

**TAINAN ENTERPRISES CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2025 AND 2024**

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

TAINAN ENTERPRISES CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2025, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10 that came into effect as endorsed by the Financial Supervisory Commission. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Tainan Enterprises Co., Ltd.  
March 6, 2026

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Tainan Enterprises Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Tainan Enterprises Co., Ltd. and its subsidiaries (the "Group") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

### ***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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matter***

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Group's 2025 consolidated financial statements. This matter was addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on this matter.

Key audit matter for the Group's 2025 consolidated financial statements is stated as follows:

### **Cut-off of operating revenue from export sales**

#### Description

Refer to Note 4(29) for accounting policies on operating revenue and Notes 6(22) and 14(6) for details of revenue. Export sales comprise a significant portion of the Group's revenues, which are recognized based on the terms and conditions of the transaction agreed with the customer. As the revenue recognition process involves manual process and judgements, there exists a risk of material misstatement that may arise from improper timing in revenue recognition for transactions that occur near the balance sheet date. Thus, we considered the cut-off of operating revenue from export sales a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding and assessed the accounting policies on revenue recognition.
2. Confirmed the completeness of the sales revenue transaction details of the export sales for a certain period before or after the balance sheet date and performed cut-off tests on a sampling basis to inspect the supporting documents (including confirming transaction

conditions, checking orders, shipping documents, export declarations and bills of lading, etc.) to ascertain whether sales revenue was recognized in the proper period.

***Other matter – Reports of other auditors***

We did not audit the financial statements of certain investments accounted for under equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under equity method amounted to NT\$79,494 thousand and NT\$96,357 thousand, constituting 1% and 2% of the consolidated total assets as of December 31, 2025 and 2024, respectively, and the comprehensive income recognized from associates and joint ventures accounted for under equity method amounted to (NT\$13,122) thousand and NT\$16,438 thousand, constituting 26% and 3% of the consolidated total comprehensive income for the years then ended, respectively.

***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion with an *Other matter* section on the parent company only financial statements of Tainan Enterprises Co., Ltd. as of and for the years ended December 31, 2025 and 2024.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement,

whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to

provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that we identify during our audit.

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

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

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 6, 2026

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

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

**TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 621,938	12	\$ 804,611	14
1136	Financial assets at amortized cost - current	6(2)	44,131	1	156,558	2
1150	Notes receivable, net	6(3)	28	-	-	-
1170	Accounts receivable, net	6(3)	1,137,254	21	1,404,501	24
1200	Other receivables		54,532	1	54,632	1
1220	Current income tax assets	6(29)	367	-	200	-
130X	Inventories	6(4)	946,705	18	1,167,849	20
1410	Prepayments		98,758	2	74,791	1
11XX	<b>Total current assets</b>		<u>2,903,713</u>	<u>55</u>	<u>3,663,142</u>	<u>62</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	5(2) and 6(5)	86,825	2	86,825	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	764	-	1,239	-
1535	Financial assets at amortised cost - non-current	6(2)	837,617	16	653,229	11
1550	Investments accounted for under equity method	6(7)	79,494	1	96,357	2
1600	Property, plant and equipment	6(8)	945,536	18	990,736	17
1755	Right-of-use assets	6(9)	140,352	3	82,932	2
1760	Investment property, net	6(11)	136,585	2	137,401	2
1780	Intangible assets	6(12)(13)	4,662	-	6,306	-
1840	Deferred income tax assets	6(29)	58,308	1	46,828	1
1915	Prepayments for equipment	6(8)(11)(12)	83,628	2	71,322	1
1920	Guarantee deposits paid		15,429	-	15,748	-
1975	Net defined benefit assets - non-current	6(17)	10,278	-	12,781	-
1990	Other non-current assets		14,310	-	15,451	-
15XX	<b>Total non-current assets</b>		<u>2,413,788</u>	<u>45</u>	<u>2,217,155</u>	<u>38</u>
1XXX	<b>Total assets</b>		<u>\$ 5,317,501</u>	<u>100</u>	<u>\$ 5,880,297</u>	<u>100</u>

(Continued)

**TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2025		December 31, 2024		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(14)	\$ 488,446	9	\$ 500,925	9
2130	Contract liabilities - current	6(22)	1,888	-	2,826	-
2150	Notes payable		4,565	-	9,732	-
2170	Accounts payable	7	292,839	6	426,282	7
2200	Other payables	6(15)	421,565	8	499,779	9
2230	Current income tax liabilities	6(29)	26,514	1	65,655	1
2280	Lease liabilities - current		21,664	-	12,067	-
2310	Advance receipts		7	-	14	-
21XX	<b>Total current liabilities</b>		<u>1,257,488</u>	<u>24</u>	<u>1,517,280</u>	<u>26</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(16)	47,500	1	47,500	1
2570	Deferred income tax liabilities	6(29)	51,496	1	44,963	1
2580	Lease liabilities - non-current		33,991	1	3,853	-
2640	Net defined benefit liabilities - non-current	6(17)	124,369	2	120,023	2
2645	Guarantee deposits received		2,578	-	2,920	-
25XX	<b>Total non-current liabilities</b>		<u>259,934</u>	<u>5</u>	<u>219,259</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>1,517,422</u>	<u>29</u>	<u>1,736,539</u>	<u>30</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(18)	1,461,535	27	1,461,535	25
3200	Capital surplus	6(19)	824,543	16	824,531	14
Retained earnings						
3310	Legal reserve	6(20)	874,300	16	829,088	14
3320	Special reserve		-	-	28,741	-
3350	Unappropriated retained earnings		627,573	12	860,447	15
3400	Other equity interest	6(6)(7)(21)	12,128	-	139,416	2
3XXX	<b>Total equity</b>		<u>3,800,079</u>	<u>71</u>	<u>4,143,758</u>	<u>70</u>
Contingent Liabilities and Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 5,317,501</u>	<u>100</u>	<u>\$ 5,880,297</u>	<u>100</u>

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

**TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

		Year ended December 31					
Items		Notes	2025		2024		
			AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 6,677,661	100	\$ 7,446,360	100	
5000	Operating costs	6(4)(9)(17)(27)(28) and 7	( 5,630,916)	( 85)	( 6,080,962)	( 82)	
5900	Net operating margin		<u>1,046,745</u>	<u>15</u>	<u>1,365,398</u>	<u>18</u>	
	Operating expenses	6(9)(12)(17)(27)(28), 7 and 12					
6100	Selling expenses		( 244,971)	( 4)	( 244,035)	( 3)	
6200	General and administrative expenses		( 635,298)	( 9)	( 679,418)	( 9)	
6300	Research and development expenses		( 79,848)	( 1)	( 75,283)	( 1)	
6450	Expected credit gains		3,665	-	4,939	-	
6000	Total operating expenses		<u>( 956,452)</u>	<u>( 14)</u>	<u>( 993,797)</u>	<u>( 13)</u>	
6900	Operating profit		<u>90,293</u>	<u>1</u>	<u>371,601</u>	<u>5</u>	
	Non-operating income and expenses						
7100	Interest income	6(2)(23)	55,799	1	55,157	1	
7010	Other income	6(10)(11)(24) and 7	26,346	-	19,838	-	
7020	Other gains and losses	6(2)(5)(9)(11)(25)(27)	( 23,912)	-	87,229	1	
7050	Finance costs	6(9)(26)	( 27,584)	-	( 21,234)	-	
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	4,763	-	7,831	-	
7000	Total non-operating income and expenses		<u>35,412</u>	<u>1</u>	<u>148,821</u>	<u>2</u>	
7900	<b>Profit before income tax</b>		<u>125,705</u>	<u>2</u>	<u>520,422</u>	<u>7</u>	
7950	Income tax expense	6(29)	( 42,277)	( 1)	( 79,100)	( 1)	
8200	<b>Profit for the year</b>		<u>\$ 83,428</u>	<u>1</u>	<u>\$ 441,322</u>	<u>6</u>	
	<b>Other comprehensive income (loss)</b>						
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
8311	Actuarial (losses) gains on defined benefit plans	6(17)	( \$ 9,782)	-	\$ 13,259	-	
8316	Unrealized (losses) gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6)(21)	( 475)	-	694	-	
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)(21)	( 17,884)	-	8,610	-	
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(29)	2,100	-	( 2,729)	-	
	<b>Components of other comprehensive (loss) income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations	6(21)	( 108,770)	( 2)	159,120	2	
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method - will be reclassified to profit or loss	6(7)(21)	( 1)	-	( 3)	-	
8300	<b>Total other comprehensive (loss) income for the year</b>		<u>( \$ 134,812)</u>	<u>( 2)</u>	<u>\$ 178,951</u>	<u>2</u>	
8500	<b>Total comprehensive (loss) income for the year</b>		<u>( \$ 51,384)</u>	<u>( 1)</u>	<u>\$ 620,273</u>	<u>8</u>	
	Income attributable to:						
8610	Owners of the parent		<u>\$ 83,428</u>	<u>1</u>	<u>\$ 441,322</u>	<u>6</u>	
	Comprehensive (loss) income attributable to:						
8710	Owners of the parent		<u>( \$ 51,384)</u>	<u>( 1)</u>	<u>\$ 620,273</u>	<u>8</u>	
	Earnings per share (in dollars)	6(30)					
9750	Basic		<u>\$ 0.57</u>		<u>\$ 3.02</u>		
9850	Diluted		<u>\$ 0.57</u>		<u>\$ 3.02</u>		

