NTD 22,805 (CNY 5,100)	2%	2	-	Operating capital	-	-	-		
9	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.(NOTE 5)	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Other receivables	Yes	NTD 51,423 (CNY 11,500)	NTD 44,716 (CNY 10,000)	NTD 44,716 (CNY 10,000)	2%	2	-	Operating capital	-	-	-	NTD 39,943 (CNY 8,933)	NTD 79,887 (CNY 17,865)

(Continued)

SHINIH ENTERPRISE CO., LTD.
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 1

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Note 1 : The numbers filled in for the financing company represent the following :

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

Note 2 : Nature for Financing as follows :

- (1) Business transactions.
- (2) The need for short-term financing.

Note 3 : The financing limits for each foreign companies directly and indirectly held by the Company is 100% of the net value of the lending company, and the rest is 30% of the net value of the lending company.

Note 4 : The total financing limits for foreign companies directly and indirectly held by the Company is 200% of the net value of the lending company, and the rest is 40% of the net value of the lending company.

Note 5 : Due to losses incurred in 2025, the amount of funds loaned to TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD. has exceeded the prescribed limit. To comply with the lending limits, the Company plans to have DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. repay a portion of its own outstanding borrowings, thereby bringing the financing arrangements back within the allowable limits.

SHINIH ENTERPRISE CO., LTD.
ENDORSEMENTS / GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

NO.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
○	The Company	VFT INC.	2	NTD 1,689,012	NTD 188,580 (USD 6,000)	NTD 94,290 (USD 3,000)	-	-					
○	The Company	SHINIH HOLDING CO., LTD.	2		NTD 848,610 (USD 27,000)	NTD 691,460 (USD 22,000)	-	-					
○	The Company	AMERICAN OUTDOOR LIVING INC.	3		NTD 94,290 (USD 3,000)	-	-	-					N
○	The Company	SHINIH USA INC.	2		NTD 94,290 (USD 3,000)	NTD 94,290 (USD 3,000)	-	-	31.39%	NTD 3,378,024	Y	N	
○	The Company	TAIWAN KUREHA CO., LTD.	2		NTD 170,000 NTD 31,430 (USD 1,000)	NTD 120,000 NTD 15,715 (USD 500)	NTD 20,000	-					
○	The Company	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. (NOTE 6)	3		NTD 44,716 (CNY 10,000)	NTD 44,716 (CNY 10,000)	NTD 11,626 (CNY 2,600)	-					Y

(Continued)

SHINIH ENTERPRISE CO., LTD.
ENDORSEMENTS / GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Note 1 : The Company is '○'.

Note 2 : '2' The subsidiary invested directly by the Company.

'3' The sub-subsidiary invested directly by the Company.

Note 3 : The limits on endorsement to a single enterprise : 50% of equity attributable to shareholders of the parent.

Note 4 : The maximum limits for endorsement/guarantee : 100% of equity attributable to shareholders of the parent.

Note 5 : The balance and amount referred to in the table above, except for the amount actually drawn, refers to the endorsement/guarantee limits or amount for others that occurred on the date of occurrence (the date of the Board resolution, the date of signing the transaction, the date of payment or any other date sufficient to determine the transaction party and the transaction amount, whichever is earlier).

{ Note 6 : In accordance with the agreement between DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. and the bank, 30% of each drawdown amount is required to be maintained in a designated deposit account as collateral (margin) at the time of drawdown. Such margin may also be provided by other related parties through deposits into a designated margin account. Upon compliance with this requirement, DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. is entitled to utilize the full amount of the credit facility.

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SHINIH ENTERPRISE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 3

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AMERICAN OUTDOOR LIVING INC.	VFT INC.	Please refer to Note 4 of consolidated financial statements	Sales	(NTD 104,411)	(5%)	As prescribed by the agreement	—	—	15,521	5.20%	—
AMERICAN OUTDOOR LIVING INC.	AMERICAN NONWOVEN INC.	Please refer to Note 4 of consolidated financial statements	Sales	(NTD 128,343)	(6%)	As prescribed by the agreement	—	—	1,697	0.57%	—

SHINIH ENTERPRISE CO., LTD.

