

Federal Corporation and Subsidiaries  
Consolidated Financial Statements and  
Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024

Address: 2F-2, No. 398, Huanbei Rd., Zhongli  
Dist., Taoyuan City  
Tel: (03) 452-2156

**Notice to readers**

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.

Federal Corporation and Subsidiaries  
Table of Contents  
of the Consolidated Financial Statements  
For the Years Ended December 31, 2025 and 2024

Item	Page
I. Cover Page	1
II. Table of Contents	2
III. Declaration of Consolidated Financial Statements of	3
IV. Independent Auditors' Report	4–9
V. Consolidated Balance Sheets	10–11
VI. Consolidated Statements of Comprehensive Income	12
VII. Consolidated Statements of Changes in Equity	13
VIII. Consolidated Statements of Cash Flows	14–15
IX. Notes to the Consolidated Financial Statements	16–98
1. Company History	16
2. Authorization Date and Procedures for Issuance of	16
3. New Standards, Amendments, and Interpretations	16–18
4. Summary of Significant Accounting Policies	18–38
5. Significant Accounting Assumptions and Judgments,	38–40
6. Details of Significant Accounting Items	40–92
7. Related Party Transactions	92–95
8. Pledged Assets	95
9. Significant Contingent Liabilities and Unrecognized	95–98
10. Significant Disaster Losses	98
11. Significant Events after the Balance Sheet Date	98
12. Others	98
13. Supplementary Disclosures	98–99
(1) Information on Significant Transactions	98
(2) Information on Investees	98–99
(3) Information on Investments in Mainland China	99
14. Segment Information	99–110

# **Representation Letter on Consolidated Financial Statements of Affiliated Enterprises**

The entities that are required to be included in the combined financial statements of Federal Corporation as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Federal Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Federal Corporation

Kuo, Lin-Liang

Chairman

March 3, 2026

## Independent Auditors' Report

NO. 23931140CA

To the Board of Directors and Shareholders of the Federal Corporation,

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and their consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

### **Basis for Opinions**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants

(IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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

The key audit matters in the audit of the Group's consolidated financial statements for 2025 are as follows:

#### Fair value assessment of investment property

For the accounting policies for investment property, please refer to Note 4(9) to the consolidated financial statements; for the uncertainty of accounting estimates and assumptions for investment property, please refer to Note 5 to the consolidated financial statements; for the description of investment property as an accounting item, please refer to Note 6(9) to the consolidated financial statements.

The investment properties of the Group are measured at fair value. To support management in making reasonable estimates, the Group uses valuation reports from independent appraisal firms. As the valuation methods and parameters selected for the valuation involve many significant judgments and estimates, the fair value measurement of investment properties has been identified as a key audit matter.

Our principal audit procedures performed were as follows:

1. Assessed the competence, capabilities, and objectivity of the real estate appraisers appointed by management to be responsible for fair value measurements.

2. Reviewed the fair value appraisal report to understand whether the appraisal methods and assumptions comply with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Regulations on Real Estate Appraisal, etc., and evaluated the relevance and reliability of the data sources and significant parameters used in the appraisal report, as well as the reasonableness of the appraisal results.

### **Other Matters**

The Group has prepared its consolidated financial statements for 2025 and 2024, on which we have issued an unqualified opinions audit report, which is available for reference.

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

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

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

Those charged with governance of the Group (including the Audit Committee) are responsible for overseeing the financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. As fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.
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 internal control of the Group.
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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit on the Group. We remain solely responsible for our audit opinion on the Group.

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

Baker Tilly Clock & CO

CPA: \_\_\_\_\_

Peng, Li-Chen

CPA: \_\_\_\_\_

Lin, Chi-Ping

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1050025873

Jin-Guan-Zheng-Shen-Zi No. 1100377905

March 3, 2026

Federal Corporation and Subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2025 and 2024

Unit: NTD thousand

Assets		Note	December 31, 2025		December 31, 2024	
Code	Accounting item		Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 2,896,330	24	\$ 784,299	6
1136	Current financial assets at amortized cost	6(2), 8	23,389	–	47,642	–
1150	Notes receivable	6(3), 20)	11,470	–	11,279	–
1170	Accounts receivable	6(3), 20)	72,419	1	54,798	1
1200	Other receivables		22,426	–	7,739	–
1220	Income tax assets for the period	6(25)	4,804	–	8,949	–
130x	Inventories	6(4)	12,221	–	31,692	–
1410	Prepayments		27,246	–	46,680	–
1460	Non-current assets held for sale	6(5)	25,659	–	–	–
1470	Guarantee deposits paid	6(6)	347,500	3	–	–
11xx	Total current assets		3,443,464	28	993,078	7
	Non-current assets					
1600	Property, plant and equipment	6(6), 7, 8	3,360	–	3,926,565	29
1755	Right-of-use assets	6(7)	23,967	–	24,847	–
1760	Investment property	6(9), 8	6,169,112	50	6,034,564	45
1780	Intangible assets	6(10)	1,549	–	3,641	–
1840	Deferred tax assets	6(25)	103,990	1	68,853	1
1920	Guarantee deposits paid	8	30,693	–	34,140	–
1900	Other non-current assets	6(11)	2,509,073	21	2,333,822	18
15xx	Total non-current assets		8,841,744	72	12,426,432	93
1xxx	Total assets		\$ 12,285,208	100	\$ 13,419,510	100

(Continued on next page)

Federal Corporation and Subsidiaries  
Consolidated Balance Sheets (Continued)  
As of December 31, 2025 and 2024

Unit: NTD thousand

Liabilities and equity		Note	December 31, 2025		December 31, 2024	
Code	Accounting item		Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	6(12)	\$ -	-	\$ 681,000	5
2130	Contract liabilities – current	6(20)	18,548	-	24,886	-
2170	Accounts payable	6(13), 7	31,031	-	32,413	-
2200	Other payables	6(14)	133,793	1	22,465	-
2250	Provisions for liabilities – current	6(15)	28,703	-	28,947	1
2280	Lease liabilities – current	6(7)	58,523	1	3,138	-
2320	Current portion of long-term borrowings	6(16)	-	-	117,100	1
2300	Other current liabilities		49,075	-	22,525	-
21xx	Total current liabilities		319,673	2	932,474	7
	Non-current liabilities					
2540	Long-term borrowings	6(16)	-	-	3,709,903	28
2570	Deferred income tax liabilities	6(25)	1,030,467	9	968,797	7
2580	Lease liabilities – non-current	6(7)	348	-	2,176	-
2645	Guarantee deposits received		13,049	-	3,250	-
2670	Other non-current liabilities	6(11)	1,274,107	10	1,060,099	8
25xx	Total non-current liabilities		2,317,971	19	5,744,225	43
2xxx	Total liabilities		2,637,644	21	6,676,699	50
	Equity	6(18)				
3110	Ordinary shares		4,733,292	39	4,733,292	35
3200	Capital surplus		164,214	1	164,214	1
	Retained earnings					
3310	Legal reserve		736,014	6	736,014	5
3320	Special reserve		1,912,816	16	1,912,816	14
3350	Unappropriated accumulated deficit		(2,488,592)	(21)	(5,373,224)	(39)
3400	Other equity		4,772,855	39	4,752,734	35
3500	Treasury shares		(183,035)	(1)	(183,035)	(1)
31xx	Total equity attributable to owners of parent		9,647,564	79	6,742,811	50
3xxx	Total equity		9,647,564	79	6,742,811	50
	Total liabilities and equity		\$ 12,285,208	100	\$ 13,419,510	100

(Please refer to the accompanying Notes to the Consolidated Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Code	Item	Note	2025		2024	
			Amount	%	Amount	%
4000	Operating revenue	6(20)	\$ 265,852	100	\$ 267,380	100
5000	Operating costs	6(4, 26), 7	(211,607)	(80)	(249,931)	(93)
5900	Gross profit from operations		54,245	20	17,449	7
6000	Operating expenses	6(26)				
6100	Selling expenses		(48,818)	(18)	(69,896)	(26)
6200	Administrative expenses		(218,640)	(82)	(153,012)	(57)
6300	Research and development expenses		(8,060)	(3)	(24,123)	(9)
6450	Expected credit (loss) gain	6(3)	(4,707)	(2)	3,400	1
	Total operating expenses		(280,225)	(105)	(243,631)	(91)
6900	Operating loss		(225,980)	(85)	(226,182)	(84)
7000	Non-operating income and expenses					
7100	Interest income	6(21)	14,531	6	26,264	10
7010	Other income	6(15, 22)	8,346	3	59,107	22
7020	Other gains and losses	6(6, 9, 23, 26), 7	3,223,439	1,212	(207,966)	(78)
7050	Finance costs	6(24)	(93,235)	(35)	(94,455)	(36)
7055	Expected credit loss		(2,910)	(1)	-	-
	Total non-operating income and expenses		3,150,171	1,185	(217,050)	(82)
7900	Net profit (loss) before tax		2,924,191	1,100	(443,232)	(166)
7950	Tax expense	6(25)	(39,559)	(15)	(21,922)	(8)
8200	Net profit (loss) for the period		2,884,632	1,085	(465,154)	(174)
8300	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8312	Revaluation surplus from property	6(9, 18)	49,145	18	-	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	6(18, 25)	(27,911)	(10)	-	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements	6(18)	(1,113)	-	18,349	7
	Other comprehensive income (loss), net of tax		20,121	8	18,349	7
8500	Total comprehensive income (loss)		\$ 2,904,753	1,093	\$ (446,805)	(167)
8600	Net profit (loss) attributable to:					
8610	Owners of parent company		\$ 2,884,632	1,085	\$ (465,154)	(174)
8700	Total comprehensive income (loss) attributable to:					
8710	Owners of parent company		\$ 2,904,753	1,093	\$ (446,805)	(167)
9750	Earnings (loss) per share (NTD) Basic earnings (loss) per share	6(19)	\$ 6.28		\$ (1.01)	

(Please refer to the accompanying Notes to the Consolidated Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Item	Equity attributable to owners of the parent								Total equity
	Ordinary shares	Capital surplus	Retained earnings			Other equity items		Treasury shares	
			Legal reserve	Special reserve	Unappropriated accumulated deficit	Exchange differences on translation of foreign financial statements	Revaluation surplus from property		
Balance as of January 1, 2024	\$ 4,733,292	\$ 164,221	\$ 736,014	\$ 1,912,816	\$ (4,908,070)	\$ (188,814)	\$ 4,923,199	\$ (183,035)	\$ 7,189,623
Return of shareholder donation	-	(7)	-	-	-	-	-	-	(7)
Net loss for the period	-	-	-	-	(465,154)	-	-	-	(465,154)
Other comprehensive income (loss) for the period	-	-	-	-	-	18,349	-	-	18,349
Total comprehensive income (loss)	-	-	-	-	(465,154)	18,349	-	-	(446,805)
Balance as of December 31, 2024	\$ 4,733,292	\$ 164,214	\$ 736,014	\$ 1,912,816	\$ (5,373,224)	\$ (170,465)	\$ 4,923,199	\$ (183,035)	\$ 6,742,811
Balance as of January 1, 2025	\$ 4,733,292	\$ 164,214	\$ 736,014	\$ 1,912,816	\$ (5,373,224)	\$ (170,465)	\$ 4,923,199	\$ (183,035)	\$ 6,742,811
Net profit for the period	-	-	-	-	2,884,632	-	-	-	2,884,632
Other comprehensive income (loss) for the period	-	-	-	-	-	(1,113)	21,234	-	20,121
Total comprehensive income (loss)	-	-	-	-	2,884,632	(1,113)	21,234	-	2,904,753
Balance as of December 31, 2025	\$ 4,733,292	\$ 164,214	\$ 736,014	\$ 1,912,816	\$ (2,488,592)	\$ (171,578)	\$ 4,944,433	\$ (183,035)	\$ 9,647,564