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Total equity
		Retained Earnings					Other Equity Interest		
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>Year ended December 31, 2024</u>									
Balance at January 1, 2024		\$ 1,461,535	\$ 824,531	\$ 798,013	\$ 24,941	\$ 618,590	(\$ 35,776)	\$ 7,035	\$ 3,698,869
Net income for the year ended December 31, 2024		-	-	-	-	441,322	-	-	441,322
Other comprehensive income for the year ended December 31, 2024	6(21)	-	-	-	-	10,794	159,117	9,040	178,951
Total comprehensive income for the year ended December 31, 2024		-	-	-	-	452,116	159,117	9,040	620,273
Distribution of 2023 earnings:									
Legal reserve		-	-	31,075	-	( 31,075 )	-	-	-
Special reserve		-	-	-	3,800	( 3,800 )	-	-	-
Cash dividends	6(20)	-	-	-	-	( 175,384 )	-	-	( 175,384 )
Balance at December 31, 2024		\$ 1,461,535	\$ 824,531	\$ 829,088	\$ 28,741	\$ 860,447	\$ 123,341	\$ 16,075	\$ 4,143,758
<u>Year ended December 31, 2025</u>									
Balance at January 1, 2025		\$ 1,461,535	\$ 824,531	\$ 829,088	\$ 28,741	\$ 860,447	\$ 123,341	\$ 16,075	\$ 4,143,758
Net income for the year ended December 31, 2025		-	-	-	-	83,428	-	-	83,428
Other comprehensive loss for the year ended December 31, 2025	6(21)	-	-	-	-	( 7,524 )	( 108,771 )	( 18,517 )	( 134,812 )
Total comprehensive income (loss) for the year ended December 31, 2025		-	-	-	-	75,904	( 108,771 )	( 18,517 )	( 51,384 )
Distribution of 2024 earnings:									
Legal reserve		-	-	45,212	-	( 45,212 )	-	-	-
Special reserve		-	-	-	( 28,741 )	28,741	-	-	-
Cash dividends	6(20)	-	-	-	-	( 292,307 )	-	-	( 292,307 )
Adjustment for change in capital reserve of investee companies	6(7)(19)	-	12	-	-	-	-	-	12
Balance at December 31, 2025		\$ 1,461,535	\$ 824,543	\$ 874,300	\$ -	\$ 627,573	\$ 14,570	(\$ 2,442)	\$ 3,800,079

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 125,705	\$ 520,422
Adjustments			
Adjustments to reconcile profit (loss)			
Foreign currency exchange (gain) loss		( 253 )	2,786
Loss on financial assets and liabilities at fair value through profit or loss	6(25)	-	256
Gain on disposal of investments		-	( 1,997 )
Expected credit gains	12	( 3,665 )	( 4,939 )
Share of profit of associates and joint ventures accounted for under equity method	6(7)	( 4,763 )	( 7,831 )
Depreciation	6(8)(9)(11)(27)	127,668	126,883
(Gain) loss on disposal of property, plant and equipment	6(25)	( 1,180 )	130
Gain from lease modification	6(9)(25)	-	( 5 )
Amortisation	6(12)(27)	4,630	7,424
Interest income	6(23)	( 55,799 )	( 55,157 )
Interest expense	6(26)	27,584	21,234
Changes in operating assets and liabilities			
Changes in operating assets			
Notes Receivable		( 28 )	-
Accounts receivable		270,912	( 212,898 )
Other receivables		( 3,610 )	2,511
Inventories		221,144	35,794
Prepayments		( 23,967 )	4,437
Changes in operating liabilities			
Contract liabilities - current		( 938 )	( 2,065 )
Notes payable		( 5,167 )	2,781
Accounts payable		( 133,443 )	12,753
Other payables		( 75,885 )	60,963
Advance receipts		( 7 )	8
Net defined benefit liabilities - non-current		6,375	( 7,988 )
Cash inflow generated from operations		475,313	505,502
Interest received		55,018	50,776
Dividends received		3,753	6,700
Income tax received		394	1,716
Interest paid		( 27,699 )	( 20,550 )
Income tax paid		( 85,086 )	( 35,740 )
Net cash flows from operating activities		<u>421,693</u>	<u>508,404</u>

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TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost		(\$ 253,144 )	(\$ 328,778 )
Decrease in financial assets at amortised cost		150,125	142,408
Decrease in other receivables		2,318	7,050
Cash paid for acquisition of property plant and equipment	6(31)	( 70,893 )	( 42,873 )
Proceeds from disposal of property, plant and equipment		1,855	1,618
Acquisition of right-of-use asset		( 8,773 )	-
Cash paid for acquisition of investment property	6(31)	( 1,581 )	( 1,942 )
Acquisition of intangible assets	6(12)	( 3,018 )	( 3,034 )
Increase in prepayments for equipment		( 15,531 )	( 17,793 )
Decrease (increase) in guarantee deposits paid		319	( 1,266 )
Decrease in other non-current assets		1,141	637
Net cash flows used in investing activities		( 197,182 )	( 243,973 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	3,000,193	692,335
Repayments of short-term borrowings	6(32)	( 3,012,419 )	( 804,250 )
Increase in long-term borrowings	6(32)	-	57,500
Repayments of long-term borrowings	6(32)	-	( 10,000 )
Payments of lease liabilities	6(32)	( 48,010 )	( 29,326 )
Decrease (increase) in guarantee deposit received	6(32)	( 342 )	265
Payment of cash dividends	6(20)	( 292,307 )	( 175,384 )
Net cash flows used in financing activities		( 352,885 )	( 268,860 )
Effect of foreign exchange rate changes on cash		( 54,299 )	73,672
Net (decrease) increase in cash and cash equivalents		( 182,673 )	69,243
Cash and cash equivalents at beginning of year	6(1)	804,611	735,368
Cash and cash equivalents at end of year	6(1)	\$ 621,938	\$ 804,611

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

TAINAN ENTERPRISES CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

1. HISTORY AND ORGANIZATION

(1) Tainan Enterprises Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other relevant laws and regulations in August 1961. The Company and its subsidiaries (the “Group”) are primarily engaged in manufacturing, retail and export of various kinds of apparels (including woven and knitted garments).

(2) As of December 31, 2025, the Group has 10,544 employees.

(3) The common shares of the Company had been listed on the Taipei Exchange since April 1999, and has been transferred to be listed on the Taiwan Stock Exchange since September 2000.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 6, 2026.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards — Volume 11	January 1, 2026

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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 : The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

IFRS 18, ‘Presentation and disclosure in financial statements’:

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of

the consideration paid or received is recognized directly in equity.

- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and 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 Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiaries	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	Professional investments	100.00	100.00	—
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT. Andalan Mandiri Busana	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Cambodia) Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Tainan Enterprises (Vietnam) Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	Beyoung Fashion Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprises Co., Ltd.	PT CAHAYA INDAH GLOBAL	Garment processing, production and selling	100.00	100.00	—

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31, 2025	December 31, 2024	
Tainan Enterprise (BVI) Co., Limited	Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	100.00	100.00	—
Tainan Enterprise (BVI) Co., Limited	T&G Fashion Co., Ltd.	Professional investments	100.00	100.00	—
T&G Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	Garment processing, production and selling	100.00	100.00	—
T&G Fashion Co., Ltd.	Camitex II (Cambodia) MFG Co., Limited.	Garment processing, production and selling	100.00	100.00	(Note 2)
T&G Fashion Co., Ltd.	Golden Harbor Garment (Cambodia) Limited.	Garment processing, production and selling	—	100.00	(Note 1)

(Note 1) The subsidiary had been liquidated in the second quarter of 2024.

(Note 2) The subsidiary has ceased its business operations and is in the process of liquidation.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

##### A. Foreign currency transactions and balances

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

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognized in profit or loss.

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

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

#### (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
  - (b) Assets that are held primarily for the purpose of trading;
  - (c) Assets that are expected to be realised within twelve months after the reporting period;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled in the normal operating cycle;

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

(6) Cash equivalents

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

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

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

(8) Financial assets at amortized cost

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

(9) Accounts and notes receivable

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

(10) Inventories

Inventories are stated 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 progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. If the cost exceeds net realizable value, valuation loss is accrued and recognized in operating costs. If the net realizable value reserves, valuation is eliminated within credit balance and is recognized as deduction of operating costs.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Impairment of financial assets

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

(13) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(14) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(15) Investments accounted for under equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "Capital surplus" and "Investments accounted for under the equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant

assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount 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 Group 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. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Assets</u>	<u>Useful lives</u>
Buildings (including accessory equipment)	3 ~ 55 years
Machinery equipment	2 ~ 10 years
Utilities equipment	2 ~ 15 years
Transportation equipment	4 ~ 10 years
Office equipment	2 ~ 5 years
Leasehold assets	5 ~ 9 years
Other equipment	5 years

(17) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate or the interest rate of government bonds of the country to which each subsidiary belongs. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 ~ 55 years.

(19) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 ~ 5 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Offsetting financial instruments

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

(25) 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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense 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 employees will receive on retirement for their services with the Group in current period or prior periods. 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 net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit

- method. The Group uses interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
  - iii. Past service costs are recognised immediately in profit or loss.
- C. Employees' compensation and directors' remuneration
- Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Income tax

- A. The tax expense for the period 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.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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 is levied on the unappropriated retained earnings of the Company and its domestic subsidiaries and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred 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 consolidated 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 does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred 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 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.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

A. Sale of goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

The Group provides processing and business consulting services. Revenue from delivering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

(30) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group 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 Group recognizes expenses for the related costs for which the grants are intended to compensate.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' financial information, operational planning or prediction of future application. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

B. As of December 31, 2025, the carrying amount of unlisted stocks without active market was \$86,825.

6. DETAILS OF MATERIAL ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand	\$ 2,467	\$ 2,032
Checking accounts and demand deposits	415,176	436,807
	<u>417,643</u>	<u>438,839</u>
Cash equivalents:		
Time deposits	204,295	365,772
	<u>\$ 621,938</u>	<u>\$ 804,611</u>

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

B. The Group has no cash and cash equivalents pledged to others as of December 31, 2025 and 2024.

(2) Financial assets at amortized cost

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current items:		
Bonds	\$ 97,178	\$ 211,900
Less: Accumulated impairment	( 53,047)	( 55,342)
	<u>\$ 44,131</u>	<u>\$ 156,558</u>
Non-current items:		
Bonds	\$ 831,331	\$ 653,229
Time deposits with a maturity of over one year	6,286	-
	<u>\$ 837,617</u>	<u>\$ 653,229</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Interest income	\$ 40,402	\$ 37,934
Gain on disposal of investment	-	520
	<u>\$ 40,402</u>	<u>\$ 38,454</u>

B. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was approximately equal to its carrying amounts.

