

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2025 AND 2024

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2025 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Cut-off of revenue from export sales

Description

Refer to Note 4(30) for accounting policy on revenue recognition and Note 6(21) for details of operating revenue.

The Company derives its revenues from the sales of screws, nuts and wire rods, etc., and revenues from export sales account for a high percentage of total revenue. Export sales are recognized as revenues when control of the goods has been transferred according to the contractual terms. The revenue recognition requires that the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance over the products, but delivery time may vary among transactions. The determination as to when products are transferred to customers involves a manual process and judgement. Given that there is a risk of material misstatement from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material to the financial statements, we considered the cut-off of revenue from export sales a key audit matter.

How our audit addressed the matter

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

1. Obtained an understanding and assessed the accounting policies on revenue recognition of export sales.
2. Obtained an understanding and assessed the internal controls over revenue recognition of export sales, and tested the effectiveness of internal controls including the delivery process and the timing of revenue recognition.
3. Performed cut-off tests on export sales transactions that took place during a certain period before and after the balance sheet date to ascertain whether sales revenues were recognized when control of goods has been transferred to the customer and revenues were recorded in the proper period.

Valuation of inventories

Description

Refer to Note 4(8) for accounting policy on inventory, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2025, the inventories and allowance for inventory valuation losses amounted to NT\$1,761,979 thousand and NT\$71,475 thousand,

respectively.

The Company is primarily engaged in the manufacture and sales of screws, nuts and wire rods, etc. Due to the market demand, technology innovation and other factors, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realizable value. For inventory over a certain age and individually identified as obsolete or slow-moving, the net realizable values are determined by management based on periodic inventory clearance information. Given that the net realizable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgement, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

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

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of net realizable value used in inventory valuation and the logic used in the inventory aging report to ascertain the reasonableness of allowance for inventory valuation losses.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of the investments accounted for under equity method, Chun Yu Works (USA) Inc. and Pt Moon Lion Industries Indonesia, 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\$1,447,885 thousand and NT\$1,278,656 thousand as of December 31, 2025 and 2024, respectively, and the share of profit of subsidiaries, associates and joint ventures accounted for under equity method amounted to NT\$265,146 thousand and NT\$182,773 thousand for the years then ended, respectively.

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

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

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

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

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

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

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

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

override of internal control.

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

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

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

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

Tien, Chung-Yu

Independent Accountants

Hsu, Huei-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 5, 2026

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

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

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2025		December 31, 2024	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 107,258	1	\$ 649,283	7
1110	Financial assets at fair value through profit or loss - current	6(2)	141,150	2	210,300	2
1150	Notes receivable, net	6(3)	24,839	-	36,996	-
1170	Accounts receivable, net	6(3)	395,252	4	465,378	5
1180	Accounts receivable - related parties	6(3) and 7	119,336	1	145,865	2
1200	Other receivables		12,652	-	12,162	-
1210	Other receivables - related parties	7	17,848	-	36,001	-
1220	Current income tax assets	6(28)	4,730	-	2,216	-
130X	Inventories	6(4)(7)	1,690,504	19	1,740,315	18
1410	Prepayments	6(7) and 7	22,769	-	358,714	4
1460	Non-current assets classified as held for sale, net	6(7)(11)	28,377	1	28,377	-
11XX	Total current assets		2,564,715	28	3,685,607	38
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	247,800	3	220,900	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	559,198	6	480,579	5
1550	Investments accounted for under equity method	6(6)	3,666,250	40	3,490,240	36
1600	Property, plant and equipment	6(7), 7 and 8	1,696,715	18	1,650,158	17
1755	Right-of-use assets	6(8) and 7	206,486	2	3,399	-
1760	Investment property, net	6(9) and 8	20,675	-	20,851	-
1780	Intangible assets	6(10)	408	-	949	-
1840	Deferred income tax assets	6(28)	152,677	2	118,518	1
1915	Prepayments for equipment	6(7)	63,405	1	22,168	-
1920	Guarantee deposits paid		14,120	-	7,129	-
15XX	Total non-current assets		6,627,734	72	6,014,891	62
1XXX	Total assets		\$ 9,192,449	100	\$ 9,700,498	100

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CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2025		December 31, 2024					
			Notes	AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(12)	\$	1,242,066	13	\$	153,877	2		
2110	Short-term notes and bills payable	6(13)		49,979	1		-	-		
2130	Current contract liabilities	6(21)		4,649	-		7,892	-		
2170	Accounts payable			79,836	1		100,271	1		
2180	Accounts payable - related parties	7		22,878	-		43,121	-		
2200	Other payables	7		197,987	2		174,419	2		
2280	Current lease liabilities	6(8) and 7		72,448	1		1,549	-		
2310	Advance receipts	6(11) and 7		12,249	-		12,249	-		
2320	Long-term liabilities, current portion	6(14) and 8		-	-		1,596,736	17		
21XX	Total current liabilities			1,682,092	18		2,090,114	22		
Non-current liabilities										
2530	Bonds payable	6(14) and 8		2,997,751	33		2,996,944	31		
2540	Long-term borrowings	6(15) and 8		150,000	2		-	-		
2570	Deferred income tax liabilities	6(28)		340,130	4		339,773	3		
2580	Non-current lease liabilities	6(8) and 7		138,232	1		1,903	-		
2640	Net defined benefit liabilities-non-current	6(16)		12,146	-		1,288	-		
2645	Guarantee deposits received			457	-		457	-		
25XX	Total non-current liabilities			3,638,716	40		3,340,365	34		
2XXX	Total liabilities			5,320,808	58		5,430,479	56		
Equity										
Share capital										
3110	Common stock	6(17)		3,021,627	33		3,021,627	31		
3200	Capital surplus	6(6)(14)(17)(18)		559,704	6		522,676	5		
	Retained earnings	6(19)								
3310	Legal reserve			399,149	4		369,727	4		
3320	Special reserve			442,934	5		430,610	5		
3350	Unappropriated retained earnings			333,945	4		635,508	7		
3400	Other equity interest	6(5)(6)(20)	(	618,523)	(	7)	(	442,934)	(	5)
3500	Treasury stocks	6(17)(18)	(	267,195)	(	3)	(	267,195)	(	3)
3XXX	Total equity			3,871,641	42		4,270,019	44		
Significant Contingent Liabilities and										
Unrecognized Contract Commitments										
3X2X	Total liabilities and equity		\$	9,192,449	100	\$	9,700,498	100		

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

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2025		2024	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7	\$ 3,738,349	100	\$ 4,098,346	100
5000	Operating costs	6(4)(8)(10)(16)(26)(27) and 7	(3,723,116)	(100)	(3,947,781)	(96)
5900	Net operating margin		15,233	-	150,565	4
	Operating expenses	6(8)(9)(10)(16)(26)(27), 7 and 12				
6100	Selling expenses		(71,769)	(2)	(92,272)	(3)
6200	General and administrative expenses		(128,089)	(4)	(123,706)	(3)
6300	Research and development expenses		(2,410)	-	(3,942)	-
6450	Expected credit losses		(10,137)	-	(1,988)	-
6000	Total operating expenses		(212,405)	(6)	(221,908)	(6)
6900	Operating loss		(197,172)	(6)	(71,343)	(2)
	Non-operating income and expenses					
7100	Interest income	6(22)	5,248	-	18,266	-
7010	Other income	6(2)(5)(9)(23) and 7	50,630	1	32,493	1
7020	Other gains and losses	6(2)(24), 7 and 12	(41,170)	(1)	106,042	3
7050	Finance costs	6(8)(25) and 7	(83,864)	(2)	(84,129)	(2)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method, net	6(6)	330,432	9	300,170	7
7000	Total non-operating income and expenses		261,276	7	372,842	9
7900	Profit before income tax		64,104	1	301,499	7
7950	Income tax expense	6(28)	(8,806)	-	(14,353)	-
8200	Net income for the year		\$ 55,298	1	\$ 287,146	7
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plan	6(16)	(\$ 10,752)	-	\$ 7,468	-
8316	Unrealized losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(5)	(70,887)	(2)	(72,299)	(2)
8330	Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	(2,969)	-	(87,847)	(2)
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(28)	2,151	-	1,494	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)(20)	(129,702)	(4)	118,747	3
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(20)(28)	23,618	1	(5,793)	-
8300	Total other comprehensive loss for the year, net of tax		(\$ 188,541)	(5)	(\$ 41,218)	(1)
8500	Total comprehensive (loss) income for the year		(\$ 133,243)	(4)	\$ 245,928	6
	Earnings per share (in dollars)	6(29)				
9750	Basic		\$ 0.20		\$ 1.03	
9850	Diluted		\$ 0.18		\$ 0.93	

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

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other Equity Interest				
							Unrealized losses from financial assets measured at fair value through other comprehensive income			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity	
<u>For the year ended December 31, 2024</u>										
Balance at January 1, 2024		\$3,021,627	\$ 501,353	\$ 336,485	\$ 430,610	\$ 649,496	(\$ 191,581)	(\$ 203,059)	(\$ 267,195)	\$4,277,736
Profit for the year		-	-	-	-	287,146	-	-	-	287,146
Other comprehensive income (loss) for the year	6(5)(6)(20)	-	-	-	-	7,076	112,954	(161,248)	-	(41,218)
Total comprehensive income (loss)		-	-	-	-	294,222	112,954	(161,248)	-	245,928
Distribution of 2023 earnings:										
Legal reserve		-	-	33,242	-	(33,242)	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(274,968)	-	-	-	(274,968)
Cash dividends paid to subsidiaries	6(6)(17)(18)	-	21,323	-	-	-	-	-	-	21,323
Balance at December 31, 2024		\$3,021,627	\$ 522,676	\$ 369,727	\$ 430,610	\$ 635,508	(\$ 78,627)	(\$ 364,307)	(\$ 267,195)	\$4,270,019
<u>For the year ended December 31, 2025</u>										
Balance at January 1, 2025		\$3,021,627	\$ 522,676	\$ 369,727	\$ 430,610	\$ 635,508	(\$ 78,627)	(\$ 364,307)	(\$ 267,195)	\$4,270,019
Profit for the year		-	-	-	-	55,298	-	-	-	55,298
Other comprehensive loss for the year	6(5)(6)(20)	-	-	-	-	(12,952)	(106,084)	(69,505)	-	(188,541)
Total comprehensive income (loss)		-	-	-	-	42,346	(106,084)	(69,505)	-	(133,243)
Distribution of 2024 earnings:										
Legal reserve		-	-	29,422	-	(29,422)	-	-	-	-
Special reserve		-	-	-	12,324	(12,324)	-	-	-	-
Cash dividends	6(19)	-	-	-	-	(302,163)	-	-	-	(302,163)
Cash dividends paid to subsidiaries	6(6)(17)(18)	-	23,430	-	-	-	-	-	-	23,430
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	6(6)(18)	-	13,598	-	-	-	-	-	-	13,598
Balance at December 31, 2025		\$3,021,627	\$ 559,704	\$ 399,149	\$ 442,934	\$ 333,945	(\$ 184,711)	(\$ 433,812)	(\$ 267,195)	\$3,871,641