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	Ending Balance	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
SHINIH HOLDING CO.,LTD.	SHINIH VIETNAM COMPANY LTD.	Please refer to Note 4 of consolidated financial statements	Other receivables NTD 127,270	-	-	-	-	-
	SHINIH HAI DUONG COMPANY LTD.	Please refer to Note 4 of consolidated financial statements	Other receivables NTD 127,304	-	-	-	-	-
	PT.SHINIH NONWOVENS INDONESIA	Please refer to Note 4 of consolidated financial statements	Other receivables NTD 137,544	-	-	-	-	-
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Please refer to Note 4 of consolidated financial statements	Other receivables NTD 107,318	-	-	-	-	-

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SHINIH ENTERPRISE CO., LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	4	Sales revenue	\$ 16,513	Note 3	1%
		AMERICAN OUTDOOR LIVING INC.	4	Other revenue	5,315	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Commission revenue	4,996	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Sales revenue	15,102	Note 3	1%
		SHINIH VIETNAM COMPANY LTD.	1	Other revenue	22,498	Note 3	1%
		TAIWAN KUREHA CO., LTD.	1	Rental revenue	3,600	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	4	Other revenue	4,664	Note 3	-
1	SHINIH HOLDING COMPANY LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	2,024	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	3	Interest revenue	8,583	Note 3	-
		SHINIH HAI DUONG COMPANY LTD.	6	Interest revenue	2,798	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Interest revenue	5,164	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Interest revenue	659	Note 3	-
2	TAIWAN KUREHA CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Sales revenue	1,989	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	SHINIH ENTERPRISE CO., LTD.	5	Sales revenue	\$ 4,324	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	7	Sales revenue	10,531	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	4,128	Note 3	-
		SHANGHAI SHINIH TRADING CO.,LTD	8	Sales revenue	1,043	Note 3	-
4	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Rental revenue	18,294	Note 3	1%
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	1,200	Note 3	-
5	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Rental revenue	6,516	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	687	Note 3	-
6	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Sales revenue	584	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
6	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Interest revenue	\$ 1,067	Note 3	-
		TAIWAN KUREHA CO., LTD.	7	Sales revenue	1,063	Note 3	-
7	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Sales revenue	104,411	Note 3	5%
		AMERICAN NONWOVEN INC.	8	Sales revenue	128,343	Note 3	6%
		AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	747	Note 3	-
8	WORLD FURNITURE GROUP	AMERICAN NONWOVEN INC.	8	Other revenue	22,415	Note 3	1%
		VFT INC.	7	Other revenue	7,472	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	8	Other revenue	3,736	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other revenue	934	Note 3	-
		S INTERNATIONAL INC.	8	Other revenue	747	Note 3	-
9	VFT INC.	AMERICAN NONWOVEN INC.	6	Sales revenue	14,315	Note 3	1%
		AMERICAN NONWOVEN INC.	6	Other revenue	3,736	Note 3	-
10	AMERICAN NONWOVEN INC.	AMERICAN FURNITURE ALLIANCE INC.	8	Interest revenue	2,262	Note 3	-
		VFT INC.	7	Sales revenue	5,605	Note 3	-
		VFT INC.	7	Interest revenue	2,080	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
11	SHINIH VIETNAM COMPANY LTD.	SHINIH ENTERPRISE CO., LTD.	2	Sales revenue	\$ 2,513	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	6	Sales revenue	1,261	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Sales revenue	6,195	Note 3	-
12	S INTERNATIONAL INC.	SHINIH VIETNAM COMPANY LTD.	7	Other revenue	11,249	Note 3	1%
13	PT.SHINIH NONWOVENS INDONESIA	SHINIH ENTERPRISE CO., LTD.	5	Sales revenue	1,107	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	7	Sales revenue	3,764	Note 3	-
14	SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	6	Other revenue	2,039	Note 3	-
		WORLD FURNITURE GROUP	6	Other revenue	1,167	Note 3	-
15	MS NONWOVEN INC	AMERICAN FURNITURE ALLIANCE INC.	8	Sales revenue	1,495	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SHINIH ENTERPRISE CO., LTD.	TAIWAN KUREHA CO., LTD.	1	Accounts receivable	\$ 1,260	Note 3	-
		TAIWAN KUREHA CO., LTD.	1	Other receivables	834	Note 3	-
		SHINIH VIETNAM COMPANY LTD.	1	Other receivables	11,811	Note 3	-
		AMERICAN OUTDOOR LIVING INC.	4	Other receivables	2,171	Note 3	-
		PT. SHINIH NONWOVENS INDONESIA	4	Other receivables	4,613	Note 3	-
1	SHINIH HOLDING COMPANY LTD.	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Other receivables	22,312	Note 3	-
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	6	Other receivables	77,855	Note 3	1%
		PT. SHINIH NONWOVENS INDONESIA	6	Other receivables	137,544	Note 3	2%
		SHINIH VIETNAM COMPANY LTD.	3	Other receivables	127,270	Note 3	2%
		SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	6	Other receivables	12,193	Note 3	-
		SHINIH USA INC.	3	Other receivables	2,378	Note 3	-
		TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	6	Other receivables	36,580	Note 3	1%
		SHINIH HAI DUONG COMPANY LTD.	6	Other receivables	127,304	Note 3	2%