C. The Group has no financial assets at amortized cost pledged to others as of December 31, 2025 and 2024.

D. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Notes receivable	<u>\$ 28</u>	<u>\$ -</u>
Accounts receivable	\$ 1,137,254	\$ 1,408,166
Less: Allowance for uncollectible accounts	-	( 3,665)
	<u>\$ 1,137,254</u>	<u>\$ 1,404,501</u>

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2025		December 31, 2024	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Not past due	\$ 28	\$ 1,133,049	\$ -	\$ 1,400,192
Up to 30 days	-	3,097	-	258
31 to 90 days	-	-	-	7,711
Over 90 days	-	1,108	-	5
	<u>\$ 28</u>	<u>\$ 1,137,254</u>	<u>\$ -</u>	<u>\$ 1,408,166</u>

The above aging analysis was based on past due date.

B. As of December 31, 2025 and 2024, notes and accounts receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables from contracts with customers amounted to \$1,195,268.

C. The Group has no notes and accounts receivable pledged to others as of December 31, 2025 and 2024.

D. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable held by the Group were its carrying amounts.

E. Information relating to credit risk is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 416,123	\$ -	\$ 416,123
Work in progress	530,582	-	530,582
	<u>\$ 946,705</u>	<u>\$ -</u>	<u>\$ 946,705</u>
	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 406,091	\$ -	\$ 406,091
Work in progress	761,701	-	761,701
Finished goods	57	-	57
	<u>\$ 1,167,849</u>	<u>\$ -</u>	<u>\$ 1,167,849</u>

The cost of inventories recognized as expense:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 5,640,413	\$ 6,096,597
Income from sale of scraps	( 9,497)	( 15,635)
	<u>\$ 5,630,916</u>	<u>\$ 6,080,962</u>

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

Items	December 31, 2025	December 31, 2024
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 86,825	\$ 86,825

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed as below:

	For the years ended December 31,	
	2025	2024
Financial assets mandatorily measured at fair value through profit or loss	(\$ 4,865)	(\$ 599)

B. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2025 and 2024.

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

Items	December 31, 2025	December 31, 2024
Equity instruments		
Listed stocks	\$ 1,452	\$ 1,452
Valuation adjustment	( 688)	( 213)
	<u>\$ 764</u>	<u>\$ 1,239</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$764 and \$1,239 as of December 31, 2025 and 2024, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2025	2024
Fair value change	(\$ 475)	\$ 694

C. As of December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the book value.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2025 and 2024.

(7) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2025	2024
At January 1	\$ 96,357	\$ 86,619
Share of profit of associates and joint ventures accounted for under equity method	4,763	7,831
Earnings distribution of investments accounted for under equity method	( 3,753)	( 6,700)
Changes in other equity items - unrealized (losses) gains on financial assets at fair value through other comprehensive income	( 18,042)	8,346
Changes in other equity items - changes in actuarial benefits of defined benefit plans	158	264
Changes in capital surplus of investments accounted for under the equity method	12	-
Changes in other equity items - exchange differences on translation of foreign financial statements	( 1)	( 3)
At December 31	<u>\$ 79,494</u>	<u>\$ 96,357</u>

B. Details of investments accounted for under equity method are as follows:

	December 31, 2025	December 31, 2024
Associates	<u>\$ 79,494</u>	<u>\$ 96,357</u>

C. Associates

(a) The basic information of the associate that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2025	December 31, 2024		
Tainan Enterprise (Cayman) Co., Limited. and subsidiaries	Taiwan (Note)	13.39%	13.39%	Strategic investment	Equity method

(Note) The country of registration is Cayman Islands.

(b) The summarised financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Tainan Enterprise (Cayman) Co., Limited and subsidiaries</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 906,189	\$ 951,019
Non-current assets	1,013,041	1,028,892
Current liabilities	( 973,587)	( 914,020)
Non-current liabilities	( 275,610)	( 263,562)
Non-controlling interest	( 76,892)	( 82,712)
Total net assets	<u>\$ 593,141</u>	<u>\$ 719,617</u>
Share in associate's net assets	<u>\$ 79,422</u>	<u>\$ 96,357</u>
Carrying amount of the associate	<u>\$ 79,494</u>	<u>\$ 96,357</u>

Statement of comprehensive income

	<u>Tainan Enterprise (Cayman) Co., Limited and subsidiaries</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Revenue	<u>\$ 1,681,725</u>	<u>\$ 1,809,168</u>
Profit after income tax	\$ 29,211	\$ 55,402
Other comprehensive income, net of tax	( 133,562)	64,306
Total comprehensive income	<u>(\$ 104,351)</u>	<u>\$ 119,708</u>
Dividends received from associate (Note)	<u>\$ 4,690</u>	<u>\$ 8,933</u>

(Note) Including cash dividends and stock dividends.

(c) The Group's material associate, Tainan Enterprise (Cayman) Co., Limited, has quoted market price of \$246,363 (\$51.50 (in dollars) per share) and \$254,195 (\$54.20 (in dollars) per share) as of December 31, 2025 and 2024, respectively.

D. As of December 31, 2025 and 2024, the Group has no investments accounted for under equity method pledged to others.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Utilities equipment	Transportation and office equipment	Leasehold assets	Others	Construction in progress	Total
<u>January 1, 2025</u>									
Cost	\$ 316,312	\$ 997,564	\$ 679,895	\$ 194,224	\$ 172,264	\$ 36,439	\$ 17,773	\$ 2,024	\$2,416,495
Accumulated depreciation	-	( 542,916)	( 547,489)	( 148,807)	( 145,439)	( 25,469)	( 15,639)	-	( 1,425,759)
	<u>\$ 316,312</u>	<u>\$ 454,648</u>	<u>\$ 132,406</u>	<u>\$ 45,417</u>	<u>\$ 26,825</u>	<u>\$ 10,970</u>	<u>\$ 2,134</u>	<u>\$ 2,024</u>	<u>\$ 990,736</u>
<u>For the year ended December 31, 2025</u>									
At January 1	\$ 316,312	\$ 454,648	\$ 132,406	\$ 45,417	\$ 26,825	\$ 10,970	\$ 2,134	\$ 2,024	\$ 990,736
Additions	-	5,838	46,146	5,039	9,725	275	28	1,628	68,679
Transferred from prepayment for equipment	-	-	-	314	-	-	-	-	314
Reclassification - cost	-	-	1,578	-	438	-	-	( 2,016)	-
Depreciation	-	( 25,946)	( 39,382)	( 10,001)	( 9,918)	( 3,444)	( 117)	-	( 88,808)
Disposals - cost	-	( 2,709)	( 46,846)	-	( 7,292)	-	( 226)	-	( 57,073)
- accumulated depreciation	-	2,709	46,306	-	7,189	-	194	-	56,398
Net currency exchange differences	( 2,378)	( 14,337)	( 5,141)	( 1,940)	( 438)	( 480)	( 1)	5	( 24,710)
At December 31	<u>\$ 313,934</u>	<u>\$ 420,203</u>	<u>\$ 135,067</u>	<u>\$ 38,829</u>	<u>\$ 26,529</u>	<u>\$ 7,321</u>	<u>\$ 2,012</u>	<u>\$ 1,641</u>	<u>\$ 945,536</u>
<u>December 31, 2025</u>									
Cost	\$ 313,934	\$ 973,505	\$ 655,523	\$ 191,549	\$ 170,518	\$ 35,205	\$ 17,600	\$ 1,641	\$2,359,475
Accumulated depreciation	-	( 553,302)	( 520,456)	( 152,720)	( 143,989)	( 27,884)	( 15,588)	-	( 1,413,939)
	<u>\$ 313,934</u>	<u>\$ 420,203</u>	<u>\$ 135,067</u>	<u>\$ 38,829</u>	<u>\$ 26,529</u>	<u>\$ 7,321</u>	<u>\$ 2,012</u>	<u>\$ 1,641</u>	<u>\$ 945,536</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation and office equipment</u>	<u>Leasehold assets</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
<u>January 1, 2024</u>									
Cost	\$ 312,675	\$ 1,015,629	\$ 659,045	\$ 177,549	\$ 165,292	\$ 34,127	\$ 17,580	\$ 1,078	\$ 2,382,975
Accumulated depreciation	-	( 553,755)	( 526,293)	( 130,823)	( 136,546)	( 19,928)	( 15,351)	-	( 1,382,696)
	<u>\$ 312,675</u>	<u>\$ 461,874</u>	<u>\$ 132,752</u>	<u>\$ 46,726</u>	<u>\$ 28,746</u>	<u>\$ 14,199</u>	<u>\$ 2,229</u>	<u>\$ 1,078</u>	<u>\$ 1,000,279</u>
<u>For the year ended December 31, 2024</u>									
At January 1	\$ 312,675	\$ 461,874	\$ 132,752	\$ 46,726	\$ 28,746	\$ 14,199	\$ 2,229	\$ 1,078	\$ 1,000,279
Additions	-	-	27,667	4,823	8,031	-	-	1,983	42,504
Reclassifications - cost	-	-	1,120	-	-	-	-	( 1,120)	-
Depreciation	-	( 30,610)	( 35,929)	( 9,196)	( 10,552)	( 4,104)	( 130)	-	( 90,521)
Disposals - cost	-	( 63,509)	( 48,858)	( 256)	( 8,931)	-	( 478)	-	( 122,032)
- accumulated depreciation	-	63,509	47,315	256	8,775	-	429	-	120,284
Net currency exchange differences	3,637	23,384	8,339	3,064	756	875	84	83	40,222
At December 31	<u>\$ 316,312</u>	<u>\$ 454,648</u>	<u>\$ 132,406</u>	<u>\$ 45,417</u>	<u>\$ 26,825</u>	<u>\$ 10,970</u>	<u>\$ 2,134</u>	<u>\$ 2,024</u>	<u>\$ 990,736</u>
<u>December 31, 2024</u>									
Cost	\$ 316,312	\$ 997,564	\$ 679,895	\$ 194,224	\$ 172,264	\$ 36,439	\$ 17,773	\$ 2,024	\$ 2,416,495
Accumulated depreciation	-	( 542,916)	( 547,489)	( 148,807)	( 145,439)	( 25,469)	( 15,639)	-	( 1,425,759)
	<u>\$ 316,312</u>	<u>\$ 454,648</u>	<u>\$ 132,406</u>	<u>\$ 45,417</u>	<u>\$ 26,825</u>	<u>\$ 10,970</u>	<u>\$ 2,134</u>	<u>\$ 2,024</u>	<u>\$ 990,736</u>

- A. As restricted by the local regulations of Cambodia, the ownership of the Group's land located in Cambodia had been registered under the name of Kao-Chhin Co., Ltd. In addition, the Group used the contract of borrowing other's name for real estate registration to clearly define the rights and obligations of both parties. The Group is the actual owner of the land.
- B. The Group's property, plant and equipment are all occupied by the owner for operating purpose as of December 31, 2025 and 2024.
- C. The Group has not capitalized any interest for the years ended December 31, 2025 and 2024.
- D. The Group has no property, plant and equipment pledged to others as of December 31, 2025 and 2024.