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

CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 64,104	\$ 301,499
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss		42,250	(86,658)
Expected credit losses	12	10,137	1,988
Provision (reversal of allowance) for inventory market price decline	6(4)	48,180	(3,652)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(330,432)	(300,170)
Depreciation	6(7)(8)(9)	167,852	105,265
Gain on disposal of property, plant and equipment	6(24)	(26,381)	(7,694)
Amortization	6(10)(26)	541	911
Interest income	6(22)	(5,248)	(18,266)
Dividend income	6(23)	(19,879)	(13,815)
Interest expense	6(25)	83,864	84,129
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	(214,500)
Notes receivable		12,157	3,827
Accounts receivable		59,989	2,138
Accounts receivable - related parties		26,529	(26,095)
Other receivables	(	761)	(2,165)
Other receivables - related parties		18,153	(18,413)
Inventories		1,631	(420,461)
Prepayments		336,945	(336,215)
Changes in operating liabilities			
Current contract liabilities	(	3,243)	(8,291)
Accounts payable	(	20,435)	(11,404)
Accounts payable - related parties	(	20,243)	28,443
Other payables	(	9,126)	8,483
Advance receipts		-	12,249
Net defined benefit liabilities - non-current		106	1,761
Cash inflow (outflow) generated from operations		436,690	(917,106)
Interest received		5,519	19,298
Dividends received		207,526	185,509
Interest paid	(	75,211)	(69,244)
Income tax paid	(	19,353)	(25,349)
Net cash flows from (used in) operating activities		555,171	(806,892)

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CHUN YU WORKS & CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2025	2024
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortized cost - current		\$ -	\$ 130,000
Acquisition of financial assets at fair value through other comprehensive income - non-current		(149,506)	(99,400)
Acquisition of investments accounted for under equity method	6(6)	(128,868)	-
Cash paid for acquisition of property, plant and equipment	6(30)	(112,349)	(28,504)
Proceeds from disposal of property, plant and equipment		28,583	9,208
Increase in prepayments for equipment		(56,288)	(17,693)
(Increase) decrease in guarantee deposits paid		(6,991)	4,073
Net cash flows used in investing activities		(425,419)	(2,316)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(32)	1,547,946	10,815
Decrease in short-term borrowings	6(32)	(459,757)	-
Increase in short-term notes and bills payable	6(32)	49,979	-
Payments of lease liabilities	6(32)	(57,782)	(1,309)
Repayments of bonds payable	6(32)	(1,600,000)	-
Increase in long-term borrowings	6(32)	150,000	-
Payments of cash dividends	6(19)	(302,163)	(274,968)
Net cash flows used in financing activities		(671,777)	(265,462)
Net decrease in cash and cash equivalents		(542,025)	(1,074,670)
Cash and cash equivalents at beginning of year	6(1)	649,283	1,723,953
Cash and cash equivalents at end of year	6(1)	<u>\$ 107,258</u>	<u>\$ 649,283</u>

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

CHUN YU WORKS & CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) Chun Yu Works & Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services.

(2) The Company’s shares have been listed on the Taiwan Stock Exchange since October 1991.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on March 5, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

<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 standard and interpretation have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

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

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

<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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
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 Company's financial condition and financial performance based on the Company'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 Company's financial condition and financial performance based on the Company'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 parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of parent company only financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Foreign currency translation

The Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

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 statement of comprehensive income within ‘other gains and losses’.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets that are expected to be realized, 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 realized 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.

(5) 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at 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 Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

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

(8) 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.

(9) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to 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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company and the amount of the dividend can be measured reliably.

(11) Impairment of financial assets

For financial assets at amortized cost including accounts receivable, at each reporting date, the Company 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 Company recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(13) 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.

(14) Investments accounted for under equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains (losses) from the transactions between the Company and its subsidiaries are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. In the case that changes in the Company's ownership percentage in subsidiaries do not result in a loss of control (transactions with non-controlling interest), such transactions shall be considered as equity transactions, which are transactions between owners. The difference between the adjustment to non-controlling interest and the fair value of the consideration paid or received is recognized in equity.
- E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(15) 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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:

Assets	Useful lives
Buildings:	
Main building of plant (including accessory equipment)	3 ~ 51 years
Others (including accessory equipment)	3 ~ 15 years
Machinery and equipment	3 ~ 23 years
Utilities equipment	3 ~ 20 years
Transportation equipment	3 ~ 9 years
Office equipment	3 ~ 13 years
Other equipment	2 ~ 15 years

(16) 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 Company. 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. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company 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;
 - (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. For all other lease modifications, the lessee shall remeasure the lease liability and adjust the right-of-use asset, correspondingly.

(17) 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 10~40 years.

(18) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3~5 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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. 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.

(20) 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.

(21) 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.

(22) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognized at fair value less

transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortized to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(23) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- (a) The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- (b) The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- (c) The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- (d) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (e) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus-share options'.

(24) Derecognition of financial liabilities

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

(25) 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.

(26) 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 plan

For defined contribution plan, 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 plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of the defined benefit pension plan 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 rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

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

D. Employees' 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. If employee

compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) 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. 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 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 parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition 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 tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the 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.

(28) Share capital

- A. 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.

- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

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

(30) Revenue recognition

Sales of goods

- A. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated output tax as well as sales returns and allowances, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The credit terms for general sales are 2 months.
- C. 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.

(31) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Valuation of inventories

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

B. As of December 31, 2025, the carrying amount of inventories was \$1,690,504.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash:		
Cash on hand	\$ 241	\$ 184
Checking accounts	106	106
Demand deposits	<u>106,911</u>	<u>259,993</u>
	<u>107,258</u>	<u>260,283</u>
Cash equivalents:		
Time deposits	<u>-</u>	<u>389,000</u>
	<u>\$ 107,258</u>	<u>\$ 649,283</u>

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

B. As of December 31, 2025 and 2024, the Company had no cash and cash equivalents pledged to others.

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

Items	December 31, 2025	December 31, 2024
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 96,000	\$ 96,000
Emerging stocks	121,500	121,500
	217,500	217,500
Valuation adjustment	(76,350)	(7,200)
	<u>\$ 141,150</u>	<u>\$ 210,300</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks-private placement	\$ 36,000	\$ 36,000
Put option on convertible corporate bonds	-	3,349
	36,000	39,349
Valuation adjustment	211,800	181,551
	<u>\$ 247,800</u>	<u>\$ 220,900</u>

A. The Company recognized net (loss) gain (listed as ‘Other income’ and ‘Other gains and losses’) amounting to (\$40,018) and \$86,905 in relation to financial assets at fair value through profit or loss for the years ended December 31, 2025 and 2024, respectively.

B. In November 2023, the Company subscribed a total of 5,000 thousand shares of Ensure Global Corp., Ltd. through private placement, and the transfer of the private placement stock will be restricted within three years.

C. As of December 31, 2025 and 2024, the Company had no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable, net

	December 31, 2025	December 31, 2024
Notes receivable	<u>\$ 24,839</u>	<u>\$ 36,996</u>
Accounts receivable	\$ 411,824	\$ 472,586
Less: Allowance for uncollectible accounts	(16,572)	(7,208)
	<u>\$ 395,252</u>	<u>\$ 465,378</u>

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

	December 31, 2025		December 31, 2024	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 24,839	\$ 484,877	\$ 36,996	\$ 568,722
Up to 30 days past due	-	21,719	-	21,962
31~90 days past due	-	4,835	-	8,150
91~180 days past due	-	460	-	12,878
Over 181 days past due	-	19,269	-	6,739
	<u>\$ 24,839</u>	<u>\$ 531,160</u>	<u>\$ 36,996</u>	<u>\$ 618,451</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables (including related parties) from contracts with customers amounted to \$635,317.

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes or accounts receivable held by the Company was their carrying amount.

D. As of December 31, 2025 and 2024, the Company had no notes receivable and accounts receivable pledged to others.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	December 31, 2025		
	Allowance for inventory		
	Cost	valuation loss	Book value
Raw materials	\$ 458,594	(\$ 3,356)	\$ 455,238
Supplies	263,164	(2,205)	260,959
Work in progress	464,342	(45,919)	418,423
Finished goods	575,879	(19,995)	555,884
	<u>\$ 1,761,979</u>	<u>(\$ 71,475)</u>	<u>\$ 1,690,504</u>

	December 31, 2024		
		Allowance for inventory	
	Cost	valuation loss	Book value
Raw materials	\$ 843,739	(\$ 2,461)	\$ 841,278
Supplies	180,778	(1,173)	179,605
Work in progress	297,558	(3,220)	294,338
Finished goods	441,535	(16,441)	425,094
	<u>\$ 1,763,610</u>	<u>(\$ 23,295)</u>	<u>\$ 1,740,315</u>

A. The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2025	2024
Cost of goods sold	\$ 3,700,948	\$ 3,969,464
Provision (reversal of allowance) for inventory market price decline (Note)	48,180	(3,652)
Loss on physical inventory	1,045	707
Income from sales of scraps	(27,057)	(18,738)
	<u>\$ 3,723,116</u>	<u>\$ 3,947,781</u>

(Note) The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold in 2024 because certain inventories which were previously provided with allowance for decline in value were subsequently sold.

B. As of December 31, 2025 and 2024, the Company had no inventories pledged to others.

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

Items	December 31, 2025	December 31, 2024
Equity instruments		
Listed stocks	\$ 698,708	\$ 549,202
Listed stocks-private placement	99,400	99,400
Unlisted stocks	<u>772</u>	<u>772</u>
	798,880	649,374
Valuation adjustment	(239,682)	(168,795)
	<u>\$ 559,198</u>	<u>\$ 480,579</u>

A. The Company has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$559,198 and \$480,579 as of December 31, 2025 and 2024, respectively.

B. In December 2024, the Company subscribed a total of 7,000 thousand shares of TSG Development Co., Ltd. (Originally named : DataVan International Corporation) through private placement, and the transfer of the private placement stock will be restricted within three years.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2025	2024
Fair value change recognized in other comprehensive income (listed as 'Other equity interest')	(\$ 70,887)	(\$ 72,299)
Dividend income recognized in profit or loss (listed as 'Other income')	\$ 17,779	\$ 13,815

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 financial assets at fair value through other comprehensive income held by the Company was the carrying amount.

E. As of December 31, 2025 and 2024, the Company had no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for under equity method

A. Movements in investments accounted for under equity method are as follows:

	For the years ended December 31,	
	2025	2024
At January 1	\$ 3,490,240	\$ 3,309,541
Acquisition of investments accounted for using equity method	128,868	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	330,432	300,170
Difference between the acquisition or disposal price and carrying amounts of subsidiaries	13,598	-
Cash dividends from investments accounted for under equity method	(187,647)	(171,694)
Changes in of capital surplus for the Company's cash dividends received by subsidiaries	23,430	21,323
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method	(2,969)	(87,847)
Financial statements translation differences of foreign operations of foreign operations	(129,702)	118,747
At December 31	\$ 3,666,250	\$ 3,490,240

B. The debit balance of investments accounted for under equity method are listed below:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chun Bang Precision Co., Ltd.	\$ 183,709	\$ 170,560
Chun Yu Works (USA) Inc.	422,169	425,070
Chun Yu Investment Corp.	138,210	121,130
Chun Yu Bio-Tech Corp.	67,059	87,034
SCHOLAR HOLDINGS LTD.	1,131,878	1,107,108
SUNNY CITY INTERNATIONAL LIMITED	231,305	244,084
Pt Moon Lion Industries Indonesia	1,025,716	853,586
Chun Zu Machinery Co., Ltd.	<u>466,204</u>	<u>481,668</u>
	<u>\$ 3,666,250</u>	<u>\$ 3,490,240</u>

C. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2025 consolidated financial statements.