(Please refer to the accompanying Notes to the Consolidated Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation and Subsidiaries  
Consolidated Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Item	2025	2024
Cash flow from operating activities:		
Net profit (loss) before tax for the period	\$ 2,924,191	\$ (443,232)
Adjustments:		
Income and expense items		
Depreciation expense	86,125	218,255
Amortization expense	2,092	2,916
Expected credit loss (gain)	7,617	(3,400)
Interest expense	93,235	94,455
Interest income	(14,531)	(26,264)
Gain on disposal of property, plant and equipment	(14,911)	(26,536)
Gain on disposal of non-current assets held for sale	(94,427)	–
Impairment loss on non-financial assets	876,938	183,262
Loss (gain) from fair value adjustment of investment property	78,624	(75,982)
(Gain) Loss on lease modification	(7)	11
Gain on rights transferred in sale and leaseback transactions	(4,202,401)	–
Changes in operating assets and liabilities		
Notes receivable	(191)	(5,928)
Accounts receivable	(21,870)	(8,062)
Other receivables	(12,197)	3,200
Inventories	19,471	42,827
Prepayments	19,434	(12,700)
Contract liabilities	(6,338)	2,707
Accounts payable	(1,382)	4,981
Other payables	114,416	(28,574)
Provisions for liabilities	(244)	(63,229)
Other current liabilities	4,908	618

(Continued on next page)

Federal Corporation and Subsidiaries  
Consolidated Statements of Cash Flows (Continued)  
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Item	2025	2024
Cash outflow generated from operations	\$ (141,448)	\$ (140,675)
Interest received	15,817	26,595
Interest paid	(96,308)	(94,005)
Income taxes paid	(34,835)	(2,092)
Net cash flows used in operating activities	(256,774)	(210,177)
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(26,250)	(29,016)
Disposal of financial assets at amortized cost	50,266	412,839
Disposal of non-current assets held for sale	7,161,818	–
Acquisition of property, plant and equipment	(9,755)	(23,767)
Disposal of property, plant and equipment	15,553	105,392
Increase in guarantee deposits paid	(352,425)	(24,214)
Decrease in guarantee deposits paid	8,372	31,601
Acquisition of investment properties	(11,882)	–
Increase in other non-current assets	(175,251)	(299,839)
Increase in other non-current liabilities	214,008	–
Net cash inflow from investing activities	6,874,454	172,996
Cash flows from financing activities:		
(Decrease) Increase in short-term borrowings	(681,000)	281,000
Repayments of long-term borrowings	(3,827,003)	(117,100)
Increase in guarantee deposits received	11,387	761
Decrease in guarantee deposits received	(2,028)	–
Repayments of lease liabilities	(8,071)	(3,398)
Return of shareholder donation	–	(7)
Net cash flows from (used in) financing activities	(4,506,715)	161,256
Effect of exchange rate changes on cash and cash equivalents	1,066	5,652
Increase in cash and cash equivalents for the period	2,112,031	129,727
Cash and cash equivalents at beginning of period	784,299	654,572
Cash and cash equivalents at end of period	\$ 2,896,330	\$ 784,299

(Please refer to the accompanying Notes to the Consolidated Financial Statements)

Chairman: Kuo, Lin-Liang

Manager: Chung, Cheng-Yen

Accounting Supervisor: Li, Hsin-Yu

Federal Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

1. Company History

Federal Corporation (the "Company") was established in November 1955, originally named Federal Rubber Industrial Co., Ltd., and changed its name to Federal Corporation in October 1969. The Company's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since July 1979. The Company and its subsidiaries (hereinafter referred to as the "Group") are primarily engaged in the sale of automobile tires and rubber, as well as real estate development and leasing.

These consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

2. Approval Date and Procedures of the Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 3, 2026.

3. New Standards, Amendments, and Interpretations Adopted

(1) Impact of the adoption of newly issued or amended International Financial Reporting Standards (IFRS) Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The following table summarizes the newly issued, amended, and revised standards and interpretations of IFRS Accounting Standards applicable in 2025 that have been endorsed and issued into effect by the FSC:

New, revised or amended standards and interpretations	Effective date issued by International Accounting Standards Board (IASB)
Amendments to IAS 21, <i>Lack of exchangeability</i>	January 1, 2025

The application of the above standards and interpretations has no material impact on the Group's financial position and financial performance.

(2) Effects of newly issued or amended IFRS Accounting Standards endorsed by FSC but not yet adopted

The following table summarizes the newly issued, amended, and revised standards and interpretations of IFRS Accounting Standards endorsed by the FSC that are applicable in 2026:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	January 1, 2026
IFRS 17, <i>Insurance Contracts</i>	January 1, 2023
Amendments to IFRS 17, <i>Insurance Contracts</i>	January 1, 2023
Amendments to IFRS 17, <i>Initial Application of IFRS 17 and IFRS 9—Comparative Information</i>	January 1, 2023
<i>Annual Improvements to IFRS Accounting Standards—Volume 11</i>	January 1, 2026

The Group has assessed that the aforementioned standards and interpretations have no material impact on the Group's financial position and financial performance.

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

The following table summarizes the newly issued, amended, and revised

standards and interpretations that have been issued by the IASB but have not yet been incorporated into the IFRS Accounting Standards endorsed by the FSC:

New, revised or amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by the IASB
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027(Note)
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	January 1, 2027
Amendments to IAS 21, <i>Translation to a Hyperinflationary Presentation Currency</i>	January 1, 2027

Note: The FSC announced in a press release on September 25, 2025, that public companies shall apply IFRS 18 starting from 2028; in addition, if a company has a need for early adoption of IFRS 18, it may also choose to do so once IFRS 18 is endorsed by the FSC.

Except as explained below, the Group has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance.

IFRS 18, *Presentation and Disclosure in Financial Statements*, replaces IAS 1 and updates the structure in the statement of comprehensive income, adds disclosures for management performance measures, and strengthens the principles of aggregation and disaggregation applied to the primary financial statements and notes.

#### 4. Summary of Significant Accounting Policies

##### (1) Compliance statement

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, International Accounting Standards (IAS), IFRS Interpretations, and SIC Interpretations (collectively, "IFRSs") as endorsed and issued into effect by the FSC.

##### (2) Basis of preparation

Except for investment property measured at fair value, these consolidated

financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Items involving a high degree of judgment or complexity, or items involving significant assumptions and estimates relative to the consolidated financial statements, are disclosed in Note 5.

(3) Basis of consolidation

i. Principles of preparation of consolidated financial statements:

These consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company (subsidiaries).

The consolidated statement of comprehensive income includes the operating profit or loss of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal.

The financial statements of subsidiaries have been adjusted to align their accounting policies with those of the Group.

In the preparation of the consolidated financial statements, all intra-group transactions, account balances, income, and expenses have been eliminated in full.

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

the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is the difference between: (1) the aggregate of the fair value of the consideration received and the fair value of any residual investment in the former subsidiary at the date when control is lost, and (2) the aggregate of the carrying amount of the former subsidiary's assets (including goodwill) and liabilities and non-controlling interests at the date when control is lost. The Group's accounting treatment for all amounts recognized in the Other comprehensive income related to that subsidiary is on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

ii. Subsidiaries included in the consolidated financial statements:

The details of the Company's subsidiaries as of the end of the reporting period are as follows:

Investor	Subsidiary	Business nature	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	Taixin Construction Co., Ltd.(Taixin)	Commissioning of construction contractors for residential building construction, and leasing and sales business	100.00	100.00	–
The Company	Federal International Holding.Inc. (FIH)	General investment	100.00	100.00	–
The Company	Rongcheng Development Co., Ltd. (Rongcheng)	Commissioning of construction contractors for residential building construction, and leasing and sales business	100.00	100.00	–

Investor	Subsidiary	Business nature	Ownership (%)		Description
			December 31, 2025	December 31, 2024	
The Company	Fu Cheng Development Co., Ltd. (Fu Cheng)	Commissioning of construction contractors for residential building construction, and leasing and sales business	100.00	100.00	–
FIH	Federal Tire North America LLC. (FTNA)	Distribution of tires	–	100.00	Note
FIH	Karroy Development Limited (Karroy)	Commercial building leasing business	100.00	100.00	–
FIH	Amberg Investments Pte.Ltd. (Amberg)	General investment	100.00	100.00	–
Amberg	Federal Tire (Jiangxi) Co., Ltd. (Federal Jiangxi)	Sale of various tires and rubber products, and leasing and sales business	100.00	100.00	–

Note: Federal Tire North America LLC (FTNA) completed its dissolution and liquidation in March 2025.

iii. Subsidiaries not included in the consolidated financial statements:

None.

iv. Adjustments for different accounting periods of subsidiaries and handling method: None.

v. Material restrictions: None.

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

(4) Criteria for classifying assets and liabilities as current or non-current

i. Assets that meet any of the following conditions shall be classified as current assets; assets that do not belong to current assets are non-current assets:

(i) Expected to be realized, or is intended to be sold or consumed, in its normal operating cycle.

- (ii) Held primarily for the purpose of trading.
- (iii) Expected to be realized within 12 months after the balance sheet date.
- (iv) Cash or Cash equivalents, unless restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

ii. Liabilities that meet any of the following conditions shall be classified as current liabilities; liabilities that do not belong to current liabilities are non-current liabilities:

- (i) Expected to be settled in its normal operating cycle.
- (ii) Held primarily for the purpose of trading.
- (iii) Due to be settled within 12 months after the balance sheet date (even if a long-term refinancing or a rescheduling of payment agreement is completed after the balance sheet date and before the date the financial report is authorized for issue, it shall still be classified as current liabilities).
- (iv) For which the entity does not have a substantive right to defer settlement for at least 12 months after the balance sheet date.

(5) Foreign currencies

In preparing the financial statements, transactions of each entity in currencies other than the entity's functional currency (foreign currencies) are recorded by converting them to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency monetary items are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or from translating monetary items are recognized in

profit or loss in the period in which they arise.

Foreign currency non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value was determined, and the resulting exchange differences are recognized in profit or loss for the period; however, for those whose changes in fair value are recognized in other comprehensive income, the resulting exchange differences are recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction and are not retranslated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries in countries where the operations are located or whose currencies used are different from that of the Company) are translated into New Taiwan dollars at the exchange rates at each balance sheet date. Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are recognized in Other comprehensive income.

If the Group disposes of its entire interest in a foreign operation, or disposes of a partial interest in a subsidiary that is a foreign operation and loses control, all cumulative exchange differences related to that foreign operation are reclassified to profit or loss.

If a partial disposal of a subsidiary that is a foreign operation does not result in a loss of control, a proportionate share of the cumulative exchange differences is re-attributed to the non-controlling interests of that subsidiary and is not recognized in profit or loss.