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
2	TAIWAN KUREHA CO., LTD.	SHINIH ENTERPRISE CO., LTD.	2	Other receivables	\$ 776	Note 3	-
3	SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	17,886	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	107,318	Note 3	2%
		QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	20,569	Note 3	-
4	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	44,742	Note 3	1%
5	SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	847	Note 3	-
		DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	46,057	Note 3	1%
		HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	22,805	Note 3	-
6	SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	8	Other receivables	57,050	Note 3	1%
7	S INTERNATIONAL INC.	SHINIH ENTERPRISE CO., LTD.	5	Other receivables	3,676	Note 3	-
8	AMERICAN OUTDOOR LIVING INC.	VFT INC.	7	Accounts receivable	15,521	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets
8	AMERICAN OUTDOOR LIVING INC.	AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	\$ 18,858	Note 3	-
		AMERICAN NONWOVEN INC.	8	Accounts receivable	1,697	Note 3	-
		SHINIH USA INC.	7	Other receivables	9,867	Note 3	-
9	WORLD FURNITURE GROUP	VFT INC.	7	Other receivables	1,886	Note 3	-
10	AMERICAN NONWOVEN INC.	VFT INC.	7	Accounts receivable	520	Note 3	-
		VFT INC.	7	Other receivables	45,174	Note 3	1%
		VFT INC.	7	Notes receivable	3,973	Note 3	-
		AMERICAN FURNITURE ALLIANCE INC.	8	Other receivables	57,831	Note 3	1%
11	SHINIH VIETNAM COMPANY LTD.	SHINIH ENTERPRISE CO., LTD.	2	Accounts receivable	1,127	Note 3	-
		SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	6	Accounts receivable	2,299	Note 3	-
12	AMERICAN FURNITURE ALLIANCE INC.	SHINIH USA INC.	7	Other receivables	6,852	Note 3	-
13	MS NONWOVEN INC.	AMERICAN FURNITURE ALLIANCE INC.	8	Accounts receivable	1,510	Note 3	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

SUBSIDIARIESINTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTION

FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Note 1: The parent company and subsidiaries are coded as follows:

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

Note 2: Relationships between transaction companies and counterparties are classified into the following three categories as listed below:

- '1' represents parent company to subsidiary.
- '2' represents subsidiary to parent company.
- '3' represents subsidiary to subsidiary.
- '4' represents parent company to sub-subsidiary.
- '5' represents sub-subsidiary to parent company.
- '6' represents subsidiary to sub-subsidiary.
- '7' represents sub-subsidiary to subsidiary.
- '8' represents sub-subsidiary to sub-subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2025