(9) Leasing arrangements – lessee

- A. The Group's leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise partial factories and office. Low-value assets comprise multi-function printer.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 28,216	\$ 28,686
Buildings	112,136	54,246
	<u>\$ 140,352</u>	<u>\$ 82,932</u>
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 18,787	\$ 17,691
Buildings	17,600	16,376
	<u>\$ 36,387</u>	<u>\$ 34,067</u>

- D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$98,168 and \$—, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,665	\$ 1,644
Expense on short-term lease contracts	3,396	3,278
Gain on lease modification	-	( 5)

F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were \$53,600 and \$34,150, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including investment property. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the years ended December 31, 2025 and 2024, the Group recognized rent income in the amounts of \$2,887 and \$2,588, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Within 1 year	\$ 1,483	\$ 2,617
1 ~ 5 years	2,597	4,325
Over 5 years	–	120
	<u>\$ 4,080</u>	<u>\$ 7,062</u>

(11) Investment property, net

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2025</u>			
Cost	\$ 95,130	\$ 76,956	\$ 172,086
Accumulated depreciation	–	( 34,685)	( 34,685)
	<u>\$ 95,130</u>	<u>\$ 42,271</u>	<u>\$ 137,401</u>
<u>For the year ended December 31, 2025</u>			
At January 1	\$ 95,130	\$ 42,271	\$ 137,401
Additions	–	1,581	1,581
Transferred from prepayments for equipment	–	76	76
Depreciation	–	( 2,473)	( 2,473)
At December 31	<u>\$ 95,130</u>	<u>\$ 41,455</u>	<u>\$ 136,585</u>
<u>December 31, 2025</u>			
Cost	\$ 95,130	\$ 78,613	\$ 173,743
Accumulated depreciation	–	( 37,158)	( 37,158)
	<u>\$ 95,130</u>	<u>\$ 41,455</u>	<u>\$ 136,585</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>January 1, 2024</u>			
Cost	\$ 95,130	\$ 74,194	\$ 169,324
Accumulated depreciation	—	( 32,390)	( 32,390)
	<u>\$ 95,130</u>	<u>\$ 41,804</u>	<u>\$ 136,934</u>
<u>For the year ended December 31, 2024</u>			
At January 1	\$ 95,130	\$ 41,804	\$ 136,934
Additions	—	1,276	1,276
Transferred from prepayments for equipment	—	1,486	1,486
Depreciation	—	( 2,295)	( 2,295)
At December 31	<u>\$ 95,130</u>	<u>\$ 42,271</u>	<u>\$ 137,401</u>
<u>December 31, 2024</u>			
Cost	\$ 95,130	\$ 76,956	\$ 172,086
Accumulated depreciation	—	( 34,685)	( 34,685)
	<u>\$ 95,130</u>	<u>\$ 42,271</u>	<u>\$ 137,401</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Rental income from investment property (listed as “Other income”)	<u>\$ 2,481</u>	<u>\$ 2,513</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 2,473</u>	<u>\$ 2,295</u>

B. The fair value of the investment property held by the Group as of December 31, 2025 and 2024 were \$507,373 and \$502,583, respectively. Valuations were made based on most recent transaction prices of similar and comparable properties and official price, which is categorized within Level 2 in the fair value hierarchy.

C. The Group has not capitalized any borrowing costs for the years ended December 31, 2025 and 2024.

D. The Group has no investment property pledged to others as of December 31, 2025 and 2024.

(12) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2025</u>			
Cost	\$ 13,199	\$ 82,151	\$ 95,350
Accumulated amortization	( 6,893)	-	( 6,893)
Accumulated impairment	-	( 78,081)	( 78,081)
Net currency exchange differences	-	( 4,070)	( 4,070)
	<u>\$ 6,306</u>	<u>\$ -</u>	<u>\$ 6,306</u>
<u>For the year ended December 31, 2025</u>			
At January 1	\$ 6,306	\$ -	\$ 6,306
Additions — acquired separately	3,018	-	3,018
Amortization	( 4,630)	-	( 4,630)
Disposals - cost	( 6,168)	-	( 6,168)
- accumulated amortization	6,168	-	6,168
Net currency exchange differences	( 32)	-	( 32)
At December 31	<u>\$ 4,662</u>	<u>\$ -</u>	<u>\$ 4,662</u>
<u>December 31, 2025</u>			
Cost	\$ 10,015	\$ 82,151	\$ 92,166
Accumulated amortization	( 5,353)	-	( 5,353)
Accumulated impairment	-	( 78,081)	( 78,081)
Net currency exchange differences	-	( 4,070)	( 4,070)
	<u>\$ 4,662</u>	<u>\$ -</u>	<u>\$ 4,662</u>

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2024</u>			
Cost	\$ 31,274	\$ 82,151	\$ 113,425
Accumulated amortization	( 21,241)	-	( 21,241)
Accumulated impairment	-	( 78,081)	( 78,081)
Net currency exchange differences	-	( 4,070)	( 4,070)
	<u>\$ 10,033</u>	<u>\$ -</u>	<u>\$ 10,033</u>
<u>For the year ended December 31, 2024</u>			
At January 1	\$ 10,033	\$ -	\$ 10,033
Additions — acquired separately	3,034	-	3,034
Transferred from prepayments for equipment	645	-	645
Amortization	( 7,424)	-	( 7,424)
Disposals - cost	( 21,777)	-	( 21,777)
- accumulated amortization	21,777	-	21,777
Net currency exchange differences	18	-	18
At December 31	<u>\$ 6,306</u>	<u>\$ -</u>	<u>\$ 6,306</u>
<u>December 31, 2024</u>			
Cost	\$ 13,199	\$ 82,151	\$ 95,350
Accumulated amortization	( 6,893)	-	( 6,893)
Accumulated impairment	-	( 78,081)	( 78,081)
Net currency exchange differences	-	( 4,070)	( 4,070)
	<u>\$ 6,306</u>	<u>\$ -</u>	<u>\$ 6,306</u>

A. The Group has not capitalized any borrowing costs for the years ended December 31, 2025 and 2024.

B. Details of amortization on intangible assets are as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Operating expenses	<u>\$ 4,630</u>	<u>\$ 7,424</u>

C. The Group has no intangible assets pledged to others as collateral as of December 31, 2025 and 2024.

D. The details of the Group's accumulated impairment loss on goodwill are provided in Note 6(13), 'Impairment of non-financial assets'.

(13) Impairment of non-financial assets

A. No impairment loss was recognized for the years ended December 31, 2025 and 2024.

B. The accumulated impairment which the Group recognized on goodwill (listed as "Intangible assets") as of December 31, 2025 and 2024 was both \$78,081.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured bank borrowings	<u>\$ 488,446</u>	1.70%~4.50%	None
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured bank borrowings	<u>\$ 500,925</u>	1.72%~5.25%	None

Refer to Note 6(26), "Finance costs" for more information about interest expense recognized by the Group for the years ended December 31, 2025 and 2024.

(15) Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accrued salaries and bonuses	\$ 249,690	\$ 299,637
Accrued processing fee	36,448	55,167
Tax payables	35,353	32,737
Accrued pension expense	25,710	35,272
Import/export (customs) expense payable	10,367	9,995
Accrued freight	9,999	11,727
Employees' compensation and directors' remuneration payable	9,800	12,600
Accrued labor insurance and health insurance fee	9,502	10,875
Payables for equipment	1,257	3,471
Others	<u>33,439</u>	<u>28,298</u>
	<u>\$ 421,565</u>	<u>\$ 499,779</u>

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2025</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	<u>\$ 47,500</u>	12.2.2024~ 10.17.2029	1.60%	None
<u>Type of borrowings</u>	<u>December 31, 2024</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	<u>\$ 47,500</u>	12.2.2024~ 10.17.2029	1.60%	None

Refer to Note 6(26), "Finance costs" for more information about interest expense recognized by the Group for the years ended December 31, 2025 and 2024.