(6) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are calculated based on the weighted average method. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(7) Non-current assets held for sale

The carrying amount of non-current assets is classified as held for sale if it is expected to be recovered principally through a sale transaction rather than through continuing use. Non-current assets meeting this classification must be available for immediate sale in their present condition and their sale must be highly probable. A sale is considered highly probable when the appropriate level of management is committed to a plan to sell the asset, and the sale is expected to be completed within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and depreciation of such assets is ceased.

(8) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated Impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated Impairment loss. Cost includes professional fees and borrowing costs that meet the capitalization criteria.

Samples produced while testing whether such assets are functioning

properly before reaching their intended use state are measured at the lower of cost and net realizable value, and the sales proceeds and costs thereof are recognized in profit or loss.

When such assets are completed and reach their intended state of use, they are classified into the appropriate category of property, plant and equipment and depreciation begins to be recognized.

Except for land, which is not depreciated, other property, plant and equipment are depreciated on a straight-line basis over their useful lives for each significant part separately. The Group reviews the estimated useful lives, residual values, and depreciation methods at least at each financial year-end, and the effect of any changes in accounting estimates is accounted for on a prospective basis.

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

(9) Investment property

Investment property is property held to earn rentals or for capital appreciation or both (including right-of-use assets that meets the definition of investment property). Investment property also includes land held for a currently undetermined future use.

Owned investment properties are initially measured at cost (including transaction costs). Investment properties are subsequently measured using the fair value model, and changes in fair value are recognized in profit or loss in the period in which they arise.

When real estate of property, plant and equipment is reclassified from owner-occupied to investment property, the difference between the original carrying amount and the fair value is recognized in other comprehensive income and accumulated in equity under the revaluation surplus item, and is transferred directly to retained earnings upon derecognition of the asset.

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

(10) Intangible assets

i. Acquired separately

Acquired separately with finite useful lives are initially measured at cost, and subsequently measured at cost less accumulated amortization and accumulated Intangible assets. Intangible assets is amortized on a straight-line basis over its useful life. The Group reviews the estimated useful life, residual value, and amortization method at least at each financial year-end, and the effect of any changes in accounting estimates is accounted for on a prospective basis.

ii. Derecognition

Upon derecognition of Intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(11) Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is any

indication that property, plant and equipment, right-of-use assets, and intangible assets may be impaired. If any indication of impairment exists, the recoverable amount of the asset shall be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no Impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of Impairment loss are recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

When a financial asset or financial liability is recognized initially, it is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are

directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i. Financial assets

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

(i) Measurement categories

The types of financial assets held by the Group are financial assets at amortized cost.

Financial assets invested by the Group that simultaneously meet the following two conditions are classified as financial assets at amortized cost:

A. Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

B. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, and other receivables) are, after initial recognition, measured at amortized cost, which is the gross carrying amount determined using the effective interest method less any Impairment loss. Any foreign exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, Interest revenue is calculated by applying the effective interest rate to the gross carrying

amount of the financial asset:

- A. For purchased or originated credit-impaired financial assets, Interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- B. For financial assets that are not purchased or originated credit-impaired but subsequently become credit-impaired, Interest revenue shall be calculated by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period after the credit impairment.

Cash equivalents includes time deposits and repurchase agreements with a maturity of three months or less from the date of acquisition, which are highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments.

(ii) Impairment of financial assets

- A. At each balance sheet date, the Group assesses the impairment loss for financial assets at amortized cost (including accounts receivable) based on expected credit losses.
- B. A loss allowance is recognized for accounts receivable based on lifetime expected credit losses (ECLs). For other financial assets, an assessment is first made as to whether credit risk has increased significantly since initial recognition. If it has not increased significantly, a loss allowance is recognized based on 12-month ECLs. If it has increased significantly, a loss allowance is recognized based on lifetime ECLs.

C. ECLs are a probability-weighted estimate of credit losses with the respective risks of a default occurring as the weights. 12-month ECLs represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date, whereas lifetime ECLs represents the ECLs that result from all possible default events over the expected duration of a financial instrument.

The Impairment loss of all financial assets is reduced by an allowance account to adjust their carrying amounts.

(iii) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss.

ii. Financial liabilities and equity Instruments

(i) Classification of liabilities or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recognized at the amount

of consideration received, net of direct issuance costs.

The reacquisition of the Company's own equity instruments is recognized in and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments. The reacquisition of the Company's own equity instruments is recognized in and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

(ii) Financial liabilities

Financial liabilities not held for trading and not designated as at fair value through profit or loss (including payables) are measured at fair value plus directly attributable transaction costs upon initial recognition; subsequent measurement is at amortized cost using the effective interest method.

(iii) Derecognition of financial liabilities

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

(13) Provisions for liabilities

The Group recognizes provisions for liabilities when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as provisions for liabilities is the best estimate of the expenditure required to settle the

present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provisions for liabilities are measured by discounting the estimated cash flows required to settle the obligation.

(14) Revenue recognition

i. Revenue from the sale of goods

Revenue from the sale of goods is derived from the manufacture and sale of tire-related products. Sales revenue is recognized when control of the products is transferred to the customer, which occurs when the products are delivered to the customer and there are no unfulfilled performance obligations on the part of the Group that could affect the customer's acceptance of the products. Revenue and accounts receivable are recognized when the goods are delivered to the location designated by the customer, at which point the customer has the right to determine the price and use of the goods, bears the primary responsibility for resale, and assumes the risk of obsolescence. Advances received before the delivery of goods are recognized as contract liabilities.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of estimated customer returns, rebates, and other similar allowances. The Group estimates potential sales returns and allowances based on historical experience and other known factors, and recognizes refund liabilities and related rights to returned products accordingly.

The Group provides a standard warranty for the products sold and has an obligation to provide refunds for defective products, which is recognized as as provisions for liabilities at the time of sale.

ii. Rental revenue

Lease payments, net of lease incentives, are recognized as income on a straight-line basis over the relevant lease term during the period of the lease agreement.

(15) Leases (as lessee)

The Group assesses whether a contract is, or contains, a lease at the inception of the contract.

Except for lease payments for leases of low-value underlying assets and short-term leases to which recognition exemptions are applied, which are recognized as an expense on a straight-line basis over the lease term, all other leases are recognized as right-of-use assets and lease liabilities at the commencement date of the lease.

Right-of-use assets are initially measured at cost (including the initial measurement amount of the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs, and an estimate of costs to be incurred in restoring the underlying asset), and subsequently measured at cost less any accumulated depreciation and accumulated Impairment loss, and adjusted for any remeasurement of the lease liability.

Except for those that meet the definition of investment property, right-of-use assets are presented separately in the consolidated balance sheet. For the recognition and measurement of right-of-use assets that meet the definition of investment property, please refer to the accounting policy for investment property in Note 4(9).

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life

or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments. If the interest rate implicit in the lease is readily determinable, the lease payments shall be discounted using that rate. If that rate cannot be readily determined, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured on an amortized cost basis using the effective interest method, and Interest expense is allocated over the lease term. If a change in the lease term or a change in an index or rate used to determine lease payments results in a change in future lease payments, the Group remeasures the lease liability and makes a corresponding adjustment to right-of-use assets; however, if the carrying amount of the right-of-use assets has been reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not accounted for as a separate lease, the remeasurement of the lease liability resulting from a decrease in the scope of the lease reduces right-of-use assets, and the gain or loss relating to the partial or full termination of the lease is recognized; the remeasurement of the lease liability resulting from other modifications adjusts right-of-use assets. Lease liabilities are presented separately in the consolidated balance sheet.

A sale-and-leaseback transaction is assessed in accordance with the requirements of IFRS 15 to determine whether the transfer of an asset to a buyer-lessor satisfies the requirements to be accounted for as a sale. If the transfer is determined to be a sale, the asset is derecognized, and the gain or loss related to the rights transferred to the buyer-lessor is recognized. The leaseback transaction is subject to the lessee accounting model, and

the right-of-use assets is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained; if the transfer is determined not to satisfy the requirements for treatment as a sale, the transferred asset continues to be recognized and the consideration received is recognized as a financial liability.

(16) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the related service is provided.

ii. Pension

For defined contribution plans, the amount of retirement funds to be contributed is recognized as pension expense for the current period on an accrual basis. Prepaid contributions are recognized as an asset to the extent that they are refundable in cash or available as a reduction in future payments.

iii. Termination benefits

Termination benefits are benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes an expense at the earlier of when it can no longer withdraw the offer of termination benefits or when it recognizes the related restructuring costs, whichever comes first. Benefits that are not expected to be settled wholly within 12 months after the balance sheet date are discounted.

(17) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

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

Except as described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(18) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

i. Current income tax

The Group determines current income (loss) in accordance with the regulations established by each income tax filing jurisdiction, based on which the income tax payable (recoverable) is calculated.

The additional income tax on unappropriated retained earnings calculated in accordance with the provisions of the Income Tax Act of the Republic of China (ROC) is recognized in the year of the shareholders' resolution.

Adjustments to income tax payable for prior years are included in current income tax.

ii. Deferred income tax

Deferred income tax is calculated based on the temporary differences arising between the carrying amounts of assets and liabilities in the

accounts and their tax bases used in the computation of taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or loss carryforwards can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are recognized as deferred income tax assets only to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilized, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Items previously not recognized as deferred income tax assets are also re-examined at each balance sheet date, and the carrying amount is increased to the extent that it becomes probable that future taxable income will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates

that are expected to apply to the period when the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

iii. Current and deferred income tax

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

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In applying the accounting policies described in Note 4, management must make judgments, estimates, and assumptions regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. If a revision to an accounting estimate affects only the current period, it is

recognized in the period of the revision. If a revision to an accounting estimate affects both the current and future periods, it is recognized in the period of the revision and in future periods.

The significant accounting assumptions and judgments, and major sources of estimation uncertainty of the Group are as follows:

(1) Valuation of inventories

As inventories must be measured at the lower of cost and net realizable value, the Group must exercise judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid pace of change in the industry, the Group assesses the amount of inventory for normal wear and tear, obsolescence, or lack of market value at the end of the financial reporting period, and writes down the cost of inventory to its net realizable value. This inventory valuation is primarily based on estimates of product demand within a specific future period; therefore, material changes may occur.

(2) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions regarding default rates and expected loss rates. The Group considers historical experience, current market conditions, and forward-looking information to make assumptions and select inputs for impairment assessment. Please refer to Note 6(3) for the significant assumptions and inputs adopted. If actual future cash flows are less than expected, a material Impairment loss may arise.

(3) Impairment assessment of non-financial assets

In the process of assessing asset impairment, the Group must rely on subjective judgment and, based on asset usage patterns and industry characteristics, determine the independent cash flows, useful lives of assets, and future potential income and expenses of specific asset groups. Any changes in estimates resulting from changes in economic conditions or corporate strategy may cause material impairment or reversal of a previously recognized Impairment loss in the future.

(4) Fair value assessment of investment property

The investment property held by the Group is land; therefore, it must engage experts to exercise their professional judgment and estimates to determine the fair value of the investment property as of the balance sheet date. The Group will adjust it to fair value based on the real estate appraisal report issued by an expert. The valuation of this investment property is primarily based on the real estate appraisal reports issued by experts; therefore, changes in the estimated total sales amount, profit margin, composite interest rate on capital, existing lease contracts, neighboring rental market conditions, and the judgment and estimates of experts for specific future periods may all affect the measurement of fair value.