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
The Company	TAIWAN KUREHA CO., LTD.	Note 1	The manufacture, processing and sale of nonwoven fabric material, carpets, tapestries, conveyor belts and air filters	NTD 54,800	NTD 54,800	55,000	84.62%	NTD 53,955	NTD 9,290	NTD 7,931	Note 20
	SHINIH HOLDING CO.,LTD.	Note 2	Securities trading and investment	USD 6,700	USD 6,700	10,000,000	100%	NTD2,120,910	NTD 60,104	NTD 60,155	Note 20
	SUNBURST INTERNATIONAL LTD.	Note 3	Operating textile, polyester cotton and other import and export trade and reinvestment business	USD 50	USD 50	50,000	100%	NTD 11,022	NTD (242)	NTD 1,728	Note 20
	VFT INC.	Note 4	Nonwoven fabric material manufacturing, processing and trading	USD 1,800	USD 1,800	100	100%	NTD 342,736	NTD 37,483	NTD 37,483	-
	KUREHA (THAILAND) CO.,LTD.	Note 5	The manufacture, processing and trading of blankets and air filters	USD 1,018	USD 1,018	37,500	50%	NTD 90,928	NTD 44,042	NTD 22,021	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2025

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
SHINIH ENTERPRISE CO., LTD.	SHINIH VIETNAM COMPANY LTD.	Note 6	Nonwoven fabric material manufacturing, processing and trading	USD 2,000	USD 2,000	-	100%	NTD 353,910	NTD 94,018	NTD 93,722	Note 20
	SHINIH USA INC.	Note 7	Securities trading and investment	USD 1,100	USD 1,100	1,100,000	100%	NTD 86,685	NTD 9,941	NTD 8,555	Note 20
	INTERBOND CO., LTD.	Note 8	Nonwoven fabric material manufacturing, processing and trading	NTD 2,000	NTD 2,000	200,000	100%	NTD 1,090	NTD (108)	NTD (108)	-
SHINIH HOLDING CO., LTD.	SHINIH (CAMBODIA) CO., LTD.	Note 9	Nonwoven fabric material and other manufacturing and sales	-	USD 1,500	-	-	USD -	USD (82)	Note 18	-
	PT.SHINIH NONWOVENS INDONESIA	Note 10	Nonwoven fabric material and other manufacturing and sales	USD 6,435	USD 6,435	-	99%	USD 5,079	USD 140	Note 18	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2025

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
SHINIH USA INC.	AMERICAN OUTDOOR LIVING INC.	Note 11	Nonwoven fabric material manufacturing, processing and trading	USD 1,000	USD 1,000	-	100%	USD 4,824	USD 212	Note 18	-
WORLD FURNITURE GROUP	WORLD FURNITURE GROUP	Note 12	Investment business	USD 400	USD 400	-	100%	USD (908)	USD 27	Note 18	-
	AMERICAN FURNITURE ALLIANCE INC.	Note 13	Nonwoven fabric material manufacturing, processing and trading	USD 400	USD 400	-	80%	USD (1,469)	USD (86)	Note 18	-
	S INTERNATIONAL INC.	Note 14	General merchandise trade	USD 100	USD 100	-	100%	USD 166	USD 25	Note 18	-
VFT INC.	MS NONWOVEN INC.	Note 15	Nonwoven fabric material manufacturing, processing and trading	USD 7,428	USD 7,428	-	100%	USD 670	USD (106)	Note 18	-
	AMERICAN NONWOVEN INC.	Note 16	Nonwoven fabric material manufacturing, processing and trading	USD 100	USD 100	-	100%	USD 10,431	USD 325	Note 18	-

(Continued)

SHINIH ENTERPRISE CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2025

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2025			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of Ownership	Carrying Value			
SHINIH VIETNAM COMPANY LTD.	SHINIH HAI DUONG COMPANY LTD.	Note 17	Nonwoven fabric material manufacturing, processing and trading	VND 97,076,000	VND 62,000,000	-	100%	VND 93,791,256	VND (3,254,625)	Note 18	-

(Continued)

Note 1: No. 2-23, Tuku, Shuixiu Vil., Yanshui Dist., Tainan City 73743, Taiwan (R.O.C.)