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

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
<u>January 1, 2025</u>									
Cost	\$ 1,242,411	\$ 960,602	\$ 2,430,065	\$ 75,529	\$ 45,400	\$ 31,264	\$ 158,136	\$ 514	\$ 4,943,921
Accumulated depreciation	-	(814,410)	(2,196,097)	(68,265)	(40,845)	(29,158)	(144,988)	-	(3,293,763)
	<u>\$ 1,242,411</u>	<u>\$ 146,192</u>	<u>\$ 233,968</u>	<u>\$ 7,264</u>	<u>\$ 4,555</u>	<u>\$ 2,106</u>	<u>\$ 13,148</u>	<u>\$ 514</u>	<u>\$ 1,650,158</u>
<u>2025</u>									
At January 1	\$ 1,242,411	\$ 146,192	\$ 233,968	\$ 7,264	\$ 4,555	\$ 2,106	\$ 13,148	\$ 514	\$ 1,650,158
Additions	-	6,098	35,664	2,955	8,329	141	23,261	64,013	140,461
Transfers after acceptance	-	19,574	12,728	-	1,629	-	7,935	(41,866)	-
Transfers from prepayments for equipment	-	-	4,705	-	-	-	-	10,346	15,051
Depreciation charge	-	(24,136)	(66,270)	(2,866)	(3,129)	(1,006)	(8,346)	-	(105,753)
Disposals - Cost	-	-	(104,930)	-	(3,759)	-	(621)	-	(109,310)
- Accumulated depreciation	-	-	102,728	-	3,759	-	621	-	107,108
Reclassified as prepayments	-	-	-	-	-	-	-	(1,000)	(1,000)
At December 31	<u>\$ 1,242,411</u>	<u>\$ 147,728</u>	<u>\$ 218,593</u>	<u>\$ 7,353</u>	<u>\$ 11,384</u>	<u>\$ 1,241</u>	<u>\$ 35,998</u>	<u>\$ 32,007</u>	<u>\$ 1,696,715</u>
<u>December 31, 2025</u>									
Cost	\$ 1,242,411	\$ 986,274	\$ 2,378,232	\$ 78,484	\$ 51,599	\$ 31,405	\$ 188,711	\$ 32,007	\$ 4,989,123
Accumulated depreciation	-	(838,546)	(2,159,639)	(71,131)	(40,215)	(30,164)	(152,713)	-	(3,292,408)
	<u>\$ 1,242,411</u>	<u>\$ 147,728</u>	<u>\$ 218,593</u>	<u>\$ 7,353</u>	<u>\$ 11,384</u>	<u>\$ 1,241</u>	<u>\$ 35,998</u>	<u>\$ 32,007</u>	<u>\$ 1,696,715</u>

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
<u>January 1, 2024</u>									
Cost	\$ 1,266,245	\$ 977,824	\$ 2,470,358	\$ 75,529	\$ 51,513	\$ 32,817	\$ 163,813	\$ 378	\$ 5,038,477
Accumulated depreciation	-	(805,893)	(2,190,830)	(65,466)	(44,188)	(30,145)	(145,846)	-	(3,282,368)
	<u>\$ 1,266,245</u>	<u>\$ 171,931</u>	<u>\$ 279,528</u>	<u>\$ 10,063</u>	<u>\$ 7,325</u>	<u>\$ 2,672</u>	<u>\$ 17,967</u>	<u>\$ 378</u>	<u>\$ 1,756,109</u>
<u>2024</u>									
At January 1	\$ 1,266,245	\$ 171,931	\$ 279,528	\$ 10,063	\$ 7,325	\$ 2,672	\$ 17,967	\$ 378	\$ 1,756,109
Additions	-	1,860	10,401	-	317	868	1,147	9,998	24,591
Transfers after acceptance	-	1,944	8,052	-	-	-	314	(10,310)	-
Transfers from inventories	-	-	-	-	-	-	-	448	448
Transfers from prepayments for equipment	-	-	1,530	-	-	-	470	-	2,000
Depreciation charge	-	(25,000)	(64,029)	(2,799)	(3,087)	(1,434)	(6,750)	-	(103,099)
Disposals - Cost	-	-	(60,276)	-	(6,430)	(2,421)	(7,608)	-	(76,735)
- Accumulated depreciation	-	-	58,762	-	6,430	2,421	7,608	-	75,221
Reclassified as non-current assets held for sale - Cost	(23,834)	(21,026)	-	-	-	-	-	-	(44,860)
Reclassified as non-current assets held for sale - Accumulated depreciation	-	16,483	-	-	-	-	-	-	16,483
At December 31	<u>\$ 1,242,411</u>	<u>\$ 146,192</u>	<u>\$ 233,968</u>	<u>\$ 7,264</u>	<u>\$ 4,555</u>	<u>\$ 2,106</u>	<u>\$ 13,148</u>	<u>\$ 514</u>	<u>\$ 1,650,158</u>
<u>December 31, 2024</u>									
Cost	\$ 1,242,411	\$ 960,602	\$ 2,430,065	\$ 75,529	\$ 45,400	\$ 31,264	\$ 158,136	\$ 514	\$ 4,943,921
Accumulated depreciation	-	(814,410)	(2,196,097)	(68,265)	(40,845)	(29,158)	(144,988)	-	(3,293,763)
	<u>\$ 1,242,411</u>	<u>\$ 146,192</u>	<u>\$ 233,968</u>	<u>\$ 7,264</u>	<u>\$ 4,555</u>	<u>\$ 2,106</u>	<u>\$ 13,148</u>	<u>\$ 514</u>	<u>\$ 1,650,158</u>

- A. The Company's property, plant and equipment are for its own use as of December 31, 2025 and 2024.
- B. No borrowing costs were capitalized as property, plant and equipment for the years ended December 31, 2025 and 2024.
- C. Information about the Company's land and buildings held for sale are provided in Note 6(11), 'Non-current assets held for sale'.
- D. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2025 and 2024 is provided in Note 8, 'Pledged assets'.

(8) Lease transactions — lessee

- A. The Company leases various assets including buildings, machinery and equipment, and business vehicles. Rental contracts are typically made for periods of 1 to 6 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.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025	December 31, 2024
	Carrying amount	Carrying amount
Buildings	\$ 110,149	\$ -
Machinery and equipment	91,028	-
Business vehicles	5,309	3,399
	<u>\$ 206,486</u>	<u>\$ 3,399</u>
	For the years ended December 31,	
	2025	2024
	Depreciation charge	Depreciation charge
Buildings	\$ 24,729	\$ -
Machinery and equipment	35,011	-
Business vehicles	2,183	1,379
	<u>\$ 61,923</u>	<u>\$ 1,379</u>

- C. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were \$265,010 and \$4,707, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,929	\$ 146
Expense on leases of low-value assets	7,661	2,280

- E. For the years ended December 31, 2025 and 2024, the Company's total cash outflow for leases were \$73,372 and \$3,735, respectively.
- F. As of December 31, 2025 and 2024, the Company had no right-of-use assets pledged to others.

(9) Investment property

<u>2025</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 19,984	\$ 24,411	\$ 44,395
Accumulated depreciation	-	(23,544)	(23,544)
Net book value	<u>\$ 19,984</u>	<u>\$ 867</u>	<u>\$ 20,851</u>
At January 1	\$ 19,984	\$ 867	\$ 20,851
Depreciation charge	-	(176)	(176)
At December 31	<u>\$ 19,984</u>	<u>\$ 691</u>	<u>\$ 20,675</u>
At December 31			
Cost	\$ 19,984	\$ 24,411	\$ 44,395
Accumulated depreciation	-	(23,720)	(23,720)
Net book value	<u>\$ 19,984</u>	<u>\$ 691</u>	<u>\$ 20,675</u>
<u>2024</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 19,303	\$ 24,411	\$ 43,714
Accumulated depreciation	-	(22,757)	(22,757)
Net book value	<u>\$ 19,303</u>	<u>\$ 1,654</u>	<u>\$ 20,957</u>
At January 1	\$ 19,303	\$ 1,654	\$ 20,957
Transfers from other non-current assets	681	-	681
Depreciation charge	-	(787)	(787)
At December 31	<u>\$ 19,984</u>	<u>\$ 867</u>	<u>\$ 20,851</u>
At December 31			
Cost	\$ 19,984	\$ 24,411	\$ 44,395
Accumulated depreciation	-	(23,544)	(23,544)
Net book value	<u>\$ 19,984</u>	<u>\$ 867</u>	<u>\$ 20,851</u>

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

	For the years ended December 31,	
	2025	2024
Rental income from investment property (listed as 'Other income')	\$ 5,998	\$ 6,614
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 176	\$ 787

- B. The fair value of the investment property held by the Company was \$123,257 and \$123,062 as of December 31, 2025 and 2024, respectively, which was valued based on current land value, quoted prices in the neighboring area by real estate agents and actual price registration information posted in the official search system. Valuation is categorized within Level 2 in the fair value hierarchy.
- C. No borrowing costs were capitalized as investment property for the years ended December 31, 2025 and 2024.
- D. Information about the investment property pledged to others as collateral as of December 31, 2025 and 2024 are provided in Note 8, 'Pledged Assets'.

(10) Intangible assets

	Computer software	
	For the years ended December 31,	
	2025	2024
<u>At January 1</u>		
Cost	\$ 2,991	\$ 4,031
Accumulated amortization	(2,042)	(2,171)
	\$ 949	\$ 1,860
 At January 1	\$ 949	\$ 1,860
Amortization charge	(541)	(911)
Disposals - Cost	(31)	(1,040)
- Accumulated amortization	31	1,040
At December 31	\$ 408	\$ 949
 <u>At December 31</u>		
Cost	\$ 2,960	\$ 2,991
Accumulated amortization	(2,552)	(2,042)
	\$ 408	\$ 949

- A. No borrowing costs were capitalized as intangible assets for the years ended December 31, 2025 and 2024.

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

	For the years ended December 31,	
	2025	2024
Operating costs	\$ 6	\$ 25
General and administrative expenses	535	773
Research and development expenses	-	113
	<u>\$ 541</u>	<u>\$ 911</u>

C. As of December 31, 2025 and 2024, the Company had no intangible assets pledged to others.

(11) Non-current assets held for sale, net

On August 8, 2024, the Company's Board of Directors resolved to sell land and buildings located in the Tai'an section of Gangshan District, Kaohsiung City, to a related party - Mixiang Foods Co., Ltd., a 100% owned subsidiary of Jia Jie Biomedical Co., Ltd. The transaction amount is authorized to be determined by the chairman, with a minimum price set at \$121,500. A sales contract was signed in November 2024. The transaction amount is \$122,666 and the first installment of \$12,249 was received in advance. As of December 31, 2025, the Company is completing the administrative procedures and compliance inspection required by applicable laws for the transfer of the land. Upon completion of the overall process, the subsequent settlement matters shall be handled in accordance with the terms of the contract. This transaction is expected to be finalised in the second quarter of 2026.

	December 31, 2025	December 31, 2024
Land	\$ 23,834	\$ 23,834
Buildings	4,543	4,543
	<u>\$ 28,377</u>	<u>\$ 28,377</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 1,242,066</u>	1.96%~2.20%	None

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 153,877</u>	5.40%~5.50%	None

Details of interest expense recognized in profit or loss for the years ended December 31, 2025 and 2024 are provided in Note 6(25), 'Finance Costs'.

(13) Short-term notes and bills payable

	December 31, 2025	Interest rate range	Collateral
Commercial papers payable	<u>\$ 49,979</u>	2.03%	None

- A. The Company had no such situation as of December 31, 2024.
- B. The above commercial papers were issued and secured by Mega Bills Finance Co., Ltd. for short-term financing.
- C. For more information about interest expenses recognized by the Company for the years ended December 31, 2025, refer to Note 6(25), 'Finance costs'.