6. Details of Significant Accounting Items

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	\$ 152	\$ 163
Demand and checking deposits	2,698,979	408,829

Cash equivalents (investments  
with maturities within 3 months)

Time deposits	176,891	370,389
Bills under repurchase agreements	20,308	4,918
Total	<u>\$ 2,896,330</u>	<u>\$ 784,299</u>

The financial institutions with which the Group deals are of good credit quality, and the Group deals with a number of financial institutions to diversify credit risk; the possibility of default is expected to be very low.

(2) Financial assets at amortized cost

	December 31, 2025	December 31, 2024
<u>Current</u>		
Domestic investment		
Time deposits with original maturities of more than 3 months	\$ 23,389	\$ 23,626
Bank deposits in compensatory accounts	–	24,016
Total	\$ 23,389	\$ 47,642
Interest rate range	0.55%–3.65%	0.55%–2.75%

For information on current financial assets at amortized cost provided as collateral, please refer to Note 8.

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
<u>Notes receivable</u>		
Arising from operations	\$ 11,470	\$ 11,279
<u>Accounts receivable</u>		
Measured at amortized cost		
Gross carrying amount	\$ 131,157	\$ 123,661
Less: Loss allowance	(58,738)	(68,863)
	\$ 72,419	\$ 54,798

i. The Group considers that the credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. A default is considered to have occurred when contractual payments are more than 90 days past due. To mitigate credit risk, the Group's management has assigned a dedicated team to be responsible for determining credit limits, approving credit, and other monitoring procedures to ensure that

appropriate actions are taken to recover overdue accounts receivable. In addition, at the balance sheet date, the Group reviews the recoverable amount of each accounts receivable individually to ensure that an appropriate Impairment loss has been provided for uncollectible accounts receivable.

ii The Group recognizes loss allowance for notes and accounts receivable in accordance with lifetime ECLs. Lifetime ECLs is calculated using a provision matrix. The Group considers customers' past default records and current financial positions, as well as industrial and economic conditions, while also taking into account macroeconomic and industry outlooks, to categorize individual customers into different risk groups and recognize a loss allowance based on the expected loss rate of each group.

iii If there is evidence that a counterparty is in severe financial difficulty and the Group cannot reasonably expect to recover the amount, the Group directly writes off the relevant accounts receivable. However, it will continue its recourse activities, and any amounts recovered from such activities are recognized in profit or loss.

iv The Group's loss allowance for accounts receivable is as follows:

December 31, 2025

(i) Domestic operating segment:

	Not past due	1–30 days past due	31–90 days past due	91–180 days past due	181–365 days past	More than 366 days	Total
ECL rate	0.51%	4.3%	16.79%– 27.82%	38.53%– 53.89%	61.18%– 79.43%	100%	
Gross	\$ 44,246	\$ 8,483	\$ 3,849	\$ -	\$ 5,107	\$ 1,799	\$ 63,484
Loss	(227)	(365)	(646)	-	(3,636)	(1,799)	(6,673)

Amortized	\$ 44,019	\$ 8,118	\$ 3,203	\$ -	\$ 1,471	\$ -	\$ 56,811
-----------	-----------	----------	----------	------	----------	------	-----------

(ii) Groups AB are operating segments in Asia; Group C is leasing segment in Asia:

	Group A	Group B	Group C	Total
ECL rate	–	100%	–	
Gross carrying amount	\$ 975	\$ 52,065	\$ 14,633	\$ 67,673
Loss allowance (lifetime ECLs)	–	(52,065)	–	(52,065)
Amortized cost	\$ 975	\$ -	\$ 14,633	\$ 15,608

#### December 31, 2024

(i) Domestic operating segment:

	Not past due	1–30 days past due	31–90 days past due	91–180 days past due	181–365 days past due	More than 366 days past due	Total
ECL rate	0.36%	3.01%	13.68%–23.62%	33.42%–46.47%	53.30%–75.75%	100%	
Gross carrying amount	\$ 46,346	\$ 171	\$ 5,694	\$ 1,448	\$ -	\$ 5,515	\$ 59,174
Loss allowance (lifetime ECLs)	(164)	(5)	(779)	(484)	–	(5,515)	(6,947)
Amortized cost	\$ 46,182	\$ 166	\$ 4,915	\$ 964	\$ -	\$ -	\$ 52,227

(ii) Groups AB are operating segments in Asia; Group C is operating segment in Americas:

	Group A	Group B	Group C	Total
ECL rate	–	100%	0.36%~100%	
Gross carrying amount	\$ 1,027	\$ 51,859	\$ 11,601	\$ 64,487
Loss allowance (lifetime ECLs)	–	(51,859)	(10,057) (Note)	(61,916)
Amortized cost	\$ 1,027	\$ -	\$ 1,544	\$ 2,571

Note: The aforementioned allowance for impairment loss of

NT\$10,057 thousand is derived from accounts receivable of specific customers; after an individual assessment of the recoverability of such accounts, a full allowance for impairment loss has been recognized.

v. The aging analysis of notes and accounts receivable is as follows:

	December 31, 2025	December 31, 2024
<u>Notes receivable</u>		
Not past due	\$ 11,470	\$ 11,279
<u>Accounts receivable</u>		
Not past due	\$ 59,854	\$ 47,373
Within 30 days	8,483	171
31–90 days	3,849	5,694
91–180 days	–	1,448
181–365 days	5,107	218
More than 366 days	53,864	68,757
Total	\$ 131,157	\$ 123,661

The above is an aging analysis based on the number of days past due.

vi. The information on changes in the loss allowance for notes and accounts receivable is as follows:

	2025	
	<u>Notes receivable</u>	<u>Accounts</u>
Balance at January 1	\$ -	\$ 68,863
Impairment loss recognized	–	4,707
Write-offs for the period	–	(14,546)
Effect of exchange rate	–	(286)
Balance at December 31	\$ -	\$ 58,738

	2024	
	Notes receivable	Accounts receivable
Balance at January 1	\$ -	\$ 101,063
Reversal of impairment loss for the period	-	(3,400)
Write-offs for the period	-	(31,221)
Effect of exchange rate	-	2,421
Balance at December 31	\$ -	\$ 68,863

(4) Inventories

	December 31, 2025	December 31, 2024
Merchandise inventory	\$ 12,221	\$ 31,692

Inventory-related expenses and losses recognized in the period are as follows:

	2025	2024
Cost of sales of inventories	\$ 224,968	\$ 236,851
Gain on reversal of inventory write-downs	(49,683)	(4,505)
Others	36,322	17,585
Total	\$ 211,607	\$ 249,931

i. The reversal of the net realizable value of the Group's inventories for 2025 and 2024 was primarily due to the sale of inventories for which a write-down had been recognized in prior years.

ii. Other inventory-related gains and losses include gains from the sale of raw materials, gains and losses on physical inventory counts, inventory

scrap, and depreciation.

(5) Non-current assets held for sale

	December 31, 2025	December 31, 2024
Machinery and equipment	\$ 853,618	\$ -
Office equipment	89,183	-
Other equipment	19,980	-
Less: Accumulated depreciation	(566,346)	-
Less: Accumulated impairment	(370,776)	-
Total	<u>\$ 25,659</u>	<u>\$ -</u>

The Group entered into an equipment sale and purchase agreement with Hong Kong Fortune Genesis Limited on July 24, 2025, to sell Guanyin Plant production equipment for a total transaction amount of US\$6,383 thousand, with payments to be collected in installments in accordance with the terms of the agreement.

(6) Property, plant and equipment

Item	2025					
	Balance at January 1	Additions	Disposal	Reclassification	Effect of exchange rate	Balance at December 31
<u>Cost</u>						
Land	\$ 1,410,177	\$ -	\$ -	\$(1,410,177)	\$ -	\$ -
Buildings and structures	1,739,790	-	-	(1,742,415)	2,625	-
Machinery and equipment	4,558,514	-	(1,271)	(4,502,036)	176	55,383
Office equipment	212,360	-	(6,195)	(182,378)	(544)	23,243
Other equipment	1,391,882	-	(619,610)	(40,399)	(15,696)	716,177
Construction in progress	61,291	9,755	-	(73,366)	2,320	-
Subtotal	<u>9,374,014</u>	<u>9,755</u>	<u>(627,076)</u>	<u>(7,950,771)</u>	<u>(11,119)</u>	<u>794,803</u>
<u>Accumulated depreciation</u>						
Buildings and structures	492,556	18,141	-	(511,905)	1,208	-
Machinery and equipment	1,905,043	53,260	(1,200)	(1,904,957)	166	52,312
Office equipment	182,166	1,879	(5,559)	(157,152)	(477)	20,857
Other equipment	1,290,613	7,898	(583,394)	(36,459)	(11,549)	667,109
Subtotal	<u>3,870,378</u>	<u>81,178</u>	<u>(590,153)</u>	<u>(2,610,473)</u>	<u>(10,652)</u>	<u>740,278</u>
<u>Accumulated impairment</u>						

Machinery and equipment	1,412,605	869,997	(70)	(2,279,484)	23	3,071
Office equipment	20,009	6,862	(636)	(23,838)	(11)	2,386
Other equipment	84,537	79	(35,575)	(2,463)	(870)	45,708
Construction in progress	59,920	–	–	(59,920)	–	–
Subtotal	1,577,071	876,938	(36,281)	(2,365,705)	(858)	51,165
Net amount	\$ 3,926,565	\$ (948,361)	\$ (642)	\$ (2,974,593)	\$ 391	\$ 3,360

Item	2024					
	Balance at January 1	Additions	Disposal	Reclassification	Effect of exchange rate	Balance at December 31
<u>Cost</u>						
Land	\$ 1,410,177	\$ –	\$ –	\$ –	\$ –	\$ 1,410,177
Buildings and structures	1,727,610	–	(829)	–	13,009	1,739,790
Machinery and equipment	6,877,321	–	(2,388,613)	–	69,806	4,558,514
Office equipment	226,891	–	(15,983)	–	1,452	212,360
Other equipment	1,393,918	1,755	(17,825)	–	14,034	1,391,882
Construction in progress	39,279	22,012	–	–	–	61,291
Subtotal	11,675,196	23,767	(2,423,250)	–	98,301	9,374,014
<u>Accumulated depreciation</u>						
Buildings and structures	438,788	45,279	(441)	–	8,930	492,556
Machinery and equipment	3,447,894	133,183	(1,726,340)	–	50,306	1,905,043
Office equipment	188,877	6,328	(14,342)	–	1,303	182,166
Other equipment	1,265,129	29,130	(16,576)	–	12,930	1,290,613
Subtotal	5,340,688	213,920	(1,757,699)	–	73,469	3,870,378
<u>Accumulated impairment</u>						
Machinery and equipment	1,858,216	121,505	(583,804)	–	16,688	1,412,605
Office equipment	20,247	1,254	(1,640)	–	148	20,009
Other equipment	84,103	583	(1,251)	–	1,102	84,537
Construction in progress	–	59,920	–	–	–	59,920
Subtotal	1,962,566	183,262	(586,695)	–	17,938	1,577,071
Net amount	\$ 4,371,942	\$ (373,415)	\$ (78,856)	\$ –	\$ 6,894	\$ 3,926,565

i. The Group's property, plant and equipment are depreciated over the following useful lives:

Machinery and equipment	10–30 years
Office equipment	4–6 years
Other equipment	2–13 years

ii. In order to further effectively revitalize assets and diversify operations to generate revenue, the Group has leased out certain idle plant buildings starting from April 2025, which were reclassified from owner-occupied property, plant and equipment to investment property.