Note 2: OFFSHORE CHANBERS P.O.BOX 217.APIA WESTERN SAMOA

Note 3: P.O.BOX 957,OFFSHORE INCOPORATIONS CENTRE ROAD TOWN,TORTOLA,BRITISH VIRGIN ISLANDS

Note 4: 1040 S.Vail AVE. Montebello,CA

Note 5: 525 Moo 4 Bangpoo Industral Estate, Sukhumvit RD., Praksa, Muang District, Samutrpakarn 10280 Thailand

Note 6: B3-3 Cu Chi Northwest Industrial Zone,Cu Chi District, HCMC,Vietnam

Note 7: 1040 S VAIL AVENUE MONTEBELLO,CA 90640 LOS ANGELES COUNTY CALIFORNIA

Note 8: 5F.-1, No. 266, Sec. 1, Wenhua 2nd Rd., Linkou Dist., New Taipei City 244022 , Taiwan (R.O.C.)

Note 9: Phnom Penh Special Economic Zone (Sangkat Kantouk, Sangkat Phleung Chhes Rotes, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh)

Note 10: Kawasan Industri Indotaisei Sektor IA Blok D-Z, Kalihurip Cikampek, Karawang-Jawa Barat

Note 11: 820 S VINTAGE AV#A ONTARIO CA 91764 CALIFORNIA

Note 12: 9141 Arrow Route, Rancho Cucamonga, CA

Note 13: 785 E. Harrison Street, Corona, CA

Note 14: 1040 S.VAIL AVE.MONTEBELLO, CA

Note 15: 275 Industrial DR, Pontotoc, MS

Note 16: 9141 Arrow Route, Rancho Cucamonga, CA

Note 17: Plot A16, Futian Industrial Park, Vinh Hong Commune, Binh Giang District, Hai Duong Province, Vietnam

Note 18: According to the regulations, it can be exempted from filling in columns.

Note 19: Please refer to Table 7 for information of investees in Mainland China.

Note 20: The difference between the investment income and loss recognized in the current period and the income and loss of the invested company recognized according to the shareholding ratio in the current period is the unrealized income and loss of the upstream and downstream transactions within the group.

Note 21: SHINIH (CAMBODIA) CO., LTD. completed its deregistration on October 31, 2025, and its remaining assets were remitted to SHINIH HOLDING CO., LTD.

SHINIH ENTERPRISE CO., LTD.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 7

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/ Losses (Note 4)	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025 (Note 5)
					Outflow	Inflow						
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 241,724 (USD 2,000) (CNY 40,000)	Note 2	NTD 60,000	-	-	NTD 60,000	NTD (41,338)	29%	NTD (29,754)	NTD 23,248	NTD 131,709
"	"	"	Note 3	Note 3			Note 3	NTD (41,338)	71%	NTD (10,892)	NTD 51,205	-
SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 78,575 (USD 2,500)	Note 2	NTD 8,430	-	-	NTD 8,430	NTD 13,950	11%	NTD 1,658	NTD 23,731	NTD 40,172
"	Nonwoven fabric material manufacturing, processing and trading	"	Note 1	Note 1			Note 1	NTD 13,950	89%	NTD 12,385	NTD 320,607	-
SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 54,060 (USD 1,720)	Note 1	Note 1	-	-	Note 1	NTD 9,110	100%	NTD 9,110	NTD 89,510	-

(Continued)

SHINIH ENTERPRISE CO., LTD.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 7 Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses (Note 4)	Carrying Amount as of December 31, 2025	Accumulated Inward Remittance of Earnings as of December 31, 2025(Note5)
					Outflow	Inflow						
SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 62,860 (USD 2,000)	Note 1	Note 1	-	-	Note 1	NTD 4,220	100%	NTD 4,220	NTD 79,698	-
TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 66,003 (USD 2,100)	Note 1	Note 1	-	-	Note 1	NTD (12,635)	100%	NTD (12,384)	NTD 40,684	-
QINGDAO TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 94,290 (USD 3,000)	Note 1	Note 1	-	-	Note 1	NTD (5,845)	100%	NTD (5,845)	NTD 8,804	-
HUBEI TAIXIN FIBER PRODUCTS CO., LTD.	Nonwoven fabric material manufacturing, processing and trading	NTD 117,862 (USD 3,750)	Note 1	Note 1	-	-	Note 1	NTD (6,121)	100%	NTD (6,121)	NTD (46,918)	-
SHANGHAI SHINIH TRADING CO., LTD.	General merchandise trade	NTD 9,429 (USD 300)	Note 1	Note 1	-	-	Note 1	NTD (633)	100%	NTD 962	NTD (4,139)	-