(14) Bonds payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>Collateral</u>
Guaranteed ordinary bonds payable	\$ 3,000,000	\$ 3,000,000	Note
Guaranteed convertible bonds	-	1,600,000	-
	3,000,000	4,600,000	
Less: Discount on bonds payable	(2,249)	(6,320)	
	2,997,751	4,593,680	
Less: Current portion	-	(1,596,736)	
	<u>\$ 2,997,751</u>	<u>\$ 2,996,944</u>	

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

A. The Company was issued the first domestic guaranteed bonds payable in October 2021, and the main issuance conditions are as follows:

- (a) The Company was approved by the competent authority to raise and issue the first domestic guaranteed bonds payable with a total amount of \$3,000,000 (related issue costs of \$5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.
 - (b) First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
 - (c) The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed on a payment day, the principal and interest will be paid on the next operating day without extra interest.
- B. The Company issued the first, second and third domestic guaranteed convertible bonds payable in March 2022, with a total amount of \$700,000 (related issue costs of \$2,432), \$500,000 (related issue costs of \$2,006), \$400,000 (related issue costs of \$1,417), respectively. Issuance prices were \$779,162, \$557,563 and \$445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from March 25, 2022 to March 25, 2025. The convertible bonds have matured and been fully repaid.
- C. When the Company issues convertible corporate bonds, in accordance with the provisions of Amendments to IAS 32 "Financial Instruments: Expression", the conversion right which has the

nature of equity is separated from each liability component, and was recognized as "Capital reserve - share options" of \$221,790. However, as the convertible bonds have matured and been fully repaid, the balance was transferred to "capital surplus-others"

D. Details of interest expense recognized in profit or loss for the years ended December 31, 2025 and 2024 are provided in Note 6(25), 'Financial costs'.

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2025</u>
Long-term bank loans				
Unsecured bank borrowings	2025. 6. 6~2027. 11. 5	1.03%	None	<u>\$ 150,000</u>

A. The Company had no long-term borrowings as of December 31, 2024.

B. For more information about interest expenses recognized by the Company for the years ended December 31, 2025, refer to Note 6(25), 'Finance costs'.

(16) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Pension Act. 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 4% 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 the end of 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 defined benefit pension plan of the Company 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 obligation	(\$ 51,845)	(\$ 94,798)
Fair value of plan assets	<u>39,699</u>	<u>93,510</u>
Net defined benefit liability	<u>(\$ 12,146)</u>	<u>(\$ 1,288)</u>

(b) Movements in net defined benefit liabilities - non-current are as follows:

For the year ended December 31, 2025	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 94,798)	\$ 93,510	(\$ 1,288)
Current service cost	(695)	-	(695)
Interest (expense) income	(1,422)	1,410	(12)
Past service cost	(8,526)	-	(8,526)
	(105,441)	94,920	(10,521)

Remeasurements:

Return on plan assets (excluding amounts included in interest income or expense)	-	7,639	7,639
Changes in financial assumptions	(713)	-	(713)
Experience adjustments	(17,678)	-	(17,678)
	(18,391)	7,639	(10,752)
Pension fund contribution	-	9,127	9,127
Paid pension	71,987	(71,987)	-
Balance at December 31	(\$ 51,845)	\$ 39,699	(\$ 12,146)

For the year ended December 31, 2024	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1	(\$ 112,438)	\$ 105,443	(\$ 6,995)
Current service cost	(866)	-	(866)
Interest (expense) income	(1,406)	1,326	(80)
Past service cost	(1,776)	-	(1,776)
Settlement profit or loss	319	(323)	(4)
	(116,167)	106,446	(9,721)

Remeasurements:

Return on plan assets (excluding amounts included in interest income or expense)	-	10,625	10,625
Changes in financial assumptions	1,985	-	1,985
Experience adjustments	(5,142)	-	(5,142)
	(3,157)	10,625	7,468
Pension fund contribution	-	965	965
Paid pension	24,526	(24,526)	-
Balance at December 31	(94,798)	93,510	(1,288)

(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:

	For the years ended December 31,	
	2025	2024
Discount rate	1.38%	1.50%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2025 and 2024.

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

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2025</u>				
Effect on present value of defined benefit obligation	(\$ 1,079)	\$ 1,118	\$ 1,093	(\$ 1,060)
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 1,909)	\$ 1,972	\$ 1,926	(\$ 1,874)

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 plan of the Company for the following year amount to \$721.

(f) As of December 31, 2025, the weighted average duration of the retirement plan is 13.2 years.

The analysis of timing of the future pension payment was as follows:

Next 1 year	\$	5,753
Next 2 ~ 5 years		13,543
Next over 6 years		15,562
	\$	<u>34,858</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company were \$12,551 and \$10,249 for the years ended December 31, 2025 and 2024, respectively.

(17) Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows: (Unit: Shares in thousands)

	For the years ended December 31,	
	2025	2024
Number of shares at the beginning and at the end of the year	<u>302,163</u>	<u>302,163</u>

B. As of December 31, 2025, the Company’s authorized capital was \$3,920,696, and the paid-in capital was \$3,021,627, consisting of 302,163 thousand ordinary shares, with a par value of \$10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company’s treasury shares are as follows: (Unit: Shares in thousands)

	For the year ended December 31, 2025			
	Number of shares at the beginning of the year	Addition	Decrease	Number of shares at the end of the year
<u>Reason for reacquisition</u>				
Acquisition of the parent company’s shares by subsidiaries	<u>23,430</u>	<u>-</u>	<u>-</u>	<u>23,430</u>

<u>Reason for reacquisition</u>	<u>For the year ended December 31, 2024</u>			<u>Number of shares at the end of the year</u>
	<u>Number of shares at the beginning of the year</u>	<u>Addition</u>	<u>Decrease</u>	
Acquisition of the parent company's shares by subsidiaries	<u>23,430</u>	<u>-</u>	<u>-</u>	<u>23,430</u>

- (b) As of December 31, 2025 and 2024, the book value (cost) was both \$267,195, and the fair value were \$397,141 and \$574,039, respectively. The shares of the Company held by the subsidiaries are recognized as treasury shares and are entitled to dividends, recorded under "Capital reserve-treasury stock transaction". The cash dividends paid to the subsidiaries amounted to \$23,430 and \$21,323, for the years ended December 31, 2025 and 2024, respectively.
- (c) Reason for share reacquisition and the number of the Company's treasury shares remained unchanged as of December 31, 2025 and 2024. Details are as follows:

<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>December 31, 2025</u>	
		<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	<u>23,430</u>	<u>\$ 267,195</u>

<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>December 31, 2024</u>	
		<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's shares by subsidiaries	<u>23,430</u>	<u>\$ 267,195</u>

(18) Capital surplus

- A. Pursuant to the 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 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital surplus are as follows:

For the year ended December 31, 2025	Share options	Difference between consideration and carrying amount of acquired or disposed	Treasury share transactions	Others	Total
Balance at January 1	\$ 221,790	\$ 26,901	\$ 273,985	\$ -	\$522,676
Transactions with non-controlling interests of subsidiaries	-	13,598	-	-	13,598
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	23,430	-	23,430
Reclassification upon expiration of conversion options	(221,790)	-	-	221,790	-
Balance at December 31	<u>\$ -</u>	<u>\$ 40,499</u>	<u>\$ 297,415</u>	<u>\$ 221,790</u>	<u>\$559,704</u>

For the year ended December 31, 2024	Share options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at January 1	\$ 221,790	\$ 26,901	\$ 252,662	\$ 501,353
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	21,323	21,323
Balance at December 31	<u>\$ 221,790</u>	<u>\$ 26,901</u>	<u>\$ 273,985</u>	<u>\$ 522,676</u>

B. Details of 'Capital reserve - share options' are provided in Note 6(14), 'Bonds payable'.

C. Details of 'Capital reserve - treasury shares' are provided in Note 6(17), 'Share capital'.

(19) 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 Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations. Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations.

The current year's earnings, if any, shall first be used to pay all taxes, offset prior years' operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorized make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders during their meeting. The regulation in relation to approval from the shareholders is not applicable. In principle, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

C. Special reserve:

- (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amount of \$430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

- D. The Company recognized cash dividends distributed to owners amounting to \$302,163 and \$274,968 for the years ended December 31, 2025 and 2024, respectively. On March 5, 2026, the Board of Directors resolved the distribution of cash dividends from 2025 earnings amounting to \$90,649 (\$0.3 (in dollars) per share).

(20) Other equity

	For the year ended December 31, 2025		
	Currency translation	Unrealized losses on valuation	Total
At January 1	(\$ 78,627)	(\$ 364,307)	(\$ 442,934)
Revaluation - currency translation	(106,084)	-	(106,084)
Revaluation - unrealized gains on valuation	-	(69,505)	(69,505)
At December 31	<u>(\$ 184,711)</u>	<u>(\$ 433,812)</u>	<u>(\$ 618,523)</u>

	For the year ended December 31, 2024		
	Currency translation	Unrealized losses on valuation	Total
At January 1	(\$ 191,581)	(\$ 203,059)	(\$ 394,640)
Revaluation - currency translation	112,954	-	112,954
Revaluation - unrealized gains on valuation	-	(161,248)	(161,248)
At December 31	(\$ 78,627)	(\$ 364,307)	(\$ 442,934)

(21) Operating revenue

	For the years ended December 31,	
	2025	2024
Revenue from contracts with customers	\$ 3,738,349	\$ 4,098,346

A. The Company derives revenue from the transfer of goods at a point in time in the following major product lines:

	For the years ended December 31,	
<u>Major product lines</u>	2025	2024
Screws and nuts	\$ 1,848,314	\$ 1,703,072
Billet	1,033,874	828,889
Wire rods	799,277	1,543,934
Others	56,884	22,451
	<u>\$ 3,738,349</u>	<u>\$ 4,098,346</u>

B. Contract liabilities:

As of December 31, 2025, December 31, 2024, and January 1, 2024, the Company has recognized revenue-related contract liabilities of \$4,649, \$7,892 and \$16,183, respectively. Revenue recognized for the years ended December 31, 2025 and 2024, which was included in the contract liabilities at the beginning of the year, amounted to \$6,029 and \$13,378, respectively.