Subsequent measurement is based on the fair value model, with changes in fair value recognized in profit or loss in the period in which they arise; please refer to Note 6(9).

- iii. The Group resolved at the Board of Directors meeting on May 13, 2025, and the Extraordinary Shareholders' Meeting on July 1, 2025, that based on considerations of operational strategy adjustments and production capacity allocation, it has decided to permanently close the Guanyin Plant and proceed with asset revitalization and disposal, while simultaneously authorizing the Board of Directors with full authority to handle relevant matters.

Due to the aforementioned permanent closure of the Guanyin Plant and in consideration of asset revitalization and disposal, the Group recognized an impairment loss of NT\$876,574 thousand for the period from January 1, 2025 to June 30, 2025, based on the expected recoverable amount from an external independent expert's appraisal report. The expected recoverable amount in the appraisal report is based on the cost approach, which first estimates the reproduction cost (or replacement cost) and then considers the current usage status, physical wear and tear, functional depreciation, and economic obsolescence of the subject matter to calculate the depreciated reproduction cost (or replacement cost), based on which the reasonable asset value is estimated.

- iv. The Group entered into the Guanyin Plant Real Estate Sale and Purchase Agreement with Delta Electronics, Inc. on July 1, 2025, and subsequently entered into the Guanyin Plant Production Equipment Sale

and Purchase Agreement with Hong Kong Fortune Genesis Limited on July 24, 2025. Upon assessment that the land, plant, and equipment met the criteria for being held for sale, the Group classified the aforementioned related assets as non-current assets held for sale in July 2025. As the sale proceeds are expected to exceed the carrying amount of the relevant net assets, no Impairment loss was required to be recognized when such assets were classified as non-current assets held for sale.

In order to effectively revitalize assets and generate income, the Group entered into a real estate sale and purchase agreement with Delta Electronics, Inc. on July 1, 2025, to sell the land and plant located at Guanyin Plant, for a total transaction amount of NT\$6,950,000 thousand (including tax). The consideration is collected in installments according to the agreement and remitted into the designated bank trust account; the registration of the transfer of rights for the relevant land and buildings was completed in December 2025. In addition, on December 15, 2025, the Group leased back a portion of the aforementioned land and plant for a term of 6.5 months, with monthly lease payments of NT\$1,000 thousand, and paid a guarantee deposit of NT\$347,500 thousand in accordance with the agreement. The gains recognized from the aforementioned sale-and-leaseback transactions based on the rights transferred totaled NT\$4,202,401 thousand, which are presented under the item "other gains and losses".

v. For information on property, plant and equipment pledged as collateral, please refer to Note 8.

(7) Lease agreements (as lessee)

i. Right-of-use assets

(i) The information on carrying amount of right-of-use assets and recognized depreciation expense are as follows:

	December 31, 2025	December 31, 2024
Carrying amount of right-of-use assets		
Land	\$ -	\$ 19,600
Buildings and structures	22,934	2,706
Transportation equipment	1,033	2,541
Total	<u>\$ 23,967</u>	<u>\$ 24,847</u>
	2025	2024
Depreciation expense of right-of-use assets		
Land	\$ 225	\$ 885
Buildings and structures	3,594	1,761
Transportation equipment	1,128	1,689
Total	<u>\$ 4,947</u>	<u>\$ 4,335</u>

(ii) The Group entered into a land use right contract for land located in Nanchang City, Jiangxi Province, the People's Republic of China (PRC), which has been subleased under an operating lease since April 2025. The relevant right-of-use assets was reclassified as investment property, and subsequent measurement is evaluated using the fair value model, with changes in fair value recognized in profit or loss in the period in which they occur; please refer to Note 6(9). The aforementioned right-of-use assets related amounts do not include right-of-use assets that meet the definition of investment property.

(iii) The additions to right-of-use assets by the Group for 2025 and 2024 were NT\$23,822 thousand and NT\$924 thousand, respectively.

(iv) Other than the additions, depreciation expense, and subleases recognized above, no material impairment occurred for the

right-of-use assets of the Group in 2025 and 2024.

ii. Lease liabilities

	December 31, 2025	December 31, 2024
Carrying amount of lease liabilities		
Current	\$ 58,523	\$ 3,138
Non-current	\$ 348	\$ 2,176

The range of discount rates for lease liabilities is as follows:

	December 31, 2025	December 31, 2024
Buildings and structures	2.04%–2.46%	2.04%
Transportation equipment	1.55%–2.51%	1.55%–2.51%

iii. Significant leasing activities and terms

The underlying assets leased by the Group include buildings and official vehicles, with lease terms typically ranging from 6.5 months to 50 years. Lease contracts are negotiated on an individual basis and contain a wide variety of terms and conditions; no other restrictions are imposed, except that the leased assets may not be used as security for borrowing purposes.

On May 21, 2002, the Group entered into a contract for the grant of land use rights for land located in Nanchang City, Jiangxi Province with the Jiangxi Provincial Government of the PRC, for a lease term of 50 years, which was paid in full at the time the lease was signed.

iv. Other lease information

	2025	2024
Expenses on short-term leases	\$ 642	\$ 694
Expenses on leases of low-value assets	\$ -	\$ -
Total cash outflows for leases	\$ 8,846	\$ 4,218

The Group has elected to apply the recognition exemption to leases of land, buildings, and transportation equipment that qualify as short-term

leases, and to certain office equipment leases that qualify as low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for such leases.

v. Sale-and-leaseback

In July 2025, the Group entered into a contract to sell the Guanyin Plant it held and partially lease it back for a term of 6.5 months. This transaction allows the Group to retain the right-of-use of the plant while also replenishing its working capital.

(8) Lease agreements (as lessor)

i. The assets leased out by the Group include land and buildings. The terms of the lease contracts range from within 6 years to 22 years. The lease contracts are negotiated on an individual basis and contain a variety of different terms and conditions. To preserve the usage status of the leased assets, lessees are typically required to comply with restrictions and covenants such as not subleasing, sub-letting, or pledging the whole or any part of the leased subject matter.

ii. The income recognized by the Group under operating lease contracts is as follows:

	2025	2024
Rental income	\$ 21,637	\$ 9,672

iii. A maturity analysis of the total lease payments receivable by the Group under operating leases is as follows:

	December 31, 2025	December 31, 2024
Year 1	\$ 6,159	\$ 8,126
Year 2	10,553	8,917
Year 3	23,734	10,173
Year 4	23,734	10,592
Year 5	23,333	10,592

More than 5 years	478,244	5,378
Total	\$ 565,757	\$ 53,778

(9) Investment property

Investment property measured at fair value

	Land and buildings
Balance as of January 1, 2025	\$ 6,034,564
Additions for the period	11,882
From property, plant, and equipment	90,911
From right-of-use assets	68,931
Difference on reclassification to investment property recognized in other comprehensive income	49,145
Loss on adjustment to fair value	(78,624)
Effect of exchange rate	(7,697)
Balance as of December 31, 2025	\$ 6,169,112
	Land and buildings
Balance as of January 1, 2024	\$ 5,952,678
Gain on adjustment to fair value	75,982
Effect of exchange rate	5,904
Balance as of December 31, 2024	\$ 6,034,564

i. The Group holds land in an industrial and commercial mixed-use zone located in Zhongli District, Taoyuan City. Its investment property is appraised by external valuers and measured at fair value on a recurring basis. The fair value of investment property as of December 31, 2025 and 2024 was appraised by Hu, Chun-Chun and Tsai, Chia-He from Cushman & Wakefield Real Estate Appraisers Office, who possess the qualifications of a certified real estate appraiser of the ROC.

The fair values as of December 31, 2025 and 2024 were NT\$5,875,244 thousand and NT\$5,953,049 thousand, respectively, which were based on the valuation results of independent valuation experts. The valuation adopted the land development analysis method and is classified as Level

3 fair value. The primary assumptions are as follows:

	December 31, 2025	December 31, 2024
Estimated total sales amount		
For use in shopping center zones	\$ 19,013,013	\$ 19,021,541
For use in parking lots	5,296,350	5,204,100
	<u>\$ 24,309,363</u>	<u>\$ 24,225,641</u>
Profit margin	<u>20%–30%</u>	<u>20%–30%</u>
Composite interest rate for interest on capital	<u>2.79%–5.32%</u>	<u>2.66%–5.06%</u>

After considering relevant laws and regulations, the domestic macroeconomic outlook, local land use conditions, and market conditions, the salable land or building area after development is estimated based on the highest and best use of such land, which serves as the basis for estimating the total sales amount.

ii. The Group holds land and buildings located in Nanchang City, Jiangxi Province, PRC. In order to further effectively revitalize assets and diversify operations to generate revenue, the Board of Directors resolved on March 3, 2025, to conduct a valuation on the property of the land and buildings, and leased out certain idle plant buildings starting from April 2025. Therefore, they were reclassified from owner-occupied property, plant and equipment and right-of-use assets to investment property. Subsequent measurement is based on the fair value model, with changes in fair value recognized in profit or loss in the period in which they arise.

The fair value of the investment property as of March 31, 2025 was appraised by Hu Chun-Chun from Cushman & Wakefield Real Estate

Appraisers Office, who possess the qualifications of a certified real estate appraiser of the ROC; furthermore, they issued a review opinion on the price changes of real estate assets on December 31, 2025, stating that there was no significant difference in the asset prices of the investment property as of December 31, 2025 compared to March 31, 2025. The fair value as of March 31, 2025 was NT\$204,849 thousand, which was based on the valuation results of an independent valuation expert. The valuation adopted the income approach and is classified as Level 3 fair value.

In April and June 2025, additional Investment property, buildings totaled NT\$11,882 thousand.

- iii. The Group holds land and buildings located in Xuhui District, Shanghai, PRC. Its investment property is appraised by external valuers and measured at fair value on a recurring basis. The fair value of investment property as of December 31, 2025 and 2024 was appraised by Yang, Chang-Ta from Appraiser Cushman & Wakefield Real Estate Appraisers Office, who possesses the qualification of a certified real estate appraiser of the ROC.

The fair values as of December 31, 2025 and 2024 were NT\$77,137 thousand and NT\$81,515 thousand, respectively, which were based on the valuation results of an independent valuation expert. The valuation adopted the income approach and is classified as Level 3 fair value.

- iv. The fair value of investment property is evaluated using the income approach, and its primary assumptions are as follows:
  - (i) The Group uses the discounted cash flow analysis method under the income approach. The estimation process of its valuation method refers to local rents and comparative information on rents of similar

properties to determine the annual rent growth rate range, and estimates the future cash inflows for the remaining period Rent income after considering vacancy losses, which are then discounted to the valuation date; the determination of the discount rate is as described in (2). Furthermore, considering the terminal disposal value of the property, the calculation of which is based on the operating income for the year following the disposal date, less expenses under normal operating conditions, and then discounted to the valuation date; the sum of said terminal disposal value and the aforementioned discounted values of Rent income for each period is the market value. Future cash outflows are necessary expenditures directly related to the lease, such as relevant taxes, Insurance expense, management fees, and Repairs and maintenance expense; the change rates used for their future fluctuations are consistent with the rental growth rate and discount rate used in the calculation of Rent income.