(Continued)

SHINIH ENTERPRISE CO., LTD.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025

TABLE 7

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 162,720	NTD 545,939 (USD 17,370)	NTD 2,026,814

Note 1 : The Company remitted US\$3,000 thousand from Taiwan to invest in SHINIH HOLDING CO., LTD., and pass through SHINIH HOLDING CO., LTD. to invest in SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD., SHINIH FIBER PRODUCTS (DONG GUAN) CO., LTD., HANGZHOU SHINIH FIBER PRODUCTS CO., LTD., SHINIH FIBER PRODUCTS (TANGSHAN) CO., LTD., TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD., TANGSHAN TAIXIN FIBER PRODUCTS CO., LTD., QINGDAO TAIXIN FIBER PRODUCTS CO., LTD., HUBEI TAIXIN FIBER PRODUCTS CO., LTD. and SHANGHAI SHINIH TRADING CO., LTD. TAIXIN FIBER PRODUCTS (SUZHOU) CO., LTD and HANGZHOU SHINIH FIBER PRODUCTS CO., LTD had completed the company liquidation and registration on August, 2024, then remint the investment account to SHINIH HOLDING CO., LTD.

Note 2 : Directly invest in a company in Mainland China.

Note 3 : SHINIH FIBER PRODUCTS (SUZHOU) CO., LTD. made an indirect investment of RMB40,000 thousand in DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD. through a reinvestment arrangement.

Note 4 : It is recognized according to the financial statements audited by Taiwan accountants for the same period.

Note 5 : According to the "Principles for Reviewing Investment or Technical Cooperation in the Mainland Area", investors who remit dividends or profits from mainland investment enterprises back to Taiwan shall deduct their accumulated investment amount. As of December 31, 2025 the accumulated amount of investment remitted out was \$162,720 thousand; the accumulated profit remitted back from the mainland was \$423,568 thousand(including earnings remitted from liquidated subsidiaries).

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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SHINIH ENTERPRISE CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

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

Statement 1

Item	Description	Amount
Cash on hand and petty cash		\$ 382
Cash in banks		
New Taiwan Dollars		
Checking accounts deposits		1,843
Demand deposits		49,622
Foreign currency		
Demand deposits	(USD) 522	16,395
	(JPY) 607	122
	(CNY) 477	2,133
	(EUR) 6	216
Deposits account	(USD) 1,000	31,430
Subtotal		101,761
Total		\$ 102,143

Note : USD 1 = NT \$ 31.4300

 JPY 1 = NT \$ 0.2008

 CNY 1 = NT \$ 4.4716

 EUR 1 = NT \$ 36.9000

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF NOTES RECEIVABLE, NET

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 2

Client Name	Description	Amount
CANVADA INDUSTRIAL CO., LTD.	Receivable from sale of goods	\$ 1,070
JIN SHINN CHANG ENTERPRISE CO., LTD.	Receivable from sale of goods	915
MEXSMON TRADING CO., LTD.	Receivable from sale of goods	637
I CHIN BEDDING CO., LTD.	Receivable from sale of goods	480
FOR YOUNG INTERNATIONAL LTD	Receivable from sale of goods	475
ANGLIAN BEDCLOTHES STORE	Receivable from sale of goods	458
Others (Note)	Receivable from sale of goods	1,955
Total		<u>\$ 5,990</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE - NON-RELATED PARTY

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 3

Client Name	Description	Amount
QUANG VIET ENTERPRISE CO., LTD.	Receivable from sales of goods	\$ 4,677
CAPITAL CONCORD ENTERPRISES LIMITED(H.K.)	Receivable from sales of goods	1,779
JIN SHINN CHANG ENTERPRISE CO., LTD.	Receivable from sales of goods	1,350
MEXSMON TRADING CO., LTD.	Receivable from sales of goods	1,118
Others (Note)	Receivable from sales of goods	8,721
Total		<u>\$ 17,645</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 4