(17) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year

thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

The information on the Company and its subsidiaries - P.T. Tainan Enterprise Indonesia and PT. Andalan Mandiri Busana's defined benefit pension plan is as follows:

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Present value of defined benefit obligations	(\$ 189,666)	(\$ 188,135)
Fair value of plan assets	<u>75,575</u>	<u>80,893</u>
	<u>(\$ 114,091)</u>	<u>(\$ 107,242)</u>
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Net defined benefit assets, non-current	\$ 10,278	\$ 12,781
Net defined benefit liabilities, non-current	<u>(124,369)</u>	<u>(120,023)</u>
	<u>(\$ 114,091)</u>	<u>(\$ 107,242)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
At January 1, 2025	(\$ 188,135)	\$ 80,893	(\$ 107,242)
Current service cost	( 37,503)	-	( 37,503)
Interest (expense) income	( 8,191)	1,294	( 6,897)
Past service cost	<u>( 1,114)</u>	<u>-</u>	<u>( 1,114)</u>
	<u>( 234,943)</u>	<u>82,187</u>	<u>( 152,756)</u>
Remeasurements:			
Return on plan assets	-	5,729	5,729
Change in financial assumptions	( 1,161)	-	( 1,161)
Experience adjustments	<u>( 14,350)</u>	<u>-</u>	<u>( 14,350)</u>
	<u>( 15,511)</u>	<u>5,729</u>	<u>( 9,782)</u>
Pension fund contribution	<u>-</u>	<u>39,139</u>	<u>39,139</u>
Paid pension	<u>51,480</u>	<u>( 51,480)</u>	<u>-</u>
Exchange difference	<u>9,308</u>	<u>-</u>	<u>9,308</u>
At December 31, 2025	<u>(\$ 189,666)</u>	<u>\$ 75,575</u>	<u>(\$ 114,091)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1, 2024	(\$ 203,210)	\$ 77,479	(\$ 125,731)
Current service cost	( 25,830)	-	( 25,830)
Interest (expense) income	( 8,491)	930	( 7,561)
Past service cost	4,733	-	4,733
	<u>( 232,798)</u>	<u>78,409</u>	<u>( 154,389)</u>
Remeasurements:			
Return on plan assets	-	6,839	6,839
Change in financial assumptions	1,634	-	1,634
Experience adjustments	4,786	-	4,786
	<u>6,420</u>	<u>6,839</u>	<u>13,259</u>
Pension fund contribution	-	36,646	36,646
Paid pension	41,001	( 41,001)	-
Exchange difference	( 2,758)	-	( 2,758)
At December 31, 2024	<u>(\$ 188,135)</u>	<u>\$ 80,893</u>	<u>(\$ 107,242)</u>

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

(d) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Discount rate	<u>1.30%~6.85%</u>	<u>1.6%~7.13%</u>
Future salary increases	<u>3.00%~8.00%</u>	<u>3.00%~8.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6<sup>th</sup> Mortality Table for the years ended December 31, 2025 and 2024. While the subsidiaries' assumptions were estimated based on the statistics and experience published by their respective countries.

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

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%~1%	0.25%~1%	0.25%~1%	0.25%~1%
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ 9,187)	\$ 10,222	\$ 9,330	(\$ 8,564)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 9,096)	\$ 10,127	\$ 9,302	(\$ 8,528)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (e) Expected contributions to the defined benefit pension plans of the Group for 2026 amount to \$23,370.
- (f) As of December 31, 2025, the weighted average duration of the retirement plan is 7 years.
- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The subsidiaries in Vietnam, Cambodia, and mainland China set aside pension reserves based on the regulations of the local governments sponsored defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the local governments are based on 7% ~ 16% of employees’ monthly salaries and wages. The pension of each employee is managed and arranged by the government; other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended

December 31, 2025 and 2024 were \$61,199 and \$65,565, respectively.

(18) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Unit: in thousand shares):

	For the years ended December 31,	
	2025	2024
Beginning and ending balance	<u>146,154</u>	<u>146,154</u>

B. As of December 31, 2025, the Company's authorized capital was \$2,000,000 (including \$100,000 thousand shares reserved for employee stock options) and the paid-in capital was \$1,461,535, consisting of 146,154 thousand shares of ordinary stock with a par value of NT\$10 (in dollars) per share. All proceeds from shares issued have been collected.

(19) Capital surplus

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

B. Movements of the Company's capital surplus for the years ended December 31, 2025 and 2024 are as follows:

For the year ended December 31, 2025	Share premium	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in equity of associates and joint ventures accounted for under equity method	Expired employee stock options	Others	Total
At January 1	\$ 736,435	\$ 20,166	\$ 46,042	\$ 12,809	\$ 5	\$9,074	\$824,531
Adjustment for change in capital reserve of investee companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
At December 31	<u>\$ 736,435</u>	<u>\$ 20,166</u>	<u>\$ 46,042</u>	<u>\$ 12,821</u>	<u>\$ 5</u>	<u>\$9,074</u>	<u>\$824,543</u>

For the year ended	Share	Difference between the acquisition or disposal price and carrying amount of subsidiaries	Changes in ownership interests in subsidiaries	Change in equity of associates and joint ventures accounted for under equity method	Expired employee stock options	Others	Total
December 31, 2024	premium	subsidaries	subsidaries	method	stock options	Others	Total
Beginning and ending balance	\$ 736,435	\$ 20,166	\$ 46,042	\$ 12,809	\$ 5	\$ 9,074	\$824,531

(20) Retained earnings

- A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, special reserve shall be set aside or reversed in accordance with the related laws or the regulations. The remainder, if any, shall be the current distributable earnings. The current distributable earnings along with the unappropriated earnings in the prior year shall be the accumulated distributable earnings which shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Company's dividend policy shall take into account current and future development plan, investment environment, capital needs, domestic and foreign competition, and capital budget, etc. along with shareholders' interests. Each year, at least 30% of the current distributable earnings shall be appropriated as dividends. The dividends can be distributed in the form of cash or shares and cash dividends shall account for at least 10% of the total dividends distributed.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. For the years ended December 31, 2025 and 2024, the Company distributed cash dividends to owners in the amount of \$292,307 (\$2 (in dollars) per share) and \$175,384 (\$1.2 (in dollars) per share), respectively. On March 6, 2026, the Board of Directors proposed for the distribution of cash dividends from 2025 earnings in the amount of \$73,077 (\$0.5 (in dollars) per share).

(21) Other equity items

	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
<u>For the year ended December 31, 2025</u>			
At January 1	\$ 123,341	\$ 16,075	\$ 139,416
Currency translation differences			
–The Company	( 108,770)	–	( 108,770)
–Associates	( 1)	–	( 1)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income			
–The Company	–	( 475)	( 475)
–Associates	–	( 18,042)	( 18,042)
At December 31	<u>\$ 14,570</u>	<u>(\$ 2,442)</u>	<u>\$ 12,128</u>

	Currency translation difference	Financial assets at fair value through other comprehensive income	Total
<u>For the year ended December 31, 2024</u>			
At January 1	(\$ 35,776)	\$ 7,035	(\$ 28,741)
Currency translation differences			
–The Company	160,597	–	160,597
–Associates	( 3)	–	( 3)
Foreign currency translation differences arising from the liquidation of the investee company are recognized as gains or losses from the disposal of investment	( 1,477)	–	( 1,477)
Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income			
–The Company	–	694	694
–Associates	–	8,346	8,346
At December 31	<u>\$ 123,341</u>	<u>\$ 16,075</u>	<u>\$ 139,416</u>

(22) Operating revenue

A. The Group derives revenue from the transfer of goods and services over time and at a point in time. Revenue is mainly from various garment products and consultation services. Refer to Note 14, 'Segment information'.

	For the years ended December 31,	
	2025	2024
Timing of revenue recognition		
At a point in time		
Sales revenue	\$ 6,657,837	\$ 7,425,546
Over time		
Services revenue	19,824	20,814
	<u>\$ 6,677,661</u>	<u>\$ 7,446,360</u>

B. The Group has recognized the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities - current	<u>\$ 1,888</u>	<u>\$ 2,826</u>	<u>\$ 4,891</u>

  

	For the years ended December 31,	
	2025	2024
Revenue recognized that was included in the contract liability balance at the beginning of the year - receipts in advance	<u>\$ 1,751</u>	<u>\$ 3,816</u>

(23) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 15,281	\$ 16,989
Interest income from financial assets measured at amortised cost	40,402	37,934
Others	116	234
	<u>\$ 55,799</u>	<u>\$ 55,157</u>

(24) Other income

	For the years ended December 31,	
	2025	2024
Rental income	\$ 2,887	\$ 2,588
Government grants income	498	796
Others	22,961	16,454
	<u>\$ 26,346</u>	<u>\$ 19,838</u>

(25) Other gains and losses

	For the years ended December 31,	
	2025	2024
Net loss on financial assets and liabilities at fair value through profit or loss	\$ -	(\$ 256)
Net currency exchange (loss) gain	( 17,734)	88,383
Loss (gain) on disposal of investments	( 4,865)	1,654
Net gain (loss) on disposal of property, plant and equipment	1,180	( 130)
Gain from lease modifications	-	5
Other losses	( 2,493)	( 2,427)
	<u>(\$ 23,912)</u>	<u>\$ 87,229</u>

(26) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense		
Bank borrowings	\$ 25,919	\$ 19,590
Lease liabilities	1,665	1,644
	<u>\$ 27,584</u>	<u>\$ 21,234</u>

(27) Expenses by nature

	For the year ended December 31, 2025		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 1,383,835	\$ 602,742	\$ 1,986,577
Depreciation charges on property, plant and equipment	70,581	18,227	88,808
Depreciation charges on right-of-use assets	32,698	3,689	36,387
Depreciation charges on investment property (note)	-	2,473	2,473
Amortization charges on intangible assets	-	4,630	4,630
	<u>\$ 1,487,114</u>	<u>\$ 631,761</u>	<u>\$ 2,118,875</u>

	For the year ended December 31, 2024		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 1,467,772	\$ 646,455	\$ 2,114,227
Depreciation charges on property, plant and equipment	71,056	19,465	90,521
Depreciation charges on right-of-use assets	31,475	2,592	34,067
Depreciation charges on investment property (note)	-	2,295	2,295
Amortization charges on intangible assets	-	7,424	7,424
	<u>\$ 1,570,303</u>	<u>\$ 678,231</u>	<u>\$ 2,248,534</u>

(Note) Listed as "Other gains and losses".

(28) Employee benefit expense

	For the year ended December 31, 2025		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 1,214,690	\$ 529,736	\$ 1,744,426
Labor and health insurance expenses	67,611	33,190	100,801
Pension costs	80,450	26,263	106,713
Other personnel expenses	21,084	13,553	34,637
	<u>\$ 1,383,835</u>	<u>\$ 602,742</u>	<u>\$ 1,986,577</u>

	For the year ended December 31, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 1,300,584	\$ 572,725	\$ 1,873,309
Labor and health insurance expenses	72,306	31,477	103,783
Pension costs	70,151	24,072	94,223
Other personnel expenses	24,731	18,181	42,912
	<u>\$ 1,467,772</u>	<u>\$ 646,455</u>	<u>\$ 2,114,227</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. Of the total employees' compensation, at least 70% of the amount shall be allocated as compensation for rank-and-file employees.
- B. For the years ended December 31, 2025 and 2024, employees' compensation was both accrued at \$6,000; while directors' remuneration was accrued at \$3,800 and \$6,600, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized for the year were accrued based on the earnings of current year distributable and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and

directors' remuneration resolved by the Board of Directors on March 6, 2026 and March 7, 2025 were \$6,000 and \$5,400 and \$6,000 and \$8,200 for the years ended December 31, 2025 and 2024, respectively, and the employees' compensation will be distributed in the form of cash. The difference in recognition of employees' compensation and directors' compensation for 2025 is \$1,600, mainly caused by estimation differences, and will be adjusted in profit or loss for 2026. The difference in recognition of employees' compensation and directors' compensation in the 2024 is \$1,600, mainly caused by estimation differences, and has been adjusted in profit or loss for 2025.