(ii) The discount rate is determined based on the two-year postal fixed savings rate for small deposits announced by Chunghwa Post Co., Ltd. plus 75 basis points, taking into account the risk-adjusted return borne by the Group, as well as the liquidity, risk, appreciation potential, and management difficulty of the exploration target. The estimated discount rate for Nanchang City, Jiangxi Province as of March 31, 2025 was 6.00%, and the estimated discount rates for Xuhui District, Shanghai as of December 31, 2024 and 2023 were both 2.50%.

(iii) The primary uses of the investment properties are industrial real

estate leasing, offices, or residential use. In 2025, the monthly rent for local and similar properties in Nanchang City, Jiangxi Province, was NT\$528 per square meter; in 2025, the monthly rent for local and similar properties in Xuhui District, Shanghai, ranged from NT\$429– to NT\$533 per square meter, and in 2024, ranged from NT\$441 to NT\$521 per square meter.

v. The Group's rental income from investment property:

	2025	2024
Rental income from investment property	\$ 18,738	\$ 136

iv. For information on investment property pledged as collateral, please refer to Note 8.

(10) Intangible assets

Item	2025				Balance at December 31
	Balance at January 1	Additions	Disposal	Reclassification	
<u>Cost</u>					
Computer software	\$ 117,638	\$ -	\$ -	\$ -	\$ 117,638
<u>Accumulated amortization</u>					
Computer software	113,997	2,092	-	-	116,089
Net amount	\$ 3,641	\$ (2,092)	\$ -	\$ -	\$ 1,549

Item	2024				Balance at December 31
	Balance at January 1	Additions	Disposal	Reclassification	
<u>Cost</u>					
Computer software	\$ 117,638	\$ -	\$ -	\$ -	\$ 117,638
<u>Accumulated amortization</u>					
Computer software	111,381	2,616	-	-	113,997



net of directly related costs, amounted to NT\$1,274,107 thousand and NT\$1,060,099 thousand, respectively, which are presented as "other non-current liabilities".

Pursuant to the provisions of the aforementioned real estate sale and purchase agreement, the Company has created a maximum limit mortgage in favor of Bai Fong Construction Co., Ltd. over the land in the Industrial and Commercial Comprehensive Zone in Zhongli District held by its subsidiary, Taixin, in an amount equal to 1.2 times the total sum of the first through third installments of the sale and purchase agreement, to serve as security for claims for compensation.

As the land in the self-governed land readjustment area held by the Company cannot be sold until the urban land readjustment is completed, and considering the readjustment schedule is expected to exceed two years, the land held for sale was reclassified as other non-current assets in the first quarter of 2023.

(12) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank borrowings	\$ -	\$ 282,000
Secured bank borrowings	-	399,000
Total	\$ -	\$ 681,000
Interest rate range	-	2.325%–2.53%

For information regarding assets pledged as collateral for short-term borrowings, please refer to Note 8.

(13) Accounts payable

	December 31, 2025	December 31, 2024
Accounts payable	\$ 31,031	\$ 32,413

For disclosures related to the Group's payables and other payables exposed to foreign exchange and liquidity risks, please refer to Note 6(29).

(14) Other payables

	December 31, 2025	December 31, 2024
Salaries and bonuses payable	\$ 4,244	\$ 5,080
Interest payable	–	3,073
Tax payable	151	6,047
Service fees payable	79,883	2,025
Insurance expense payable	394	436
Penalties payable	42,258	–
Others	6,863	5,804
Total	\$ 133,793	\$ 22,465

i. Penalties payable are amounts required to be paid in accordance with the contract due to the early termination of lease agreements.

ii. Others under other payables primarily consist of items such as utilities expense and pension.

(15) Provisions for liabilities

	2025		
	Warranty liabilities	Liabilities pending legal proceedings	Total
<u>Current</u>			
Balance at January 1	\$ 28,947	\$ -	\$ 28,947

Provisions for liabilities added during the period	21	–	21
Provisions for liabilities used during the period	(263)	–	(263)
Effect of exchange rate	(2)	–	(2)
Balance at December 31	<u>\$ 28,703</u>	<u>\$ -</u>	<u>\$ 28,703</u>

	2024		
	Warranty liabilities	Liabilities pending legal proceedings	Total
<u>Current</u>			
Balance at January 1	\$ 29,619	\$ 62,557	\$ 92,176
Provisions for liabilities added during the period	44	–	44
Provisions for liabilities used during the period	(720)	(9,719)	(10,439)
Unused amounts reversed during the period	–	(52,838)	(52,838)
Effect of exchange rate	4	–	4
Balance at December 31	<u>\$ 28,947</u>	<u>\$ -</u>	<u>\$ 28,947</u>

i. Warranty liabilities

The Group's provisions for warranty liabilities is primarily related to the sale of tire products. The amount represents management's best estimate of the present value of the future outflow of economic benefits resulting from warranty obligations. The estimate is based on historical warranty experience and adjusted by considering factors such as new raw materials, process changes, or other factors affecting product quality.

ii. Liabilities pending legal proceedings

On January 6, 2015, the Group was sued in the United States by Jose Eduardo Gonzalez, who claimed that a sudden failure of the rear tire of the vehicle he was riding in caused an accident, and therefore filed a lawsuit against the Company for compensation.

On July 31, 2014, the Group was sued in the United States by Jeremy Truhlar. The injured party and his insurance company claimed that the accident was caused by the use of defective tires sold by the Group, and therefore filed a lawsuit against the Group for compensation.

The insurance company underwriting the Group's product liability

insurance agreed on December 20, 2022, to a settlement offer jointly proposed by the plaintiffs' retained counsel in these two cases, proposing to use the entire remaining coverage limit of the Group's product liability insurance policy as the settlement amount. Jose Eduardo Gonzalez completed the settlement with the Group and withdrew the lawsuit on October 3, 2023, and Jeramy Truhlar completed the settlement with the Group and withdrew the lawsuit on December 18, 2023. The scope of the aforementioned settlements does not cover claims by the co-defendants in this case against the Group for indemnification of their potential future liabilities and defense costs already incurred or to be incurred, nor does it cover claims by defendants in the aforementioned cases, for which the litigation has been withdrawn, for indemnification from the Group for their defense costs already incurred.

Tire Club USA, Inc., a co-defendant in the Jeramy Truhlar case, has reached a settlement with the plaintiff and has filed a lawsuit for indemnification against the Group, requesting the Group to pay the settlement amount and the defense costs incurred. The Group has estimated a potential loss of NT\$62,557 thousand. The two parties reached a settlement on June 26, 2024. The Group paid a compensation of NT\$9,719 thousand, and the remaining estimated provisions for liabilities of NT\$52,838 thousand was reclassified to "other income" in June 2024.

(16) Long-term borrowings

	December 31, 2025	December 31, 2024
Secured bank borrowings	\$ -	\$ 3,827,003
Less: Current portion	-	(117,100)
Long-term borrowings	\$ -	\$ 3,709,903
Interest rate range	-	1.925%–2.575%

i. The Group renewed its long-term borrowing contract with Hua Nan Bank in January 2018 for a term of 20 years, with a total facility of NT\$3,250,000 thousand, and drew down NT\$3,250,000 thousand. As of December 31, 2025 and 2024, the outstanding amounts were NT\$0 thousand and NT\$3,044,816 thousand, respectively.

The Group entered into a long-term incremental borrowing agreement with Hua Nan Bank in June 2020 for a term of 7 to 10 years, with a total facility of NT\$2,541,000 thousand. As of December 31, 2025 and 2024, the outstanding amounts were NT\$0 thousand and NT\$182,187 thousand, respectively.

The Group entered into a medium-term borrowing agreement with Hua Nan Bank in December 2022 for a term of 5 years, with a total facility of NT\$2,400,000 thousand. The borrowing is secured by land of Zhongli Plant of the subsidiary, Taixin. As of December 31, 2025 and 2024, the outstanding amounts were NT\$0 thousand and NT\$600,000 thousand, respectively.

ii. For information regarding assets pledged as collateral for long-term borrowings, please refer to Note 8.

(17) Pension

Defined contribution plan

Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution retirement plans in accordance with the Labor Pension Act, which is applicable to employees of local nationality. For employees who have opted for the labor pension system under the Labor Pension Act, the Company and its domestic subsidiaries contribute 6% of their monthly salary to their individual labor pension accounts at the Bureau of Labor Insurance. The payment of employee pension is made in the form of a monthly pension or a lump sum pension payments based on the amount in the employee's individual pension account and the accumulated earnings. Federal Jiangxi contributes pension insurance funds monthly at a certain percentage of the total local employee wages in accordance with the pension insurance system stipulated by the PRC government. Other than the monthly contributions for each employee's pension coordinated by the local government, there are no further obligations. The pension expenses related to the defined contribution plan recognized by the Group for 2025 and 2024 were NT\$2,070 thousand and NT\$2,710 thousand, respectively.

(18) Equity

i. Ordinary shares

	December 31, 2025	December 31, 2024
Authorized share capital	\$ 10,000,000	\$ 10,000,000
Share capital of issued shares	\$ 4,733,292	\$ 4,733,292

As of December 31, 2025 and 2024, the Company's authorized shares were both 1,000,000 thousand shares, with a par value of NT\$10 per share, and the issued shares were both 473,329 thousand shares.

ii. Capital surplus

	2025			
	Premium on ordinary shares	Treasury share transactions	Donated assets	Total
Balance as of January 1 and December 31, 2025	\$ 37,860	\$ 115,192	\$ 11,162	\$ 164,214

  

	2024			
	Premium on ordinary shares	Treasury share transactions	Donated assets	Total
Balance as of January 1, 2024	\$ 37,860	\$ 115,192	\$ 11,169	\$ 164,221
Return of donated assets	–	–	(7)	(7)
Balance as of December 31, 2024	\$ 37,860	\$ 115,192	\$ 11,162	\$ 164,214

(i) Pursuant to the provisions of Company Act, the premium resulting from the issuance of shares in excess of the par value and the capital surplus from donations received, in addition to being used to offset deficits, may be distributed as new shares or cash in proportion to the shareholders' original shares when the Company has no accumulated deficits. Furthermore, pursuant to the relevant regulations of Securities and Exchange Act, when capitalizing the aforementioned capital surplus, the annual amount shall be limited to no more than 10% of the total aggregate thereof. The Company shall not use capital surplus to make up for capital deficits unless there is still a deficiency after using surplus reserve to make up for such deficits.

(ii) Due to donated assets received are dividends that have not been collected by shareholders for more than five years.

iii. Retained earnings and dividend policy

(i) In accordance with the Company's Articles of Incorporation, the distribution of earnings or offsetting of deficits of the Company may be conducted after the end of each semi-annual accounting period. If there is a surplus in the semi-annual and annual final accounts, after deducting taxes in accordance with the law, offsetting accumulated deficits of previous years, and setting aside 10% for legal reserve and special reserve appropriated in accordance with regulations, any remaining balance shall first be distributed as dividends to preferred shares distributable for the year; the remaining balance, together with the unappropriated retained earnings at the beginning of the period (including adjusted unappropriated retained earnings), shall then be used by the Board of Directors to prepare earnings appropriation proposals. If cash dividends is to be distributed, it shall be resolved by a majority of the directors present at a Board meeting attended by two-thirds or more of the total number of directors, and reported to the shareholders' meeting; if new shares are issued, it shall be submitted to the shareholders' meeting for resolution before distribution.