(22) Interest income

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits	\$ 4,760	\$ 17,994
Other interest	488	272
	<u>\$ 5,248</u>	<u>\$ 18,266</u>

(23) Other income

	For the years ended December 31,	
	2025	2024
Dividend income	\$ 19,879	\$ 13,815
Rent income	7,596	8,421
Government grants revenue	1,236	-
Other income	21,919	10,257
	<u>\$ 50,630</u>	<u>\$ 32,493</u>

(24) Other gains and losses

	For the years ended December 31,	
	2025	2024
Net (losses) gains on financial assets at fair value through profit or loss	(\$ 42,118)	\$ 86,905
Net foreign exchange (losses) gains	(17,833)	15,641
Gain on disposal of property, plant and equipment	26,381	7,694
Miscellaneous disbursements	(7,600)	(4,198)
	<u>(\$ 41,170)</u>	<u>\$ 106,042</u>

(25) Finance costs

	For the years ended December 31,	
	2025	2024
Interest expense:		
Ordinary bonds payable	\$ 48,205	\$ 48,723
Convertible bonds payable	5,841	28,869
Bank borrowings	21,889	6,391
Interest on lease liabilities	7,929	146
	<u>\$ 83,864</u>	<u>\$ 84,129</u>

(26) Expenses by nature

	For the year ended December 31, 2025		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 364,131	\$ 99,211	\$ 463,342
Depreciation	159,232	8,444	167,676
Amortization	6	535	541
	<u>\$ 523,369</u>	<u>\$ 108,190</u>	<u>\$ 631,559</u>

	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 296,527	\$ 92,213	\$ 388,740
Depreciation	96,198	8,280	104,478
Amortization	25	886	911
	<u>\$ 392,750</u>	<u>\$ 101,379</u>	<u>\$ 494,129</u>

(27) Employee benefit expense

	For the year ended December 31, 2025		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 311,538	\$ 69,359	\$ 380,897
Labor and health insurance fees	35,280	6,989	42,269
Pension costs	10,163	11,621	21,784
Directors' remuneration	-	9,172	9,172
Other personnel expenses	7,150	2,070	9,220
	<u>\$ 364,131</u>	<u>\$ 99,211</u>	<u>\$ 463,342</u>

	For the year ended December 31, 2024		
	Operating costs	Operating expenses	Total
Wages and salaries	\$ 255,502	\$ 62,885	\$ 318,387
Labor and health insurance fees	27,926	6,503	34,429
Pension costs	7,538	5,437	12,975
Directors' remuneration	-	15,716	15,716
Other personnel expenses	5,561	1,672	7,233
	<u>\$ 296,527</u>	<u>\$ 92,213</u>	<u>\$ 388,740</u>

- A. For the years ended December 31, 2025 and 2024, the average number of employees of the Company were 580 and 501, including 6 and 9 non-employee directors respectively. Average employee benefit expense and average employee salaries were \$791 and \$758, \$664 and \$647 for the years ended December 31, 2025 and 2024, respectively. Average employee salaries for the year ended December 31, 2025 increased by 2.63%.
- B. The Company has set up the Audit Committee and therefore it had no supervisors' remuneration for the current and previous years.
- C. The Company provides remuneration to directors for their services based on the Company's internal management policy and the general pay levels. Management follows the order of the Board of Directors to handle the business and is remunerated based on the Company's internal management policy and the general pay levels. The employee compensation policy of the Company is established based on the employee's ability, contribution to the Company, performance, and the market value of the position, which has a positive correlation with the Company's operating performance. Employee compensation packages are set based on the market value for the positions. Bonuses are linked to the achievement of the employee and

department targets. The Company designs a well-thought-out benefits measures in accordance with the laws and regulations and by taking into consideration the needs of employees.

- D. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation (of which at least 0.4% of earnings shall be distributed to non-managerial employees) and shall not be higher than 2% for directors' remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.
- E. For the years ended December 31, 2025 and 2024, employees' compensation was accrued at \$1,340 and \$6,290, respectively; while directors' remuneration was accrued at \$1,330 and \$6,280, respectively. The aforementioned amounts were recognized in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$6,290 and \$6,280, respectively, which were the same with the amounts recognized in the financial statements for the year ended December 31, 2024. The employees' compensation and directors' remuneration for 2025 as resolved by the Board of Directors on March 5, 2026 were \$1,340 and \$1,330, respectively, and the employees' compensation will be distributed in the form of cash.

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

(28) Income tax

A. Components of income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2025	2024
Current tax:		
Current tax on profits for the year	\$ 15,631	\$ 13,487
Prior year income tax under (over) estimation	1,208	(3,185)
Total current tax	16,839	10,302
Deferred tax:		
Origination and reversal of temporary differences	(8,033)	4,051
Income tax expense	\$ 8,806	\$ 14,353

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

	For the years ended December 31,	
	2025	2024
Remeasurement of defined benefit obligation	(\$ 2,151)	\$ 1,494
Financial statements translation differences of foreign operations	(23,618)	5,793
	<u>(\$ 25,769)</u>	<u>\$ 7,287</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	\$ 13,242	\$ 60,300
Effects from items disallowed by tax regulation	(26,006)	(58,464)
Separate taxation	20,362	15,702
Prior year income tax under (over) estimation	1,208	(3,185)
Income tax expense	<u>\$ 8,806</u>	<u>\$ 14,353</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		December 31
		in profit or loss	in other comprehensive income	
Deferred tax assets				
Temporary differences:				
Allowance for uncollectible accounts in excess of tax limits	\$ 1,535	\$ 2,070	\$ -	\$ 3,605
Loss on decline in inventory market value	4,659	9,636	-	14,295
Other deferred revenue and unrealised expenses	7,237	2,477	-	9,714
Currency translation differences	4,723	-	17,825	22,548
Remeasurements of defined benefit plan	5,710	-	2,151	7,861
Tax losses	94,654	-	-	94,654
	<u>\$ 118,518</u>	<u>\$ 14,183</u>	<u>\$ 19,976</u>	<u>\$ 152,677</u>
Deferred tax liabilities				
Temporary differences:				
Pensions	(\$ 5,450)	\$ 21	\$ -	(\$ 5,429)
Unrealized foreign exchange gain	(756)	(159)	-	(915)
Reserve for land value increment tax	(293,140)	-	-	(293,140)
Currency translation differences	(6,844)	-	5,793	(1,051)
Foreign investment income	(27,948)	(3,911)	-	(31,859)
Others	(5,635)	(2,101)	-	(7,736)
	<u>(\$ 339,773)</u>	<u>(\$ 6,150)</u>	<u>\$ 5,793</u>	<u>(\$ 340,130)</u>
	<u>(\$ 221,255)</u>	<u>\$ 8,033</u>	<u>\$ 25,769</u>	<u>(\$ 187,453)</u>

For the year ended December 31, 2024				
	January 1	Recognized		December 31
		in profit or loss	in other comprehensive income	
Deferred tax assets				
Temporary differences:				
Allowance for uncollectible accounts in excess of tax limits	\$ 1,212	\$ 323	\$ -	\$ 1,535
Loss on decline in inventory market value	5,389	(730)	-	4,659
Other deferred revenue and unrealised expenses	8,740	(1,503)	-	7,237
Currency translation differences	4,723	-	-	4,723
Remeasurements of defined benefit plan	7,204	-	(1,494)	5,710
Tax losses	94,654	-	-	94,654
	<u>\$ 121,922</u>	<u>(\$ 1,910)</u>	<u>(\$ 1,494)</u>	<u>\$ 118,518</u>

Deferred tax liabilities				
Temporary differences:				
Pensions	(\$ 5,802)	\$ 352	\$ -	(\$ 5,450)
Unrealized foreign exchange gain	-	(756)	-	(756)
Reserve for land value increment tax	(293,140)	-	-	(293,140)
Currency translation differences	(1,051)	-	(5,793)	(6,844)
Foreign investment income	(26,836)	(1,112)	-	(27,948)
Others	(5,010)	(625)	-	(5,635)
	<u>(\$ 331,839)</u>	<u>(\$ 2,141)</u>	<u>(\$ 5,793)</u>	<u>(\$ 339,773)</u>
	<u>(\$ 209,917)</u>	<u>(\$ 4,051)</u>	<u>(\$ 7,287)</u>	<u>(\$ 221,255)</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
2019	<u>\$ 516,191</u>	<u>\$ 473,269</u>	<u>\$ -</u>	2029
December 31, 2024				
Year incurred	Amount filed /assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2019	<u>\$ 516,191</u>	<u>\$ 473,269</u>	<u>\$ -</u>	2029

E. The Company did not recognize deferred tax liabilities related to taxable temporary difference of investment in subsidiaries. The unrecognized deferred tax liabilities were \$2,112,406 and \$1,697,435 as of December 31, 2025 and 2024, respectively.

F. The Company's income tax returns through 2023 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of March 5, 2026.

(29) Earnings per share

For the year ended December 31, 2025			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 55,298	278,733	\$ 0.20
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 55,298	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	160	
Convertible bonds	2,770	42,667	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 58,068	321,560	\$ 0.18
For the year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 287,146	278,733	\$ 1.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 287,146	278,733	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	313	
Convertible bonds	11,450	42,667	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 298,596	321,713	\$ 0.93

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2025	2024
Purchase of property, plant and equipment	\$ 140,461	\$ 24,591
Add: Opening balance of payable on equipment (listed as 'Other payables')	7,744	11,657
Less: Ending balance of payable on equipment (listed as 'Other payables')	(35,856)	(7,744)
Cash paid for acquisition of property, plant and equipment	<u>\$ 112,349</u>	<u>\$ 28,504</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2025	2024
(a) Write-off of uncollectible receivables	<u>\$ 773</u>	<u>\$ -</u>
(b) Inventories transferred to property, plant and equipment	<u>\$ -</u>	<u>\$ 448</u>
(c) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 15,051</u>	<u>\$ 2,000</u>
(d) Other non-current assets transferred to investment property	<u>\$ -</u>	<u>\$ 681</u>
(e) Property, plant and equipment transferred to non-current assets held for sale	<u>\$ -</u>	<u>\$ 28,377</u>
(f) Property, plant and equipment transferred to prepayments	<u>\$ 1,000</u>	<u>\$ -</u>

(32) Changes in liabilities from financing activities

	Short-term <u>borrowings</u>	Short-term <u>notes and bills payable</u>	Lease liability	Bonds payable <u>(including current portion)</u>	Long-term <u>borrowings</u>	Guarantee <u>deposits received</u>	Liabilities from <u>financing activities - gross</u>
At January 1, 2025	\$ 153,877	\$ -	\$ 3,452	\$ 4,593,680	\$ -	\$ 457	\$ 4,751,466
Changes in cash flow from financing activities	1,088,189	49,979	(57,782)	(1,600,000)	150,000	-	(369,614)
Changes in unamortized discount	-	-	-	4,071	-	-	4,071
Changes in other non-cash items	-	-	265,010	-	-	-	265,010
At December 31, 2025	<u>\$1,242,066</u>	<u>\$ 49,979</u>	<u>\$ 210,680</u>	<u>\$ 2,997,751</u>	<u>\$ 150,000</u>	<u>\$ 457</u>	<u>\$ 4,650,933</u>

	Short-term <u>borrowings</u>	Lease liability	Bonds payable <u>(including current portion)</u>	Guarantee <u>deposits received</u>	Liabilities from <u>financing activities - gross</u>
At January 1, 2024	\$ 143,062	\$ 54	\$ 4,578,558	\$ 457	\$ 4,722,131
Changes in cash flow from financing activities	10,815	(1,309)	-	-	9,506
Changes in unamortized discount	-	-	15,122	-	15,122
Changes in other non-cash items	-	4,707	-	-	4,707
At December 31, 2024	<u>\$ 153,877</u>	<u>\$ 3,452</u>	<u>\$ 4,593,680</u>	<u>\$ 457</u>	<u>\$ 4,751,466</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chun Bang Precision Co., Ltd. (Chun Bang)	Subsidiary
Chun Yu Works (USA) Inc.(Chun Yu Works (USA))	Subsidiary
Chun Yu Bio-Tech Corp.(Chun Yu Bio-Tech)	Subsidiary
Chun Yu Investment Co., Ltd. (Chun Yu Investment)	Subsidiary
Scholar Holdings Ltd. (Scholar)	Subsidiary
Pt Moon Lion Industries Indonesia (Pt Moon Lion)	Subsidiary
Chun Zu Machinery Industry Co., Ltd. (Chun Zu)	Subsidiary
Chun Yu (Dongguan) Metal Products Co., Ltd. (Chun Yu (Dongguan))	Subsidiary
Shanghai Uchee Hardware Proucts Ltd. (Shanghai Uchee)	Subsidiary
Ofco Industrial Corp. (Ofco)	Other related party
Gloria Material Technology Corp.(GMTC)	Other related party
TSG Transportation Corp.(TSG Transportation)	Other related party
TSG Environmental Technology Corp.(TSG Environmental)	Other related party
TSG Power Corp. (TSG Power)	Other related party
Golden Win Steel Industrial Corp. (Golden Win)	Other related party
Jia Jie Biomedical Co., Ltd.(Jia Jie)	Other related party
Mixiang Foods Co., Ltd. (Mixiang)	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:		
Ofco	\$ 492,369	\$ 591,555
Subsidiaries	62,335	119,158
	<u>\$ 554,704</u>	<u>\$ 710,713</u>

Goods are sold to related parties based on the terms that would be available to third parties, except for Chun Yu Works (USA) Inc. and Scholar Holdings Ltd., for which the goods are sold based on agreed prices as there are no similar transactions available for comparison. The average credit terms for related parties are 1~3 months which would be available to third parties, except for Chun Yu Works (USA) Inc. and SCHOLAR HOLDINGS LTD. with credit terms of 4~6 months.