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

(29) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Current income tax:		
Income tax incurred in current year	\$ 36,190	\$ 57,754
Tax on undistributed earnings	7,167	5,025
Prior year income tax under estimation	<u>2,992</u>	<u>1,350</u>
	<u>46,349</u>	<u>64,129</u>
Deferred income tax:		
Origination and reversal of temporary differences	( 2,924)	13,122
Net currency exchange difference	( 1,148)	1,849
	<u>( 4,072)</u>	<u>14,971</u>
Income tax expense	<u>\$ 42,277</u>	<u>\$ 79,100</u>

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Remeasurement on defined benefit obligations	(\$ 2,023)	\$ 2,554
Net currency exchange difference	<u>( 77)</u>	<u>175</u>
	<u>(\$ 2,100)</u>	<u>\$ 2,729</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	\$ 38,514	\$ 119,800
Effect from items disallowed by tax regulation	( 7,938)	( 48,208)
Expenses disallowed by tax regulation	1,542	1,133
Tax on undistributed earnings	7,167	5,025
Prior year incom tax under estimation	2,992	1,350
Income tax expense	<u>\$ 42,277</u>	<u>\$ 79,100</u>

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

For the year ended December 31, 2025				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<b>Deferred tax assets</b>				
Temporary differences:				
Unrealized loss on currency exchange	\$ 330	\$ 4,584	\$ -	\$ 4,914
Unrealized compensated absences	2,171	( 56)	-	2,115
Pensions	30,152	280	1,499	31,931
Unrealized loss on investment	4,780	-	-	4,780
Allowance for doubtful accounts	417	-	-	417
Unrealized lease liabilities	3,372	8,035	-	11,407
Tax losses	<u>5,606</u>	<u>( 2,862)</u>	<u>-</u>	<u>2,744</u>
	<u>\$ 46,828</u>	<u>\$ 9,981</u>	<u>\$ 1,499</u>	<u>\$ 58,308</u>
<b>Deferred tax liabilities</b>				
Temporary differences:				
Unrealized gain on currency exchange	(\$ 1,001)	\$ 1,001	\$ -	\$ -
Pensions	( 848)	( 23)	524	( 347)
Incremental tax on land revaluation	( 33,178)	-	-	( 33,178)
Unrealized gain on investment	( 6,564)	-	-	( 6,564)
Unrealized right-of-use assets	<u>( 3,372)</u>	<u>( 8,035)</u>	<u>-</u>	<u>( 11,407)</u>
	<u>(\$ 44,963)</u>	<u>(\$ 7,057)</u>	<u>\$ 524</u>	<u>(\$ 51,496)</u>
	<u>\$ 1,865</u>	<u>\$ 2,924</u>	<u>\$ 2,023</u>	<u>\$ 6,812</u>

For the year ended December 31, 2024

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<b>Deferred tax assets</b>				
Temporary differences:				
Unrealized loss on currency exchange	\$ 6,268	(\$ 5,938)	\$ -	\$ 330
Unused compensated absences	1,950	221	-	2,171
Pensions	31,762	96	( 1,706)	30,152
Unrealized loss on investment	4,780	-	-	4,780
Allowance for doubtful accounts	417	-	-	417
Unrealized lease liabilities	9,525	( 6,153)	-	3,372
Tax losses	<u>12,106</u>	<u>( 6,500)</u>	<u>-</u>	<u>5,606</u>
	<u>\$ 66,808</u>	<u>(\$ 18,274)</u>	<u>(\$ 1,706)</u>	<u>\$ 46,828</u>
<b>Deferred tax liabilities</b>				
Temporary differences:				
Unrealised gain on currency exchange	\$ -	(\$ 1,001)	\$ -	(\$ 1,001)
Pensions	-	-	( 848)	( 848)
Incremental tax on land revaluation	( 33,178)	-	-	( 33,178)
Unrealized gain on investment	( 6,564)	-	-	( 6,564)
Unrealized right-of-use assets	<u>( 9,525)</u>	<u>6,153</u>	<u>-</u>	<u>( 3,372)</u>
	<u>(\$ 49,267)</u>	<u>\$ 5,152</u>	<u>(\$ 848)</u>	<u>(\$ 44,963)</u>
	<u>\$ 17,541</u>	<u>(\$ 13,122)</u>	<u>(\$ 2,554)</u>	<u>\$ 1,865</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2017	\$ 32,998	\$ 4,129	\$ -	2027
2018	901	901	-	2028
2019	8,690	8,690	-	2029
2021	52,850	52,850	52,850	2026
2024	36,667	36,667	36,667	2029

December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2017	\$ 32,998	\$ 18,438	\$ -	2027
2018	901	901	-	2028
2019	25,941	17,951	9,260	2024-2029
2020	27,138	27,138	27,138	2025
2021	53,082	53,082	53,082	2026

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Deductible temporary differences:		
Unrealized loss on investment	\$ 289,213	\$ 392,292
Allowance for doubtful accounts that exceeded the allowable tax limit	1,980	2,842
	<u>\$ 291,193</u>	<u>\$ 395,134</u>

F. The Group's income tax returns through 2023 have been assessed and approved by the Tax Authority and there were no disputes existing between the Group and the Tax Authority as of March 6, 2026.



(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2025	2024
(a) Acquisition of property, plant and equipment	\$ 68,679	\$ 42,504
Add: Beginning balance of payables for equipment (listed as "Other payables")	3,471	3,840
Less: Ending balance of payables for equipment (listed as "Other payables")	(1,257)	(3,471)
Cash paid for acquisition of property, plant and equipment	<u>\$ 70,893</u>	<u>\$ 42,873</u>

	For the years ended December 31,	
	2025	2024
(b) Acquisition of investment property	\$ 1,581	\$ 1,276
Add: Beginning balance of payables for equipment (listed as "Other payables")	-	666
Cash paid for acquisition of investment property	<u>\$ 1,581</u>	<u>\$ 1,942</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2025	2024
(1) Prepayments transferred to prepayments for equipment	<u>\$ -</u>	<u>\$ 390</u>
(2) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 314</u>	<u>\$ -</u>
(3) Prepayments for equipment transferred to investment property	<u>\$ 76</u>	<u>\$ 1,486</u>
(4) Prepayments for equipment transferred to intangible assets	<u>\$ -</u>	<u>\$ 645</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2025	\$ 500,925	\$ 47,500	\$ 15,920	\$ 2,920	\$ 567,265
Changes in cash flow from financing activities	( 12,226)	-	( 48,010)	( 342)	( 60,578)
Changes in other non-cash items	( 253)	-	87,745	-	87,492
At December 31, 2025	<u>\$ 488,446</u>	<u>\$ 47,500</u>	<u>\$ 55,655</u>	<u>\$ 2,578</u>	<u>\$ 594,179</u>

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
At January 1, 2024	\$ 609,000	\$ -	\$ 47,358	\$ 2,655	\$ 659,013
Changes in cash flow from financing activities	( 111,915)	47,500	( 29,326)	265	( 93,476)
Changes in other non-cash items	3,840	-	( 2,112)	-	1,728
At December 31, 2024	<u>\$500,925</u>	<u>\$ 47,500</u>	<u>\$ 15,920</u>	<u>\$ 2,920</u>	<u>\$ 567,265</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Tainan Enterprise (Cayman) Co., Limited	Associate
Nelson Sport Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Sales of goods:		
Other related party	<u>\$ 27,711</u>	<u>\$ 13,377</u>

The collection period for related parties was 60 days after the end of each month, and for the third parties was 30~90 days after the end of each month. Other terms of sales were the same as the third parties.

B. Purchases

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Purchases of goods:		
Associates	<u>\$ 358</u>	<u>\$ 345</u>

The terms of purchases and payments (due within 3 months) to related parties were the same as the third party suppliers.

C. Other income

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Associates	<u>\$ 646</u>	<u>\$ 622</u>

D. Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Associates	<u>\$ 158</u>	<u>\$ 291</u>

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Salaries and other short-term employee benefits	<u>\$ 35,749</u>	<u>\$ 35,099</u>
Post-employment benefits	<u>5,363</u>	<u>6,372</u>
	<u>\$ 41,112</u>	<u>\$ 41,471</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

A. As of December 31, 2025 and 2024, the remaining balance due for construction in progress was \$288,884 and \$319,510, respectively.

B. As of December 31, 2025 and 2024, the unused letters of credit amounted to \$161,886 and \$316,730, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ 764	\$ 1,239
Financial assets at amortised cost		
Cash and cash equivalents	\$ 621,938	\$ 804,611
Financial assets at amortised cost	881,748	809,787
Notes receivable	28	-
Accounts receivable	1,137,254	1,404,501
Other receivables	54,532	54,632
Guarantee deposits paid	15,429	15,748
	<u>\$ 2,710,929</u>	<u>\$ 3,089,279</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 488,446	\$ 500,925
Notes payable	4,565	9,732
Accounts payable	292,839	426,282
Other payables	421,565	499,779
Lease liabilities (including current portion)	55,655	15,920
Long-term borrowings	47,500	47,500
Guarantee deposits received	2,578	2,920
	<u>\$ 1,313,148</u>	<u>\$ 1,503,058</u>

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
- Foreign exchange risk
- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
  - ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.
  - iii. The Group's risk management policy is to hedge the expected future cash flows risk of major currencies (mainly purchase of inventories denominated in USD), so as to reduce the risk exposure of major currencies.
  - iv. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

- v. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2025			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 42,943	31.43	\$1,349,709
NTD:USD	15,962	0.03	15,962
IDR:USD	3,538,331	0.000060	6,627
RMB:NTD	1,239	4.496	5,569
KHR:USD	469,195	0.000249	3,670
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	41,718	31.43	1,311,208
IDR:NTD	83,854,317	0.000060	157,047
RMB:USD	17,287	4.496	77,722
VND:USD	29,019,409	0.000040	36,307

	December 31, 2024		
	Foreign currency		
	amount		
	(in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 51,708	32.79	\$1,695,508
RMB:NTD	9,504	4.478	42,558
IDR:USD	9,273,660	0.000062	18,815
NTD:USD	16,181	0.03	16,181
VND:USD	8,355,261	0.000041	11,217
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	39,656	32.79	1,300,319
IDR:NTD	68,114,174	0.000062	138,193
RMB:USD	23,252	4.478	104,122
VND:USD	29,789,079	0.000041	39,991

Sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, post-tax profit would have increased/decreased by \$2,007 and \$ 2,017 for the years ended December 31, 2025 and 2024, respectively.