(ii) The Company's current industry is in a mature stage; therefore, the distribution of earnings must consider future capital requirements and financial planning, while simultaneously taking into account the interests of shareholders. The Board of Directors shall, based on operational conditions, prepare a proposal for the distribution of earnings within the range of 5% to 100% and submit it to the general

shareholders' meeting. Priority shall be given to the distribution of earnings in the form of cash dividends, and they may also be distributed in the form of share dividends; in principle, share dividends shall not exceed 80% of the total dividends. However, in the event of factors such as major investment plans and future development, earnings may be retained.

(iii) Legal reserve shall not be used except to offset the deficits of the Company and to issue new shares or cash in proportion to the shareholders' original shareholdings; provided that the issuance of new shares or cash shall be limited to the portion of such reserve exceeding 25% of paid-in capital.

(iv) Special reserve

	2025			
	Unrealized revaluation surplus	Exchange differences on translation of foreign financial statements	Amount recognized for investment property using fair value model	Total
Balance as of January 1 and December 31, 2025	\$ 1,545,548	\$ 361,927	\$ 5,341	\$ 1,912,816
	2024			
	Unrealized revaluation surplus	Exchange differences on translation of foreign financial statements	Amount recognized for investment property using fair value model	Total
Balance as of January 1 and December 31, 2024.	\$ 1,545,548	\$ 361,927	\$ 5,341	\$ 1,912,816

Upon the first-time adoption of IFRSs, for the special reserve recognized in accordance with the Letter No. 1010012865 issued by the FSC on April 6, 2012, the Company shall, upon the subsequent use, disposal, or reclassification of the relevant assets, reverse the proportion of the original special reserve appropriated. If the aforementioned relevant assets are land, the reversal shall occur

upon disposal or reclassification; for portions other than land, the reversal shall be made periodically over the period of use. When distributing earnings, an additional amount shall be provided to cover the difference between the net reduction of other equity items recorded on the balance sheet date of the year and the special reserve recognized upon the first-time adoption of IFRSs to supplement special reserve appropriated. Where there is a subsequent reversal of the net deductions from other equity, earnings may be distributed from the reversed portion of special reserve.

(v) On March 3, 2026, the Company's Board of Directors resolved and approved the 2025 deficit compensation proposal. In addition to the net profit for the period, it is proposed to offset accumulated deficits with legal reserve of NT\$736,014 thousand and special reserve of NT\$164,214 thousand. For relevant information, please refer to the TWSE's Market Observation Post System (MOPS) and other channels.

(vi) The Company's deficit compensation proposals for 2024 and 2023 were approved by resolutions at the General Shareholders' Meetings on May 19, 2025 and May 24, 2024, respectively. For information regarding the resolutions of the General Shareholders' Meetings, please refer to the TWSE's MOPS and other channels.

iv. Other equity items

	Exchange differences on translation of foreign financial statements	Revaluation surplus from property	Total
Balance as of January 1, 2025	\$ (170,465)	\$ 4,923,199	\$ 4,752,734
Arising during the period			
Revaluation surplus from property	–	49,145	49,145

Income tax related to revaluation surplus from property	–	(27,911)	(27,911)
Exchange differences on translation of foreign financial statements	(1,113)	–	(1,113)
Balance as of December 31, 2025	\$ (171,578)	\$ 4,944,433	\$ 4,772,855
	Exchange differences on translation of foreign financial statements	Revaluation surplus from property	Total
Balance as of January 1, 2024	\$ (188,814)	\$ 4,923,199	\$ 4,734,385
Arising during the period			
Exchange differences on translation of foreign financial statements	18,349	–	18,349
Balance as of December 31, 2024	\$ (170,465)	\$ 4,923,199	\$ 4,752,734

#### v. Treasury shares

##### (i) Reasons for share repurchase and changes in the quantity thereof:

(Unit: '000 shares)

2025				
Reason for repurchase	Shares at January 1	Increase during the period	Decrease during the period	Shares at December 31
Acquired through merger	13,755	–	–	13,755
2024				
Reason for repurchase	Shares at January 1	Increase during the period	Decrease during the period	Shares at December 31
Acquired through merger	13,755	–	–	13,755

##### (ii) Information related to treasury shares is as follows:

December 31, 2025			
Reason for repurchase	Shares ('000)	Carrying amount of treasury shares	Market price of treasury shares
Acquired through merger	13,755	\$ 183,035	\$ 268,922
December 31, 2024			
Reason for repurchase	Shares ('000)	Carrying amount of treasury shares	Market price of treasury shares
Acquired through merger	13,755	\$ 183,035	\$ 260,669

##### (iii) The treasury shares held by the Company may not be pledged,

nor may they be entitled to rights such as the distribution of dividends and voting rights, in accordance with the provisions of Securities and Exchange Act.

(19) Earnings (Loss) per share

	2025	2024
	<hr/>	<hr/>
Basic earnings (loss) per share (NTD)	\$ 6.28	\$ (1.01)
	<hr/> <hr/>	<hr/> <hr/>

The weighted average number of ordinary shares used in the calculation of basic earnings (loss) per share is as follows

	2025	2024
	<hr/>	<hr/>
Net profit (loss) attributable to owners of parent (NTD '000)	\$ 2,884,632	\$ (465,154)
	<hr/>	<hr/>
Weighted average number of ordinary shares ('000 shares)	459,574	459,574
	<hr/>	<hr/>
Basic earnings (loss) per share (NTD)	\$ 6.28	\$ (1.01)
	<hr/> <hr/>	<hr/> <hr/>

(20) Operating revenue

	2025	2024
	<hr/>	<hr/>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 242,248	\$ 257,708
Rental income	21,637	9,672
Others	1,967	–
	<hr/>	<hr/>
Total	\$ 265,852	\$ 267,380
	<hr/> <hr/>	<hr/> <hr/>

i. Please refer to Note 4(14) for details of the Group's revenue.

ii. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and accounts receivable (Note 6(3))	\$ 83,889	\$ 66,077	\$ 48,563
Contract liabilities – current			
Sales of goods	\$ 18,548	\$ 24,886	\$ 22,179

The amount of operating revenue recognized in 2025 and 2024 that was included in the contract liability balance at the beginning of the year was NT\$ 4,413 thousand and NT\$ 1,367 thousand, respectively.

(21) Interest income

	2025	2024
Interest from bank deposits	\$ 11,840	\$ 25,500
Other interest	2,691	764
Total	\$ 14,531	\$ 26,264

(22) Other income

	2025	2024
Provisions for liabilities	\$ -	\$ 52,838
Others	8,346	6,269
Total	\$ 8,346	\$ 59,107

For information regarding the amount of provisions for liabilities reclassified as income, please refer to Note 6(15).

(23) Other gains and losses

	2025	2024
Gain on disposal of property, plant and equipment	\$ 14,911	\$ 26,536
Gain on rights transferred in sale and leaseback transactions	4,202,401	–
Gain on disposal of non-current assets held for sale	94,427	–
Gain (loss) on lease modification	7	(11)
Foreign exchange (loss) gain	(22,398)	43,708
Loss (gain) from fair value adjustment – investment	(78,624)	75,982

Impairment loss for property, plant and equipment	(876,938)	(183,262)
Depreciation	(66,771)	(179,678)
Others	(43,576)	8,759
Total	<u>\$ 3,223,439</u>	<u>\$ (207,966)</u>

(24) Finance costs

	2025	2024
Interest expense		
Bank loan	\$ 93,098	\$ 94,317
Lease liabilities	133	126
Others	4	12
Total	\$ 93,235	\$ 94,455

(25) Income tax

i. The reconciliation of income tax (benefit) expense recognized in profit or loss by the Group for 2025 and 2024 is as follows:

	2025	2024
Income tax calculated on net loss before tax at statutory tax rate	\$ 529,584	\$ (90,982)
Tax effect of non-deductible expenses under tax laws	(94,654)	(24,586)
Tax-exempt gain on sale of land	(691,556)	–
Tax effect of loss carryforwards	1,669	115,568
Tax effect of current temporary differences	(43,300)	21,239
Under (Over) estimation of income tax for prior years	25	(20)
Land value increment tax	82,834	703
Tax effect of deductible items and tax exemptions	254,957	–
Tax expense	\$ 39,559	\$ 21,922

The main components of income tax expense recognized in profit or loss are as follows:

	2025	2024
Current income tax		
Arising during the period	\$ 38,711	\$ (20)
Deferred income tax		
Occurrence and reversal of temporary differences	848	21,942
Income tax expense recognized in profit or loss	\$ 39,559	\$ 21,922

ii. The details of income tax recognized in other comprehensive income by the Group for 2025 and 2024 are as follows:

	2025	2024
Deferred income tax		
Revaluation surplus from property	\$ 27,911	\$ -

iii. Income tax assets for the period

	December 31, 2025	December 31, 2024
Tax refund receivable	\$ 4,804	\$ 8,949

iv. Deferred income tax assets and liabilities

(i) Analysis of deferred income tax assets is as follows:

	2025		
	Balance at January 1	Recognized in profit or loss	Balance at December 31
Temporary differences			
Unrealized exchange loss	\$ -	\$ 4,280	\$ 4,280
Unrealized loss on inventory write-down	-	9,468	9,468
Allowance for doubtful accounts in excess of tax limit	1,249	(64)	1,185
Estimated product warranty expenses	5,769	(28)	5,741
Unpaid year-end bonuses	105	147	252
Unrealized impairment loss on assets	61,730	21,334	83,064
	\$ 68,853	\$ 35,137	\$ 103,990

	2024		
	Balance at January 1	Recognized in profit or loss	Balance at December 31
Temporary differences			
Unrealized exchange loss	\$ 897	\$ (897)	\$ -
Allowance for doubtful accounts in excess of tax limit	7,915	(6,666)	1,249
Estimated product warranty expenses	5,898	(129)	5,769
Unpaid year-end bonuses	309	(204)	105
Unrealized impairment loss on assets	54,399	7,331	61,730
Provisions for litigation compensation	12,511	(12,511)	-
	<u>\$ 81,929</u>	<u>\$ (13,076)</u>	<u>\$ 68,853</u>

(ii) Analysis of deferred income tax liabilities is as follows:

	2025				
	Balance at January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate	Balance at December 31
Temporary differences					
Reserve for land value increment tax	\$ 950,546	\$ 44,200	\$ 20,833	\$ (1,668)	\$1,013,911
Unrealized gain on investment property	10,088	(52)	7,078	(558)	16,556
Unrealized exchange gains	8,163	(8,163)	-	-	-
	<u>\$ 968,797</u>	<u>\$ 35,985</u>	<u>\$ 27,911</u>	<u>\$ (2,226)</u>	<u>\$1,030,467</u>
	2024				
	Balance at January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate	Balance at December 31
Temporary differences					
Reserve for land value increment tax	\$ 946,963	\$ 1,383	\$ -	\$ 2,200	\$ 950,546
Unrealized gain on investment property	10,038	(680)	-	730	10,088
Unrealized exchange gains	-	8,163	-	-	8,163
	<u>\$ 957,001</u>	<u>\$ 8,866</u>	<u>\$ -</u>	<u>\$ 2,930</u>	<u>\$ 968,797</u>

v. Items not recognized as deferred income tax assets

	December 31, 2025	December 31, 2024
Unused loss carryforwards	<u>\$ 6,228,333</u>	<u>\$ 5,506,374</u>

Temporary differences	\$ 963,654	\$ 2,295,629
-----------------------	------------	--------------

The Group's unused tax loss carryforwards will expire in 2035.