Item	Description	Amount	
		Cost	Net Realizable Value
Raw materials		\$ 27,985	\$ 30,004
Work-in-process		180	180
Finished goods		26,007	28,847
Total		<u>\$ 54,172</u>	<u>\$ 59,031</u>

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Thousands of Shares)

Statement 5

Investee Company	Balance, January 1, 2025		股數	Addition (Note 1)	Decrease (Note 2)	Balance, December 31, 2025		Net Assets Value Total Amount	Collateral
	Shares	Amount				Amount	%		
SHINIH HOLDING CO., LTD.	10,000,000	\$ 2,252,215	100	\$ (131,305)	\$ -	\$ 2,120,910	100	\$ 2,121,138	-
SHINIH VIETNAM COMPANY LTD.	-	280,526	100	73,384	-	353,910	100	355,825	-
SUNBURST INTERNATIONAL LTD.	50,000	9,295	100	1,727	-	11,022	100	15,877	-
VFT INC.	100	318,037	100	24,699	-	342,736	100	342,736	-
DONG GUAN TAIXIN FIBER PRODUCTS CO., LTD.	-	(64,018)	100	87,266	-	23,248	29	21,180	-
KUREHA (THAILAND) CO., LTD.	37,500	96,531	50	25,887	(31,490)	90,928	50	90,928	-
SHINIH FIBER PRODUCTS (SUZHOU)CO., LTD.	-	36,487	11	(12,756)	-	23,731	11	39,347	-
TAIWAN KUREHA CO., LTD.	55,000	46,020	85	7,935	-	53,955	85	53,758	-
INTERBOND CO., LTD.	200,000	1,198	100	(108)	-	1,090	100	1,090	-
SHINIH USA INC.	1,100,000	81,595	100	5,090	-	86,685	100	107,571	-
		<u>\$ 3,057,886</u>		<u>\$ 81,819</u>	<u>\$ (31,490)</u>	<u>\$ 3,108,215</u>		<u>\$ 3,149,450</u>	

Note 1 : Addition consists of follows :

Share of profit or loss of subsidiaries accounted for using equity method	\$ 203,391
Exchange differences on translation of foreign operations	(118,910)
Realized gain or loss on downstream transactions	(263)
Share of remeasurements of defined benefit plans of subsidiaries accounted for using equity method	(81)
Fair value measurement of bond investments	(2,318)
Total	<u>\$ 81,819</u>

Note 2 : To collecting cash dividends.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 6

Description	Creditor	Amount	Contract Period	Collateral	Note
Guaranteed loans	CHB Bank	\$ 100,000	2026.05.14	Land and Building	
Guaranteed loans	CHB Bank	40,000	2026.04.02	Land and Building	
Guaranteed loans	CHB Bank	60,000	2026.05.07	Land and Building	
Guaranteed loans	CHB Bank	80,000	2026.05.04	Land and Building	
Guaranteed loans	Shanghai Bank	20,000	2026.10.12	Land and Building	
Subtotal		300,000			
Unsecured loans	CHB Bank	30,000	2026.02.27		
Unsecured loans	CHB Bank	10,000	2026.04.02		
Unsecured loans	Yushan Bank	100,000	2026.01.02		
Unsecured loans	Mega Bank	100,000	2026.02.13		
Unsecured loans	Mega Bank	382	2026.03.08		
Unsecured loans	Taipei Fubon Bank	140,000	2026.03.24		
Unsecured loans	Cathay Pacific Bank	140,000	2026.01.02		
Unsecured loans	Cathay Pacific Bank	30,000	2026.01.05		
Unsecured loans	Land Bank	60,000	2026.03.05		
Unsecured loans	CTBC Bank	100,000	2026.01.30		
Subtotal		710,382			
Total		\$ 1,010,382			

Note : The unused financing amount of the loan is approximately \$921,000 thousand and the range of interest rates is 1.89% ~4.74%.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 7

Creditor	Description	Amount
FAR EASTERN NEW CENTURY CORPORATION	Payment for material	\$ 3,122
NAN YA PLASTICS CORPORATION	Payment for material	411
Others(Note)		290
Total		<u>\$ 3,823</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE - NON-REALTED PARTY