- vi. The total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group, amounted to (\$17,734) and \$88,383 for the years ended December 31, 2025 and 2024, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit would both have increased/decreased by \$868 for the years ended December 31, 2025 and 2024 respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$8

and \$12 respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk, partial interest rate risk is offset by cash and cash equivalents held at variable rates. The Group's borrowings issued at floating rates were mainly denominated in New Taiwan Dollars and US Dollars in 2025 and 2024.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, net of tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by \$207 and \$157, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts management of credit risk, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument.
- iv. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's notes and accounts receivable in accordance with credit rating of customer, collaterals, credit risk on trade, etc. The Group applies the simplified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Group uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	<u>Expected loss rate</u>	<u>Book value</u>	<u>Allowance</u>
<u>At December 31, 2025</u>			
Group A	-%	\$ <u>1,137,254</u>	\$ <u>-</u>
<u>At December 31, 2024</u>			
Group A	0.09%	\$ 1,405,480	\$ 1,229
Individual A	53.58%	539	289
Individual B	100%	<u>2,147</u>	<u>2,147</u>
Total		<u>\$ 1,408,166</u>	<u>\$ 3,665</u>

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
At January 1	\$ 3,665	\$ 8,604
Expected credit gains	( <u>3,665</u> )	( <u>4,939</u> )
At December 31	<u>\$ -</u>	<u>\$ 3,665</u>

vii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of debt instrument on December 31, 2025 and 2024, and used collaterals or other credit enhancement held by the Group to estimate expected credit loss.

viii. Movements in loss allowance for investments in debt instruments carried at amortized cost are as follows:

	<u>For the years ended December 31,</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Lifetime</u>		<u>Lifetime</u>	
	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>
At January 1	\$ -	\$ 55,342	\$ -	\$ 51,831
Effect of foreign exchange	<u>-</u>	( <u>2,295</u> )	<u>-</u>	<u>3,511</u>
At December 31	<u>\$ -</u>	<u>\$ 53,047</u>	<u>\$ -</u>	<u>\$ 55,342</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group's Finance Department. Group's Finance Department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	<u>\$ 4,330,549</u>	<u>\$ 4,494,621</u>

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

<u>December 31, 2025</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 493,333	\$ -	\$ -	\$ -
Notes payable	4,565	-	-	-
Accounts payable	292,839	-	-	-
Other payables	421,565	-	-	-
Lease liabilities	23,041	30,945	6,666	-
Long-term borrowings	2,116	33,548	13,671	-
Guarantee deposits received	-	2,578	-	-
<u>December 31, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 504,578	\$ -	\$ -	\$ -
Notes payable	9,732	-	-	-
Accounts payable	426,828	-	-	-
Other payables	499,779	-	-	-
Lease liabilities	12,537	4,027	-	-
Long-term borrowings	757	19,020	30,315	-
Guarantee deposits received	-	2,920	-	-

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

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Fair value information of investment property at cost is provided in Note 6(11), "Investment property, – net".

C. The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits received are approximate to their fair values.

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

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

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ –	\$ –	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income				
Equity securities	<u>764</u>	<u>–</u>	<u>–</u>	<u>764</u>
	<u>\$ 764</u>	<u>\$ –</u>	<u>\$ 86,825</u>	<u>\$ 87,589</u>

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 86,825	\$ 86,825
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,239</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
	<u>\$ 1,239</u>	<u>\$ -</u>	<u>\$ 86,825</u>	<u>\$ 88,064</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices (closing price of listed shares) as their fair values (that is, Level 1).
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. The market approach (Price-to-Book Ratio, P/B ratio) and asset approach (net book value adjustment) are used by the Group to measure its certain equity investment without active market, which is calculating the ratio of recent identical or similar transaction price to book as an observable input to project the fair value of the disposal group.

(c) For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2, and there was no transfer into or out from Level 3.

(d) The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	<u>Equity securities (Note)</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Beginning and ending balance	<u>\$ 86,825</u>	<u>\$ 86,825</u>

(Note) There is no adjustment of equity securities in Level 3 for the years ended December 31, 2025 and 2024 because the fair value change was insignificant.

(e) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2025	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 89, 232	The market approach (Price-to-Book Ratio)/Asset approach (net book value adjustment )	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; and the higher the discount for lack of control, the lower the fair value.
	Fair value at December 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 96, 549	The market approach (Price-to-Book Ratio)/Asset approach (net book value adjustment )	Discount for lack of marketability / Discount for lack of control	30%	The higher the discount for lack of marketability, the lower the fair value; and the higher the discount for lack of control, the lower the fair value.

(f) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2025				
		Recognized in profit or loss		Recognized in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability and discount for lack of control	±10%	\$ 12,747	(\$ 12,747)	\$ -	\$ -
			December 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability and discount for lack of control	±10%	\$ 13,793	(\$ 13,793)	\$ -	\$ -

### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2025.

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Refer to table 2.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

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

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reportable operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's chief operating decision-maker manages the business from an entity's perspective.

(2) Measurement of segment information

The chief operating decision-maker, evaluates the performance of the operating segments based on a measure of income before tax; this measure excludes the impact of non-recurring receipts and payments in operating segments. The accounting policies of the operating segment are the same as the summary of the material accounting policies described in Note 4, 'Summary of material accounting polices'.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief operating decision-maker for the reportable segments is as follows:

For the year ended December 31, 2025

	Garment		Total
	production	Investment	
Segment revenue	\$ 10,493,995	\$ -	\$ 10,493,995
Inter-segment revenue	( 3,816,334)	-	( 3,816,334)
Revenue from external customers	6,677,661	-	6,677,661
Interest income	-	55,799	55,799
Depreciation and amortisation	132,298	-	132,298
Financial costs	14,653	12,931	27,584
Segment income before tax	92,106	33,599	125,705
Segment assets	4,126,447	1,191,054	5,317,501
Segment liabilities	1,005,385	512,037	1,517,422

For the year ended December 31, 2024

	Garment		Total
	production	Investment	
Segment revenue	\$ 11,729,856	\$ -	\$ 11,729,856
Inter-segment revenue	( 4,283,496)	-	( 4,283,496)
Revenue from external customers	7,446,360	-	7,446,360
Interest income	-	55,157	55,157
Depreciation and amortisation	134,307	-	134,307
Financial costs	11,441	9,793	21,234
Segment income before tax	479,902	40,520	520,422
Segment assets	4,618,790	1,261,507	5,880,297
Segment liabilities	1,216,911	519,628	1,736,539

**(4) Reconciliation for segment income (loss), assets and liabilities**

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income, and the divisional income amounts provided to the chief operating decision maker are measured in accordance with the Group's consolidated financial statements and therefore do not require reconciliation.

(5) Information on products and services

Revenue from external customers is mainly from the production and sales of garment, the design, development, production, and sales of self-owned brands, and the provision of processing and business consulting services, as well as the agency of other internationally well-known brands. Details of revenue are as follows:

	For the years ended December 31,	
	2025	2024
Garment foundry and sales revenue	\$ 6,657,837	\$ 7,425,546
Service revenue	19,824	20,814
	<u>\$ 6,677,661</u>	<u>\$ 7,446,360</u>

(6) Geographical information

Geographical information for the years ended December 31, 2025 and 2024 is as follows:

	For the years ended December 31,			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
United States	\$ 5,404,735	\$ -	\$ 5,703,259	\$ -
Canada	623,205	-	673,925	-
Japan	177,596	-	319,452	-
China	108,526	27,621	103,083	29,726
Taiwan	82,017	524,989	76,797	524,376
Cambodia	14,760	170,546	24,203	136,308
Indonesia	3,950	304,047	175	310,435
Vietnam	11,287	297,870	5,116	303,303
Others	251,585	-	540,350	-
	<u>\$ 6,677,661</u>	<u>\$ 1,325,073</u>	<u>\$ 7,446,360</u>	<u>\$ 1,304,148</u>

(7) Major customer information

The details of the Group's major customers whose revenue from a single customer in 2025 and 2024 has reached more than 10% of the revenue on the consolidated comprehensive income statement are as follows:

Customer name	For the years ended December 31,			
	2025		2024	
	Net Operating Revenue	%	Net Operating Revenue	%
Customer B	\$ 1,942,336	29	\$ 1,851,312	25
Customer D	1,063,159	16	1,456,078	20

Tainan Enterprises Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts		Loan limit per entity (Note 2)	Maximum amount available for loan (Note 2)	Footnote	
												Assets pledged Item	Value				
1	Tainan Enterprises Co., Ltd.	PT. Andalan Mandiri Busana	Other receivables	Y	\$ 94,290	\$ -	\$ -	-	(Note 1)	\$ -	Financing use	\$ -	-	\$ -	\$ 1,140,024	\$ 1,140,024	-
2	Tainan Enterprise (BVI) Co., Limited	PT. Andalan Mandiri Busana	Other receivables	Y	62,860	-	-	-	(Note 1)	-	Financing use	-	-	-	\$ 1,337,767	\$ 1,337,767	-
		Tainan Enterprises (Vietnam) Co., Ltd.	Other receivables	Y	169,722	169,722	165,008	-	(Note 1)	-	Financing use	-	-	-	1,337,767	1,337,767	-
		Yong Jeng International Co., Ltd.	Other receivables	N	47,145	47,145	37,627	4%	(Note 1)	-	Financing use	-	-	-	501,663	501,663	-

Note 1: Nature of loans to others is filled for short-term financing.