B. Purchases

		For the years ended December 31,	
		2025	2024
Purchases of goods:			
Other related parties		\$ 146,817	\$ 67,423
Subsidiaries		138,560	50,473
		<u>\$ 285,377</u>	<u>\$ 117,896</u>

Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1~2 months. However, both parties may negotiate to extend payment terms depending on availability of funds.

C. Property transaction

(a) Acquisition of property, plant and equipment:

		For the years ended December 31,	
		2025	2024
	Objects		
Ofco	Machinery and equipment and other equipment	\$ 17,776	\$ 2,220
Chun Zu	Machinery and equipment	18,412	-
		<u>\$ 36,188</u>	<u>\$ 2,220</u>

The Company has acquired property, plant and equipment from related parties through negotiated pricing.

(b) Disposal of property, plant and equipment:

		For the years ended December 31,			
		2025		2024	
	Objects	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Other related parties	Machinery and equipment	\$ -	\$ -	\$ 1,762	\$ 1,637

D. Leasing arrangements – Lessee

(a) The Group leased buildings and machinery and equipment from Ofco in March 2025. Rental contracts are made for periods of 3 to 7 years. Rents are paid monthly in accordance with the contract terms.

(b) Acquisition of right-of-use assets:

		For the years ended December 31,	
		2025	2024
Ofco		<u>\$ 173,799</u>	<u>\$ -</u>

(c) Lease liabilities:

i. Ending balance

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Ofco	\$ 127,607	\$ -

ii. Interest expense

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Ofco	\$ 4,971	\$ -

E. Other expenses

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Other related parties	\$ 51,037	\$ 70,562
Subsidiaries	10,240	6,660
	<u>\$ 61,277</u>	<u>\$ 77,222</u>

F. Other income

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Management service income:		
Subsidiaries	\$ 4,869	\$ 9,631
Rent income:		
Chun Yu Bio-Tech	5,998	6,614
Other related parties	823	990
Subsidiaries	46	46
Dividend income:		
GMTC	14,368	-
Other income:		
Chun Yu Bio-Tech	8,464	7,449
Other related parties	4,511	1,156
Subsidiaries	1,049	313
	<u>\$ 40,128</u>	<u>\$ 26,199</u>

G. Accounts receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Ofco	\$ 105,930	\$ 123,718
Chun Yu Works (USA)	13,401	21,892
Subsidiaries	5	255
	<u>\$ 119,336</u>	<u>\$ 145,865</u>

H. Other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
SCHOLAR	\$ 12,000	\$ 10,217
Chun Yu Works (USA)	3,385	21,234
Subsidiaries	2,462	4,483
Other related parties	1	67
	<u>\$ 17,848</u>	<u>\$ 36,001</u>

I. Prepayments

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chun Zu	\$ 7,214	\$ 10,123
Subsidiaries	306	329
Other related parties	289	6,765
	<u>\$ 7,809</u>	<u>\$ 17,217</u>

J. Accounts payable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Chun Bang	\$ 22,280	\$ 11,589
Subsidiaries	308	308
TSG Transportation	290	4,217
Ofco	-	27,007
	<u>\$ 22,878</u>	<u>\$ 43,121</u>

K. Other payables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	\$ 15,468	\$ 1,247
Other related parties	9,060	10,230
	<u>\$ 24,528</u>	<u>\$ 11,477</u>

L. Advance receipts

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Mixiang	\$ 12,249	\$ 12,249

M. Endorsements and guarantees provided to related parties: Refer to Note 13(1)B, 'Provision of endorsements and guarantees to others'.

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Wages and salaries and other short-term benefits	<u>\$ 19,155</u>	<u>\$ 23,642</u>

8. Pledged Assets

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

Assets	December 31, 2025	December 31, 2024	Purpose
Land (Note)	\$ 358,824	\$ 358,824	Collateral for long-term borrowings limit and bonds payable
Buildings and structures, net (Note)	52,793	55,502	Collateral for long-term borrowings limit and bonds payable
	<u>\$ 411,617</u>	<u>\$ 414,326</u>	

(Note) Listed as 'Property, plant and equipment' and 'Investment property, net'.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

- (1) As of December 31, 2025 and 2024, the Company's capital expenditures contracted for at the balance sheet date but not yet incurred were \$122,484 and \$40,781, respectively.
- (2) As of December 31, 2025 and 2024, the Company's line of credit issued but not yet negotiated were \$27,666 and \$100,192, respectively.
- (3) Information on provision of endorsements and guarantees to others is provided in Note 13(1)B, 'Provision of endorsements and guarantees to others'.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

Details of the Company's financial instruments by category are provided in Note 6.

B. Financial risk management policies

- (a) The Company'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. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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

i. Foreign exchange risk

- (i) The Company operates internationally and is exposed to exchange rate risk arising from various functional currency, primarily with respect to the USD, RMB and IDR. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- (ii) Management has set up a policy to manage its foreign exchange risk against the functional currency. The Company's treasury is responsible for hedging its entire foreign exchange risk exposure. The Company's treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- (iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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		
(Foreign currency: functional currency)	<u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,767	31.43	\$ 244,117
EUR:NTD	329	36.90	12,140
<u>Investments accounted for under equity method</u>			
USD:NTD	57,056	31.43	1,793,276
IDR:NTD	545,626,981	0.0019	1,025,784

	December 31, 2024		
	Foreign currency amount		
(Foreign currency: functional currency)	(In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,306	32.79	\$ 239,527
EUR:NTD	195	34.14	6,657
<u>Investments accounted for under equity method</u>			
USD:NTD	54,503	32.79	1,786,881
IDR:NTD	420,541,515	0.00203	853,699
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	4,694	32.79	153,893

The 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/depreciated by 1%, the Company's net income would have decreased/increased by \$2,050 and \$738 for the years ended December 31, 2025 and 2024, respectively.

The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company amounted to (\$17,833) and \$15,641 for the years ended December 31, 2025 and 2024, respectively.

ii. Price risk

- (i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- (ii) The Company'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 have increased/decreased by \$3,890 and \$4,312 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 \$5,592 and \$4,806, respectively, as a result of other

comprehensive income on equity investment classified at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i) The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2025 and 2024, the Company borrowings at variable rate were mainly denominated in NTD.
- (ii) The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax would have decreased/increased by \$11,536 and \$1,231 for the years ended December 31, 2025 and 2024, 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing 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 Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: 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 since initial recognition.
- iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. If the default rate of an investment target exceeds 10%, there has been a significant increase in credit risk on that instrument since initial recognition.

- vi. The Company adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vii. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss and uses the historical and timely information to establish loss rate for assessing the default possibility of accounts receivable. Movements in relation to the Company applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	For the year ended December 31, 2025		
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ -	\$ 7,208	\$ 7,208
Expected credit loss	-	10,137	10,137
Write-off of uncollectible receivables	-	(773)	(773)
Balance at December 31	<u>\$ -</u>	<u>\$ 16,572</u>	<u>\$ 16,572</u>
	For the year ended December 31, 2024		
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ -	\$ 5,220	\$ 5,220
Expected credit loss	-	1,988	1,988
Balance at December 31	<u>\$ -</u>	<u>\$ 7,208</u>	<u>\$ 7,208</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The details of the Company's unused loan amounts are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Floating rate:		
Expiring within one year	\$ 1,187,934	\$ 356,123
Expiring beyond one year	<u>150,000</u>	<u>-</u>
	<u>\$ 1,337,934</u>	<u>\$ 356,123</u>

- iii. The table below analyses the Company'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:

December 31, 2025	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 1,252,321	\$ -	\$ -	\$ -
Short-term notes and bills payable	50,000	-	-	-
Accounts payable (including related parties)	102,714	-	-	-
Other payables	197,987	-	-	-
Lease liability	79,352	78,398	59,481	8,036
Bonds payable	1,950	1,950	3,001,950	-
Long-term borrowings	1,541	150,939	-	-
Guarantee deposits received	457	-	-	-
December 31, 2024	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 157,646	\$ -	\$ -	\$ -
Accounts payable (including related parties)	143,392	-	-	-
Other payables	174,419	-	-	-
Lease liability	1,680	1,680	280	-
Bonds payable	1,601,950	1,950	3,003,900	-
Guarantee deposits received	457	-	-	-

- iv. For non-derivative financial liabilities, the Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to 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 sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and emerging stocks with active market is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in listed stocks-private placement (Liquidity discount is 7.53% and 14.62%, respectively) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables, bonds payable (including current portion), long-term borrowings and guarantee deposits received) are approximate to their fair values.
- C. 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 at December 31, 2025 and 2024 are as follows:

<u>December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 141,150	\$ 247,800	\$ -	\$ 388,950
Financial assets at fair value through other comprehensive income				
Equity securities	<u>475,198</u>	<u>84,000</u>	<u>-</u>	<u>559,198</u>
	<u>\$ 616,348</u>	<u>\$ 331,800</u>	<u>\$ -</u>	<u>\$ 948,148</u>
<u>Non-recurring fair value measurements</u>				
Non-current assets held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,377</u>	<u>\$ 28,377</u>
<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 210,300	\$ 220,900	\$ -	\$ 431,200
Financial assets at fair value through other comprehensive income				
Equity securities	<u>369,139</u>	<u>111,440</u>	<u>-</u>	<u>480,579</u>
	<u>\$ 579,439</u>	<u>\$ 332,340</u>	<u>\$ -</u>	<u>\$ 911,779</u>
<u>Non-recurring fair value measurements</u>				
Non-current assets held for sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,377</u>	<u>\$ 28,377</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

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

- (b) 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 (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

- (c) Details of the fair value of non-current assets held for sale are provided in Note 6(11), 'Non-current assets held for sales, net'.

E. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2025 and 2024:

	<u>Non-current assets held for sale</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
At January 1	\$ 28,377	\$ -
Transferred into Level 3	-	28,377
At December 31	<u>\$ 28,377</u>	<u>\$ 28,377</u>

I. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 2, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value.

J. 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:

	<u>Fair value at December 31, 2025</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-current assets held for sale	\$ 122,666	Negotiation	Not applicable	Not applicable	Not applicable
	<u>Fair value at December 31, 2024</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-current assets held for sale	\$ 122,666	Negotiation	Not applicable	Not applicable	Not applicable

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2025)

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of significant marketable securities at the end of the period (not including 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 period: 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 Mainland Area: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of

endorsements and guarantees and financing, is provided in Note 13(1) B and F.

14. Segment Information

Not applicable.

Chun Yu Works & Co., Ltd.
Provision of endorsements and guarantees to others
For the year ended December 31, 2025

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025	Outstanding endorsement/ guarantee amount at December 31, 2025	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 1)											
0	Chun Yu Works & Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	2	\$ 2,322,985	\$ 332,050	\$ 314,300	\$ -	\$ -	8.12%	\$ 3,097,313	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:

1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follow: USD:NTD 1:31.4300, RMB:NTD 1:4.4960.