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 8

Client Name	Description	Amount
FARLEAD TECHNOLOGY CO., LTD.	Payment for material	\$ 976
Mascot New Technology Co., Ltd.	Payment for material	862
ROHM AND HAAS TAIWAN, INC.	Payment for material	631
CHAN SIEH ENTERPRISES CO., LTD.	Payment for material	577
PAI HUEY PLASTIC INDUSTRY CO., LTD.	Payment for material	480
Yuan Bai Cotton Co., Ltd	Payment for material	202
Others (Note)	Payment for material	24
Total		<u>\$ 3,752</u>

Note : The amount of individual client included in others does not exceed 5% of the account balance.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 9

Creditor	Description	Amount	Contract Period	Collateral	Note
KGI Bank	Guaranteed loans	\$ 420,000	2028. 05. 26	Land and Building	2
The Shanghai Commercial Bank	Guaranteed loans	100,000	2027. 12. 27	Land and Building	3
Subtotal		520,000			
Less : Current portion		(50,000)			
Total		\$ 470,000			

Note 1 : The unused financing amount of the loan is approximately \$580,000 thousand and the range of interest rates is 2.25%~2.27%

Note 2 : KGI Bank is repayment of principal at maturity.

Note 3 : Shanghai Commercial Bank loan is repayable in 12 quarterly installments commencing in March 2025, with each installment amounting to NT\$12,500 thousand.

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 10

Items	QTY (in thousand)	Unit	Amount
Resin cotton	3,740	YARD	\$ 127,775
Vertical cotton	502	Kg	39,465
Cotton pompom processing	202	Kg	25,261
cotton fabric	280	YARD	10,472
Others			12,474
Total			215,447
Less: Sales return			(86)
Sales allowances			(286)
Sales revenue, net			215,075
Rental income			31,761
Operating revenue, net			\$ 246,836

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 11

Items	Amount
Raw materials:	
Balance, January 1	\$ 44,742
Add: Purchase	71,034
Gain on physical taking	23
Less: Balance, December 31	(27,985)
Sell raw materials	(6,286)
Transferred to expenses	(8,839)
Loss on disposed	(29)
Others	(2,289)
Raw materials consumed for the period	70,371
Direct labor	26,951
Production overheads	55,668
Manufacturing cost	152,990
Add : Work in process, January 1	199
Less : Work in process, December 31	(180)
Cost of finished goods	153,009
Add : Finished goods, January 1	21,798
Purchase	10,913
Less : Transferred to expenses	(18,718)
Finished goods, December 31	(26,007)
Loss on disposed	(1,398)
Production and marketing costs	139,597
Raw materials sold	6,286
Total cost of goods sold	145,883
Unallocated production overheads	71,688
Leasing costs	3,081
Loss on disposed	1,427
Gain on physical taking	(23)
Total cost of revenue	\$ 222,056

SHINIH ENTERPRISE CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Statement 12

Items	Amount
Indirect labor	\$ 31,783
Depreciation	34,479
Utilities expenses	14,385
Insurance expenses	8,259
Fuel cost	8,369
Repair and maintenance expenses	6,384
Taxes and duties	3,139
Packaging expenses	2,623
Processing fee	2,487
Shipping expenses	2,445
Others	13,003
Less : Unallocated production overheads	(71,688)
Total	<u>\$ 55,668</u>

SHINIH ENTERPRISE CO., LTD.

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Statement 13

Items	Marketing	Administrative	Research and Development	Total
Salaries	\$ 14,378	\$ 65,697	\$ 17,179	\$ 97,254
Insurance expenses	1,425	6,083	1,841	9,349
Depreciation	71	4,683	29,928	34,682
Shipping expenses	8,781	123	554	9,458
Professional service fees	–	12,074	978	13,052
Export charges	5,027	171	–	5,198
Sample charges	12,078	–	25,029	37,107
Repair and maintenance expenses	–	1,034	5,186	6,220
Others (Note)	10,063	16,807	10,446	37,316
Total	\$ 51,823	\$ 106,672	\$ 91,141	\$ 249,636

Note : The amount of each item in others does not exceed 5% of the account balance.