Note 2: In accordance with the provisions of the operating procedures for loaning to others, the calculation of the capital loan limit of individual objects and the total limit of capital loan is as follows:

1. Loan total limit: 40% of the net worth in the most recent financial report, but only if financing is necessary, 30% of the net worth in the most recent financial report.

2. Limit for a single company

(1) Trading partner: each company does not exceed the amount of business transactions.

(2) Short-term financing: each company does not exceed 30% net worth of its most recent financial report.

(3) Capital loans to foreign companies of the Republic of China that directly or indirectly hold 100% of the voting shares by the same parent company shall not exceed 80% of the net worth of the company's most recent financial report.

(4) In the case of (1) and (2) above, the limit shall be calculated in combination, but shall not exceed the total limit of loans.

Note 3: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43).

Tainan Enterprises Co., Ltd. and Subsidiaries

Holding of significant marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2025

Table 2

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account (Note 1)	Ending balance				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Tainan Enterprises Co., Ltd.	Stocks:							
	KOCHE DEVELOPMENT CO., LTD.	Substantive related parties	3	5,792	\$ 60,939	13.58%	\$ 65,043	—
	KOCHE GLOBAL CO., LTD.	Substantive related parties	3	4,350	25,886	10.73%	24,189	—
	DELTAMAC (TAIWAN) CO., LTD.	—	4	40	764	0.11%	764	—
Tainan Enterprise (BVI) Co., Limited	Bonds:							
	Barclays, 5.2% DUE 12 MAY 2026, etc.	—	1	-	44,131	-	44,131	—
	BHP Group Limited, 5.0% DUE 15 FEB 2036, etc.	—	2	-	831,331	-	831,331	—
	Stocks:							
	NETSOL TECH-NOLOGIES INC.	—	3	44	-	0.27%	-	—

Note 1: There are four types of account items as follows:

1. Financial assets at amortized cost - current
2. Financial assets at amortized cost - non-current
3. Financial assets at fair value through profit or loss - non-current
4. Financial assets at fair value through other comprehensive income - non-current

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43; CNY:USD 1:0.143).

Tainan Enterprises Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2025

Table 3

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	Subsidiary	Purchases	\$ 1,590,134	42%	(Note 1)	\$ -	—	(\$ 279,688)	(57%)	—
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	(Sales)	( 1,590,134)	(99%)	(Note 1)	-	—	279,688	99%	—

Note 1: Receipt and payment terms for purchases and sales to related parties is closes its accounts in 3 months.

Note 2: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43).

Tainan Enterprises Co., Ltd. and Subsidiaries

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

December 31, 2025

Table 4

Expressed in thousands of NTD

Company Name	Counterparty	Relationship	Receivable from related party			Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount	Turnover rate	Amount	Action taken		
P.T.Tainan Enterprises Indonesia	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	\$ 279,688	5.19	\$ -	—	\$ 208,715	\$ -
Tainan Enterprises (Cambodia) Co.,	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	139,652	4.75	-	—	139,652	-
Gin-Sovann Fashion (Cambodia)	Tainan Enterprises Co., Ltd.	The Company	Accounts receivable	105,474	2.98	-	—	39,288	-
Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	Subsidiary	Other receivables	165,008	—	-	—	-	-

Note : The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43; CNY:USD 1:0.143).

Tainan Enterprises Co., Ltd. and Subsidiaries  
Significant inter-company transactions during the reporting period  
For the year ended December 31, 2025

Table 5

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transactions			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Terms	
0	Tainan Enterprises Co., Ltd.	P.T.Tainan Enterprises Indonesia	1	Purchases	\$ 1,590,134	Closes its accounts 3 months after the end of each transaction	24%
			1	Accounts payable	279,688	—	5%
			1	Services revenue	68,831	—	1%
		PT. Andalan Mandiri Busana	1	External processing cost	640,481	—	10%
			1	Services revenue	64,297	—	1%
			1	Other payables	99,608	—	2%
		Tainan Enterprises (Cambodia) Co., Ltd.	1	External processing cost	763,866	—	11%
			1	Services revenue	67,091	—	1%
			1	Other payables	139,652	—	3%
		Tainan Enterprises (Vietnam) Co., Ltd.	1	External processing cost	294,333	—	4%
			1	Services revenue	25,727	—	—
			1	Other payables	39,645	—	1%
		Yixing Gaoqing Garments Co., Ltd.	1	External processing cost	121,080	—	2%
			1	Other payables	77,722	—	1%
		Gin-Sovann Fashion (Cambodia) Limited.	1	External processing cost	301,473	—	5%
			1	Services revenue	27,497	—	—
			1	Other payables	105,474	—	2%
1	Tainan Enterprise (BVI) Co., Limited	Tainan Enterprises (Vietnam) Co., Ltd.	3	Other receivables	165,008	—	3%
2	Tainan Enterprises (Cambodia) Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	54,710	—	1%
			3	Other payables	10,247	—	—
3	Beyoung Fashion Co., Ltd.	Gin-Sovann Fashion (Cambodia) Limited.	3	External processing cost	66,116	—	1%
			3	Other payables	59,442	—	1%

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

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

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

- (1) The company to subsidiary.
- (2) Subsidiary to the company.
- (3) Subsidiary to subsidiary.

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

Note 4: Significant inter-company transactions during the reporting periods are not disclosed since these were corresponding transactions.

Note 5: The disclosure standard for important transactions is more than NT\$10 million.

Note 6: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43; CNY:USD 1:0.143).

Tainan Enterprises Co., Ltd. and Subsidiaries

Names, locations and other information of investee companies (excluding investees in Mainland China)

For the year ended December 31, 2025

Table 6

Expressed in thousands of NTD

Investor	Investee	Location	Main business	Original investment amount		Shares held as at December 31, 2025			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Tainan Enterprises Co., Ltd.	Tainan Enterprise (BVI) Co., Limited	British Virgin Islands	Professional investments	\$ 517,058	\$ 517,058	170,000	100.00	\$ 1,672,209	\$ 55,223	\$ 54,361	Subsidiary
	P.T.Tainan Enterprises Indonesia	Indonesia	Garment processing, production and selling	64,446	64,446	2,400,000	100.00	445,560	17,722	18,046	Subsidiary
	PT. Andalan Mandiri Busana	Indonesia	Garment processing, production and selling	182,024	182,024	6,000	100.00	246,159	35,059	35,059	Subsidiary
	PT CAHAYA IDNDAH GLOBAL	Indonesia	Garment processing, production and selling	83,175	74,069	2,650,000	100.00	83,043	( 177)	( 177)	Subsidiary
	Tainan Enterprises (Cambodia) Co., Ltd.	Cambodia	Garment processing, production and selling	29,585	29,585	1,000	100.00	254,892	17,897	17,897	Subsidiary
	Tainan Enterprises (Vietnam) Co., Ltd.	Vietnam	Garment processing, production and selling	319,090	319,090	-	100.00	141,070	( 28,626)	( 28,626)	Subsidiary
	Beyoung Fashion Co., Ltd.	Taiwan	Garment processing, production and selling	141,742	141,742	5,050,000	100.00	43,748	6,519	6,519	Subsidiary
Tainan Enterprise (BVI) Co., Limited	T&G Fashion Co., Ltd.	Seychelles	Professional investments	123,199	123,199	3,300,000	100.00	253,140	25,511	-	Subsidiary (Note 1)
T&G Fashion Co., Ltd.	Tainan Enterprise (Cayman) Co., Limited	Cayman Islands	Professional investments	220,990	220,990	4,783,738	13.39	79,494	35,031	-	(Note 1)
	Gin-Sovann Fashion (Cambodia) Limited.	Cambodia	Garment processing, production and selling	31,430	31,430	-	100.00	213,757	24,524	-	Subsidiary (Note 1)
	Camitex II (Cambodia) MFG Co., Ltd.	Cambodia	Garment processing, production and selling	19,270	19,270	100	100.00	82	-	-	Subsidiary (Note 1) (Note 2)
	Golden Harbor Garment (Cambodia) Limited.	Cambodia	Garment processing, production and selling	-	-	-	100.00	-	-	-	Subsidiary (Note 3)

Note 1: According to regulations, the amount of investment (loss) income recognized in the current period may be exempted from disclosure.

Note 2: The subsidiary has ceased business and was pending for liquidation process.

Note 3: The subsidiary had been liquidated in the second quarter of 2025.

Note 4: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43).

Tainan Enterprises Co., Ltd. and Subsidiaries  
Information on investments in Mainland China – Basic information  
For the year ended December 31, 2025

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Yixing Gaoqing Garments Co., Ltd.	Garment processing, production and selling	\$ 141,435	(Note 1)	\$ 94,290	\$ -	\$ -	\$ 94,290	(\$ 23,565)	100%	(\$ 23,565)	\$ 107,965	\$ -	(Note 3)
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA</u>										
Tainan Enterprises Co., Ltd.	\$ 303,334	\$ 1,222,585	(Note 4)										

Note 1: Indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 2: Recognition based on the financial statements audited by the auditors of the parent company in Taiwan.

Note 3: Among them, \$47,145 (USD1,500 thousand dollars) was indirect investment in Mainland China through a company set up in a third region, Tainan Enterprises (BVI) Co., Limited.

Note 4: Enterprises that have been approved by the Ministry of Economic Affairs to operate their headquarters are not subject to monetary or proportional limits.

Note 5: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43; CNY:USD 1:0.143).

Tainan Enterprises Co., Ltd. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2025

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			Interest during the year ended December		Others (Note)	
	Amount	%	Amount	%	Balance at December 31, 2025	%	Balance at December 31, 2025	Purpose	Maximum balance during the year ended December 31, 2025	Balance at December 31, 2025	Interest rate	31, 2025			
Yixing Gaoqing Garments Co., Ltd.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	External process cost \$ 121,080 Other payables \$ 77,722

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:31.43; CNY:USD 1:0.143).