Chun Yu Works & Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2025

Table 2

Expressed in thousands of NTD

		As of December 31, 2025						
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note 1)	Number of shares (In thousands of shares or units)	Book value	Ownership (%)	Fair value	Footnote
Chun Yu Works & Co., Ltd.	Stocks - Taiwan Styrene Monomer Corporation	—	3	11,678	\$ 103,467	2.21	\$ 103,467	-
	Stocks - Gloria Material Technology Corporation	Other related party	3	5,526	177,385	0.92	177,385	-
	Stocks - King Kong Iron Works, Ltd.	—	3	304	772	0.55	772	-
	Stocks - King House CO., Ltd.	—	2	5,000	247,800	2.96	247,800	-
	Stocks - Argo Yachts Development Co., Ltd	—	1	4,500	71,550	3.22	71,550	-
	Stocks - TSG Development Co., Ltd. (Note 2)	—	3	7,000	84,000	4.80	84,000	-
	Stocks - IBF Financial Holdings Co., Ltd.	—	3	11,696	193,574	0.32	193,574	-
	Stocks - S-TECH Co., Ltd.	—	1	3,000	69,600	1.29	69,600	-
Chun Bang Precision Co., Ltd.	Stocks - The First Insurance Co., Ltd.	—	1	10	278	-	278	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,440	57,059	1.22	57,059	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	(Note 3)	23,430	397,141	7.75	397,141	-
	Stocks - Ofco Industrial Corporation	—	1	565	5,678	0.56	5,678	-
	Stocks - TMP Steel Corporation	—	1	435	9,331	0.44	9,331	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	6,618	58,635	1.25	58,635	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	(Note 4)	9	191	0.01	191	-
	Stocks - Taiwan Styrene Monomer Corporation	—	3	1,500	13,290	0.28	13,290	-
	Stocks - Jia Jie Biomedical Co., Ltd.	Other related party	3	750	11,625	0.63	11,625	-
Chun Zu Machinery Industry Co., Ltd.	Stocks - IBF Financial Holdings Co., Ltd.	—	3	7,431	122,988	0.20	122,988	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Structured Deposit- China Merchants Bank	—	1	-	22,375	-	22,375	-
Shanghai Uchee Hardware Products Ltd.	Structured Deposit- Bank of Communications	—	1	-	8,945	-	8,945	-

(Note 1) The code number explanation is as follows:

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

(Note 2) Originally named : DataVan International Corporation °

(Note 3) Information relating to the Company's stocks is provided in Note 6(17), 'Share capital'.

(Note 4) The Company's stocks held by Chun Yu Bio-tech Corp., listed as 'Financial assets at fair value through other comprehensive profit or loss- non-current', were changed to be shown as 'Investments accounted under equity method' when the group prepared the consolidated financial statements and fully eliminated.

Chun Yu Works & Co., Ltd.

Purchases or sales of goods from or to related parties reaching NT\$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)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	(\$ 492,369)	(6%)	2 ~ 3 months	\$ -	1 ~ 4 months	\$ 105,930	6%	-
	Ofco Industrial Corporation	Other related party	Purchases	146,817	2%	2 months	-	1 ~ 3 months	-	-	-
	Chun Bang Precision Co., Ltd.	Subsidiary	Purchases	138,560	2%	3 months	-	(Note 1)	(22,280)	(5%)	-
Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	The Company	(Sales)	(145,577)	(2%)	3 months	-	(Note 1)	22,883	1%	-
Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	Subsidiary	(Sales)	(151,355)	(2%)	3 months	-	(Note 1)	-	-	-
	Shanghai Uchee Hardware Products Ltd.	Subsidiary	Purchases	168,902	2%	3 months	-	(Note 2)	-	-	-
Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	(Sales)	(168,902)	(2%)	3 months	-	(Note 1)	-	-	-
	Chun Yu (Dongguan) Metal Products Co., Ltd.	Subsidiary	Purchases	151,355	2%	3 months	-	(Note 2)	-	-	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

(Note 2) The payment terms to third parties are 3 ~ 6 months after the acceptance.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:31.4300, RMB:NTD 1:4.4960), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2025 (USD:NTD 1:31.1315, RMB:NTD 1:4.3287).

Chun Yu Works & Co., Ltd.
Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital
December 31, 2025

Table 4

Expressed in thousands of NTD

			Receivables from related party			Overdue receivables			
Company Name	Name of the counterparty	Relationship	General ledger account	Amount	Turnover rate	Amount	Action taken	Subsequent collections	Allowance for doubtful accounts
							for overdue accounts		
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	Accounts receivable	\$ 105,930	4.29	\$ -	-	\$ 45,027	\$ -

Chun Yu Works & Co., Ltd.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2025

Table 5 Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction				Percentage of consolidated total operating revenue or total assets (Note 4)
				General ledger account	Amount	Transaction terms		
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	\$ 61,589	4 months		1%
		Chun Yu Works (USA) Inc.	1	Accounts receivable	13,401	-		-
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Endorsements/guarantees provided	314,300	-		3%
		Scholar Holdings Ltd.	1	Other receivables	12,000	-		-
		Chun Zu Machinery Industry Co., Ltd.	1	Property transaction	18,412	-		-
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	145,577	-		2%
			2	Accounts receivable	22,883	3 months		-
		Pt Moon Lion Industries Indonesia	3	Sales	23,321	3 months		-
2	Chun Zu Machinery Industry Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	32,661	3 months		-
			2	Accounts receivable	12,433	-		-
		Shanghai Chun Zu Machinery Industry Ltd.	3	Other receivables	26,976	-		-
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	3	Sales	58,644	-		1%
			3	Accounts receivable	35,015	-		-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	3	Sales	151,355	3 months		2%
			3	Other receivables	35,718	-		-
		Scholar Holdings Ltd.	3	Other receivables	15,288	-		-
5	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	168,902	3 months		2%
6	Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Accounts receivable	31,574	-		-

(Note 1) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is \$10 million and the transactions are disclosed in asset and income aspects .

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

- 1. Number 0 presents the Company.
- 2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transation parties are as follows:

- 1. The Company to the consolidated subsidiary.
- 2. The consolidated subsidiary to the Company.
- 3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 31.4300; RMB 1 : NTD 4.4960) prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2025 (USD 1 : NTD 31.1315; RMB 1 : NTD 4.3287).

Chun Yu Works & Co., Ltd.
Information on investees
For the year ended December 31, 2025

Table 6

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2025			Net profit (loss) of the investee for the year ended December 31, 2025	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Footnote
				Balance as at December 31, 2025	Balance as at December 31, 2024	Number of shares	Ownership (%)	Book value			
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	\$ 125,344	\$ 125,344	17,000,000	100.00	\$ 183,709	\$ 16,719	\$ 17,528	Subsidiary
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	114,728	3,800,000	100.00	422,169	12,170	14,871	Subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	74,888,032	100.00	138,210	(155,317)	(1,850)	Subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	67,059	(17,108)	(17,083)	Subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	1,131,878	44,356	44,362	Subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	231,305	15,725	15,725	Subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	297,226	154,760	16,646,523	83.23	1,025,716	309,356	250,275	Subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,597	52,597	28,821,939	47.81	466,204	16,545	6,604	Subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	62,860	62,860	-	100.00	530,782	61,480	-	Subsidiary (Note 1)

(Note 1) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 2) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:31.4300, RMB:NTD 1:4.4960), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2025 (USD:NTD 1:31.1315, RMB:NTD 1:4.3287).

Table 7

Chun Yu Works & Co., Ltd.														
Information on investments in Mainland China														
For the year ended December 31, 2025														
														Expressed in thousands of NTD
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote	
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	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 for the year ended December 31, 2025						
					Remitted to Mainland China	Remitted back to Taiwan								
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	\$ 2,026,638 (Note 1)	(Note 3)	\$ 1,514,706	\$ -	\$ -	\$ 1,514,706	\$ 44,526	100%	\$ 44,526	\$ 1,161,913	\$ -	(Note 9)	
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	31,430	(Note 4)	31,430	-	-	31,430	15,771	100%	15,771	229,595	149,387 (Note 7)	(Note 9)	
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	8,360	(Note 5)	-	-	-	- (	274)	100%	(274)	(3,972)	-	(Note 9)	
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	267,155 (Note 2)	(Note 6)	62,860	-	-	62,860	61,422	47.82%	29,372	251,312	556,294 (Note 8)	(Note 10)	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	\$ 1,776,204	\$ 1,776,204	\$ 2,752,990
Chun Zu Machinery Industry Co., Ltd.	62,860	204,295	630,918

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US\$64,481 thousand, consisting of US\$48,193 thousand that has been reported to the Investment Commission and US\$16,288 thousand from an investment loan from Scholar Holdings Ltd.

(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to UD\$8,500 thousand, consisting of UD\$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd. and US\$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US\$2,000 thousand were reported to the Investment Commission.

(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.

(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.

(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.

(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.

(Note 7) It is the cash dividends totaling US\$4,753 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.

(Note 8) It is the cash dividends amounting to US\$37,678 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.

(Note 9) Investment gains or losses were recognised based on audited financial statements.

(Note 10) The ceiling is calculated based on the 60% of the investor’s net assets or consolidated net assets (whichever is higher).

(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of December 31, 2025 are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 31.4300; RMB 1 : NTD 4.4960) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the year ended December 31, 2025 are translated into New Taiwan dollars at the average exchange rate for the year ended December 31, 2025 (USD 1 : NTD 31.1315; RMB 1 : NTD 4.3287).

CHUN YU WORKS & CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		\$ 241
Checking accounts		106
Demand deposits - NTD		44,506
Demand deposits - Foreign	USD 1,681 thousand, exchange rate: 31.43	52,832
currency	EUR 259 thousand, exchange rate: 36.90	9,573
		<u>\$ 107,258</u>

CHUN YU WORKS & CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Name of Financial Instrument</u>	<u>Beginning Balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>		<u>Collateral</u>	<u>Note</u>
	<u>Number of shares</u>		<u>Number of shares</u>		<u>Number of shares</u>		<u>Number of shares</u>			
	<u>(In thousands)</u>	<u>Fair Value</u>	<u>(In thousands)</u>	<u>Amount</u>	<u>(In thousands)</u>	<u>Amount</u>	<u>(In thousands)</u>	<u>Fair Value</u>		
Listed stocks:										
S-TECH Co., Ltd.	3,000	\$ 96,000	-	\$ -	-	\$ -	3,000	\$ 96,000	None	—
Emerging stocks:										
Argo Yachts Development Co., Ltd	4,500	<u>121,500</u>	-	<u>-</u>	-	<u>-</u>	4,500	<u>121,500</u>	None	—
		217,500		-		-		217,500		
Valuation adjustment		(7,200)		-		(69,150)		(76,350)		
		<u>\$ 210,300</u>						<u>\$ 141,150</u>		

CHUN YU WORKS & CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
SGCP UK Limited T/A British Gypsum	Accounts receivable	\$ 115,672	—
ChiRek Fastener Corporation	"	46,851	—
Flaig + Hommel GmbH	"	27,535	—
Others (individually less than 5%)	"	<u>221,766</u>	—
		411,824	
Less: Allowance for uncollectible accounts		(<u>16,572</u>)	
		<u>\$ 395,252</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES
DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Ofco Industrial Corp.	Accounts receivable	\$ 105,930	—
Chun Yu Works (USA) Inc.	"	13,401	—
Others (individually less than 5%)	"	<u>5</u>	—
		<u>\$ 119,336</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2025

(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$ 458,594	\$ 456,703	Refer to Note 4(8) for determination of net realizable value.
Supplies	263,164	338,032	
Work in progress	464,342	434,465	
Finished goods	<u>575,879</u>	<u>590,559</u>	
	1,761,979	<u>\$ 1,819,759</u>	
Less: Allowance for inventory valuation loss	(<u>71,475</u>)		
	<u>\$ 1,690,504</u>		

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Beginning Balance		Addition		Decrease		Valuation adjustment	Ending Balance		Collateral	Note
	Number of shares (In thousands)	Fair Value	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount		Number of shares (In thousands)	Fair Value		
Listed stocks-private placement:											
King House Co., Ltd. (Note)	5,000	\$ 220,900	-	\$ -	-	\$ -	\$ 26,900	5,000	\$ 247,800	None	—

(Note) Information relating to financial assets at fair value through profit or loss is provided in Note 6(2).

CHUN YU WORKS & CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Financial Assets	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount		
Listed stocks:										
Taiwan Styrene Monomer Corporation	11,678	\$ 258,939	-	\$ -	-	\$ -	11,678	\$ 258,939	None	—
Gloria Material Technology Corporation	5,526	290,263	-	-	-	-	5,526	290,263	None	—
IBF Financial Holdings Co., Ltd.	-	-	11,696	149,506	-	-	11,696	149,506	None	—
Listed stocks-private placement:										
TSG Development Co., Ltd. (Note 1) (Note 2)	7,000	99,400	-	-	-	-	7,000	99,400	None	—
Unlisted stocks:										
King Kong Iron Works, Ltd.	304	<u>772</u>	-	<u>-</u>	-	<u>-</u>	304	<u>772</u>	None	—
		649,374		149,506		-		798,880		
Valuation adjustment		(<u>168,795</u>)		44,068	(<u>114,955</u>)			(<u>239,682</u>)		
		<u>\$ 480,579</u>						<u>\$ 559,198</u>		

(Note 1) Information relating to financial assets at fair value through profit or loss - non-current is provided in Note 6(5).

(Note 2) Originally named 「DataVan International Corporation」。

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Investees	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Collateral	Footnote
	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Amount	Number of shares (In thousands)	Shareholding	Amount	Unit price	Total Amount		
Chun Bang Precision Co., Ltd.	15,000	\$ 170,560	2,000	\$ 17,528	- (\$	4,379)	17,000	100%	\$ 183,709	\$ 9.66	\$ 164,278	None	—
Chun Yu Works (USA) Inc.	3,800	425,070	-	14,871	- (	17,772)	3,800	100%	422,169	112.43	427,219	None	—
Chun Yu Investment Corp.	74,888	121,130	-	23,430	- (	6,350)	74,888	100%	138,210	7.15	535,352	None	—
Chun Yu Bio-Tech Corp.	10,000	87,034	-	3	- (	19,978)	10,000	100%	67,059	6.71	67,147	None	—
SCHOLAR HOLDINGS LTD.	33,183	1,107,108	-	44,362	- (	19,592)	33,183	100%	1,131,878	34.18	1,134,302	None	—
SUNNY CITY INTERNATIONAL LIMITED	1,000	244,084	-	15,725	- (	28,504)	1,000	100%	231,305	231.75	231,755	None	—
Pt Moon Lion Industries Indonesia	14,370	853,586	2,277	392,741	- (	220,611)	16,647	83.23%	1,025,716	61.62	1,025,779	None	—
Chun Zu Machinery Industry Co., Ltd.	28,822	481,668	-	21,066	- (	36,530)	28,822	47.81%	466,204	17.44	502,737	None	—
		<u>\$ 3,490,240</u>							<u>\$ 3,666,250</u>		<u>\$ 4,088,569</u>		

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Information relating to property, plant and equipment is provided in Note 6(7).

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED
DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Information relating to property, plant and equipment is provided in Note 6(7). Information relating to depreciation methods and useful lives is provided in Note 4(15).

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Business vehicle</u>	<u>Total</u>
Balance at January 1, 2025	\$ -	\$ -	\$ 4,707	\$ 4,707
Additions	<u>134,878</u>	<u>126,039</u>	<u>4,093</u>	<u>265,010</u>
Balance at December 31, 2025	<u>\$ 134,878</u>	<u>\$ 126,039</u>	<u>\$ 8,800</u>	<u>\$ 269,717</u>

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2025

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Business vehicle</u>	<u>Total</u>
Balance at January 1, 2025	\$ -	\$ -	\$ 1,308	\$ 1,308
Additions	<u>24,729</u>	<u>35,011</u>	<u>2,183</u>	<u>61,923</u>
Balance at December 31, 2025	<u>\$ 24,729</u>	<u>\$ 35,011</u>	<u>\$ 3,491</u>	<u>\$ 63,231</u>

CHUN YU WORKS & CO., LTD.
STATEMENT OF CHANGES IN DEFERRED INCOME TAX ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Information relating to income tax is provided in Note 6(28).

CHUN YU WORKS & CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Nature</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest</u>	<u>Credit Line</u>	<u>Collateral</u>	<u>Footnote</u>
Unsecured borrowings	First Commercial Bank	\$ 465,000	2025.9.23～2026.9.23	Note	\$ 500,000	None	—
	The Export-Import Bank of Ch	200,000	2025.4.1～2026.12.12	Note	200,000	None	—
	HSBC Bank (Taiwan) Limited	120,000	2025.11.27～2026.3.27	Note	120,000	None	—
	Entie Commercial Bank	100,000	2025.12.30～2026.1.29	Note	100,000	None	—
	Bank SinoPac	80,000	2025.11.25～2026.1.23	Note	300,000	None	—
	Bank of Taiwan	79,702	2025.8.26～2026.3.25	Note	230,000	None	—
	Shin Kong Commercial Bank	68,154	2025.9.30～2026.5.10	Note	150,000	None	—
	Taiwan Cooperative Bank	50,000	2025.12.10～2026.12.10	Note	50,000	None	—
	Chang Hwa Commercial Bank	30,000	2025.10.22～2026.4.22	Note	200,000	None	—
	CTBC Bank	30,000	2025.12.19～2026.2.13	Note	80,000	None	—
	Taiwan Business Bank	11,240	2025.11.18～2026.6.23	Note	100,000	None	—
	KGI Bank	7,970	2025.12.30～2026.6.30	Note	400,000	None	—
		<u>\$ 1,242,066</u>					

Note: Interest rate ranged from 1.96% to 2.20%.

CHUN YU WORKS & CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries payable		\$ 52,480	—
Payable on machinery and equipment		24,235	—
Annual bonus payable		16,441	—
Processing expenses payable		12,702	—
Accrued repair expenses		8,749	—
Others (individually less than 5%)		58,852	—
		<u>173,459</u>	
Related Parties:			
Chun Zu Machinery Industry Co., Ltd.	Payable on machinery and equipment and other accrued expenses	13,392	—
Ofco Industrial Corp.	Other accrued expenses	6,248	—
TSG Transportation Corp.	Other accrued expenses	2,812	—
Chun Bang Precision Co., Ltd.	Other accrued expenses	2,076	—
		<u>24,528</u>	
		<u>\$ 197,987</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Items	Guarantee bank	Issue date	Date of interest repayment	Coupon rate	Amount				Repayment term	Collateral	Note
					Total issue amount	Repayment	Ending balance	Book value			
1st Guarantee ordinary bonds payable in 2021	(Note)	2021.10.15	Note	Note	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 2,997,751	Note	Note	-

(Note) Please refer to Note 6(14) for the information related to bonds payable.

CHUN YU WORKS & CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2025

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

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Footnote</u>
The Export-Import Bank of China	Unsecured borrowings	<u>\$ 150,000</u>	2025.6.6~2027.11.5	1.03%	None	Interest is paid monthly on a pro rata basis, and the principal is repaid at maturity.

CHUN YU WORKS & CO., LTD.
STATEMENT OF DEFERRED INCOME TAX LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Information relating to income tax is provided in Note 6(28).

CHUN YU WORKS & CO., LTD.
STATEMENT OF NON-CURRENT LEASE LIABILITIES
DECEMBER 31, 2025

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

<u>Item</u>	<u>LeaseTerm</u>	<u>Discount rate</u>	<u>Amount</u>
Buildings	2025.3 ~ 2031.6	4.03%	\$ 112,722
Machinery and equipment	2025.3 ~ 2028.2	4.03%	92,540
Business vehicles	2024.3 ~ 2030.9	3.60% ~ 4.76%	<u>5,418</u>
			210,680
		Less: Expiring within one year	(72,448)
			<u>\$ 138,232</u>

CHUN YU WORKS & CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Item	Volume (ton)	Amount	Note
Steel billet	60,811	\$ 1,033,874	—
Screws	19,953	815,283	—
Taps	8,154	814,911	—
Annealing wires	25,758	730,809	—
Nuts	3,040	228,515	—
Polished wires	5,132	124,495	—
Processing fees revenue		55,852	—
Others		3,647	—
Total sales revenue		3,807,386	
Less: Sales returns	-	(56,273)	—
Sales discounts and allowances		(12,764)	—
		<u>\$ 3,738,349</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Amount</u>
Beginning raw materials	\$ 843,739
Add: Raw materials purchased	2,118,718
Less: Raw materials sold	(1,028,431)
Ending raw materials	(458,594)
Raw materials used during the year	<u>1,475,432</u>
Beginning supplies	180,778
Add: Supplies purchased	440,230
Less : Transferred to expense	(208)
Ending supplies	(263,164)
Supplies used during the year	<u>357,636</u>
Direct labor	<u>179,370</u>
Manufacturing overhead	<u>853,602</u>
Manufacturing cost	2,866,040
Beginning work in progress	297,558
Add: Transferred from finished goods	30,949
Ending work in progress	(464,342)
Cost of finished goods	2,730,205
Beginning finished goods	441,535
Add: Finished goods purchased	107,605
Less: Transferred to work in progress	(30,949)
Ending finished goods	(575,879)
Production and sales cost	2,672,517
Add: Cost of raw materials sold	<u>1,028,431</u>
Cost of goods sold	3,700,948
Loss on physical inventory	1,045
Provision for inventory market price decline	48,180
Income from sales of scraps	(27,057)
Operating costs	<u><u>\$ 3,723,116</u></u>

CHUN YU WORKS & CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Utilities expense		\$ 191,129	—
Depreciation charge		159,232	—
Indirect labor		142,331	—
Processing expense		115,396	—
Fuel expense		77,174	—
Repair expenses		49,575	—
Others (individually less than 5%)		<u>118,765</u>	—
		<u>\$ 853,602</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 24,405	—
Export expense		20,189	—
Freight		14,233	—
Other expenses (individually less than 5%)		12,942	—
		<u>\$ 71,769</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 55,972	—
Directors' remuneration		9,172	—
Depreciation charge		7,979	—
Security expense		7,197	—
Professional service fee		6,710	—
Other expenses (individually less than 5%)		41,059	—
		<u>\$ 128,089</u>	

CHUN YU WORKS & CO., LTD.
STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Information relating to other income is provided in Note 6(23).

CHUN YU WORKS & CO., LTD.
STATEMENT OF NET AMOUNT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Information relating to other gains and losses is provided in Note 6(24).

CHUN YU WORKS & CO., LTD.
STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Information relating to finance costs is provided in Note 6(25).

CHUN YU WORKS & CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, AND
AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2025
(Expressed in thousands of New Taiwan dollars)

Information relating to expenses by nature is provided in Note 6(26). Information relating to employee benefit expense is provided in Note 6(27).