- vi. As of December 31, 2025, the Group's unused tax loss carryforwards and their respective expiry dates are as follows:

Year of occurrence	Reported/Approved amount	Expiry year	Loss carryforward
2017	Approved amount	2027	\$ 144,915
2018	Approved amount	2028	378,220
2019	Approved amount	2029	481,515
2020	Approved amount	2030	5,140
2021	Approved amount	2031	1,627,671
2022	Approved amount	2032	980,092
2023	Approved amount	2033	1,240,477
2024	Reported amount	2034	547,345
2025	Estimated amount	2035	21,281
2021	Reported amount	2026	31,862
2022	Reported amount	2027	17,557
2023	Reported amount	2028	2,460
2024	Estimated amount	2029	749,798
			\$ 6,228,333

- vii. The status of profit-seeking enterprise income tax returns examined and approved for the Company and its domestic subsidiaries is as follows:

Company	Year approved
The Company	2023
Taixin Construction Co., Ltd.	2023
Rongcheng Development Co., Ltd.	2023
Fu Cheng Development Co., Ltd.	2023

(26) Additional information on the nature of expenses

- i. Summary of employee benefits, depreciation and amortization expense for the period by function is as follows:

Function Nature		For the Year Ended December 31, 2025			
		Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits expenses					
	Salary expenses	\$ -	\$ 39,617	\$ -	\$ 39,617
	Labor and health insurance expenses	-	3,698	-	3,698
	Pension expenses	-	2,070	-	2,070
	Other employee benefit expenses	-	2,869	-	2,869
Depreciation expense		3,193	16,161	66,771	86,125
Amortization expense		-	2,092	-	2,092

Function Nature		For the Year Ended December 31, 2024			
		Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits expenses					
	Salary expenses	\$ -	\$ 49,163	\$ -	\$ 49,163
	Labor and health insurance expenses	-	4,538	-	4,538
	Pension expenses	-	2,710	-	2,710
	Other employee benefit expenses	-	5,027	-	5,027
Depreciation expense		-	38,577	179,678	218,255
Amortization expense		-	2,916	-	2,916

ii. Employee benefits expense

- (i) In accordance with the Articles of Incorporation, if there is profit for the year (referring to profit before tax before deduction of employee compensation and director remuneration), an allocation of not less than 0.1% to 1% shall be made for employee compensation and not

more than 3% for director remuneration. Of the amount of employee compensation in the preceding paragraph, no less than 20% shall be allocated for distribution as compensation to non-managerial employees; provided, however, that if the Company still has accumulated deficits, an amount shall be reserved in advance to offset such deficits. Employee compensation may be in the form of shares or cash, and the recipients of such payments include employees of subsidiaries who meet the conditions set by the Board of Directors; the aforementioned director remuneration may only be in the form of cash. Employee compensation and director remuneration shall be distributed as resolved by the Board of Directors and reported to the shareholders' meeting.

- (ii) As the Company still has accumulated deficits for 2025 and 2024, no employee compensation or director remuneration has been estimated.
- (iii) If the amounts change after the date of approval and issuance of the annual financial statements, such changes shall be treated as changes in accounting estimates and adjusted in the accounts of the following year.
- (iv) Information regarding the employee compensation and director remuneration approved by the Board of Directors of the Company is available for inquiry at MOPS.

(27) Cash flow information

i. Investing activities with both cash and non-cash effects

Non-current assets held for sale

	2025	2024
Disposals for the period	\$ 7,146,884	\$ -
Add: Ending balance of advances received for equipment	21,642	-
Less: Ending balance of receivables from disposal of equipment	(6,708)	-
Cash received during the period	\$ 7,161,818	\$ -

ii. Changes in liabilities arising from financing activities

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities arising from financing activities
January 1, 2025	\$ 681,000	\$ 3,827,003	\$ 3,250	\$ 5,314	\$ 4,516,567
Changes in cash flows from financing activities	(681,000)	(3,827,003)	9,359	(8,071)	(4,506,715)
Other non-cash movements	-	-	15	61,628	61,643
Effect of exchange rate fluctuations	-	-	425	-	425
December 31, 2025	\$ -	\$ -	\$ 13,049	\$ 58,871	\$ 71,920

  

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities arising from financing activities
January 1, 2024	\$ 400,000	\$ 3,944,103	\$ 2,489	\$ 7,797	\$ 4,354,389
Changes in cash flows from financing activities	281,000	(117,100)	761	(3,398)	161,263
Other non-cash movements	-	-	-	914	914
Effect of exchange rate fluctuations	-	-	-	1	1
December 31, 2024	\$ 681,000	\$ 3,827,003	\$ 3,250	\$ 5,314	\$ 4,516,567

(28) Capital management

The capital management objectives of the Group are to safeguard the Group's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, and provide returns for shareholders.

In order to maintain or adjust the capital structure, the Group may adjust

the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt, so as to support business operations and maximize shareholders' equity.

(29) Financial instruments

i. Financial instruments by category

	December 31, 2025	December 31, 2024
	<hr/>	<hr/>
<u>Financial assets</u>		
Cash and cash equivalents	\$ 2,896,330	\$ 784,299
Current financial assets at amortized cost	23,389	47,642
Notes receivable	11,470	11,279
Accounts receivable	72,419	54,798
Other receivables	22,426	7,739
Guarantee deposits paid	378,193	34,140
<u>Financial liabilities</u>		
Short-term borrowings	–	681,000
Accounts payable	31,031	32,413
Other payables	128,687	10,510
Long-term borrowings (including current portion)	–	3,827,003
Guarantee deposits received	13,049	3,250

ii. Financial risk management policies

The Group's financial risks are primarily risks associated with investing in financial instruments themselves. The Group has always adopted strictest control standards for the financial risks of its investments in various financial instruments. All financial investments and operations undergo a comprehensive assessment of their potential market risk, credit risk, liquidity risk, and cash flow risk, with the imperative to

select those with lower risk.

iii. Market risk

(i) Exchange risk

The Group operates internationally and is therefore exposed to exchange risk arising from transactions denominated in currencies other than the Group's functional currency, primarily the US dollar. Relevant exchange risks arise from future commercial transactions and recognized assets and liabilities.

A. The Group's business operations involve several non-functional currencies (functional currency of the Company is NTD; functional currencies of certain subsidiaries are USD, SGD, and RMB) and are therefore affected by exchange rate fluctuations. Information on financial assets and liabilities denominated in foreign currencies significantly affected by exchange rate fluctuations is as follows:

Unit:USD '000 / NTD '000

December 31, 2025

(Foreign currency: Functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	\$ 4,760	31.43	\$ 149,608	1%	\$ 1,496	\$ -
RMB:TWD	225	4.4967	1,014	1%	10	-
<u>Non-monetary items</u>						
USD:TWD	906	33.1662	30,033			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:TWD	878	31.43	27,595	1%	276	-

December 31, 2025						
(Foreign currency: Functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Non-monetary items</u>						
USD:TWD	1,550	31.4382	48,719			
December 31, 2024						
(Foreign currency: Functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Sensitivity analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	\$ 11,788	32.785	\$ 386,479	1%	\$ 3,865	\$ -
<u>Non-monetary items</u>						
USD:TWD	1,063	31.3844	33,350			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:TWD	703	32.755	23,021	1%	230	-
<u>Non-monetary items</u>						
USD:TWD	896	32.7391	29,324			

B. The aggregate amount of exchange (losses) gains (including realized and unrealized) recognized by the Group for 2025 and 2024 due to the significant impact of exchange rate fluctuations on monetary items was NT\$(22,398) thousand and NT\$43,708 thousand, respectively.

(ii) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the cash flows

and fair value of financial instruments caused by changes in market interest rates. The Group's interest rate risk primarily arises from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk, a portion of which is offset by cash and cash equivalents held at floating rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. In 2025 and 2024, the Group's borrowings at floating interest rates were denominated in NTD. A 1% increase in market interest rates would increase cash outflows by NT\$40,965 thousand and NT\$43,814 thousand, respectively.

iv. Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the counterparty's inability to settle accounts receivable in accordance with the payment terms. The Group manages credit risk from a corporate-wide perspective. With respect to correspondent banks and financial institutions, it is stipulated that only those with an independent credit rating of at least "A" may be accepted as transaction counterparty. In accordance with internally specified credit policies, each operating entity within the Company must conduct management and credit risk analysis on every new customer before establishing terms and conditions for payment and delivery. Internal risk control assesses the credit quality of customers by considering their financial position, past experience, and other factors.

Limits for individual risks are established by the Board of Directors based on internal or external ratings, and the utilization of credit limits is monitored regularly. At the time of sale, the Group has already assessed the credit status of the counterparty and does not expect the counterparty to default; therefore, the probability of credit risk is extremely low.

v. Liquidity risk management

(i) Cash flow forecasts are prepared by each operating entity within the Group and summarized by the Company's Finance Department. The Company's Finance Department monitors the forecasts of the Group's liquidity requirements and ensure it has sufficient funds to meet operational needs.

(2) Surplus cash held by each operating entity, when in excess of working capital management requirements, is transferred back to the Company's Finance Department. The Company's Finance Department invests surplus funds in interest-bearing demand deposits, time deposits, money market deposits, and marketable securities; the instruments selected possess appropriate maturities or sufficient liquidity to meet the aforementioned forecasts and provide adequate liquidity levels for deployment. As of December 31, 2025 and 2024, the Group held money market positions of NT\$2,896,178 thousand and NT\$784,136 thousand, respectively, and financial assets at amortized cost – current of NT\$23,389 thousand and NT\$23,626 thousand, respectively, which are expected to generate immediate cash flows to manage liquidity risk.

(iii) The details of the Group's unused line of credit are as follows:

	December 31, 2025	December 31, 2024
Floating interest rate		
Due after one year	\$ 1,800,000	\$ 1,800,000

(iv) The following table presents the Group's non-derivative financial liabilities, grouped by relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The Contractual cash flows amounts disclosed in the table below are undiscounted amounts.

	December 31, 2025				
	< 1 year	2–3 years	4–5 years	> 5 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 31,031	\$ -	\$ -	\$ -	\$ 31,031
Other payables	128,687	-	-	-	128,687
Lease liabilities (including non-current)	58,836	351	-	-	59,187
Total	\$ 218,554	\$ 351	\$ -	\$ -	\$ 218,905
	December 31, 2024				
	< 1 year	2–3 years	4–5 years	> 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 686,815	\$ -	\$ -	\$ -	\$ 686,815
Accounts payable	32,413	-	-	-	32,413

Other payables	10,510	–	–	–	10,510
Lease liabilities (including non-current)	3,218	2,202	–	–	5,420
Long-term borrowings (including current portion)	118,307	830,117	970,338	2,412,399	4,331,161
Total	<u>\$ 851,263</u>	<u>\$ 832,319</u>	<u>\$ 970,338</u>	<u>\$ 2,412,399</u>	<u>\$ 5,066,319</u>

(30) Fair value information

1. The carrying amounts of the Group's financial instruments measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, accounts payable, other payables, long-term borrowings, and guarantee deposits received) are reasonable approximations of their fair values.

2. The definitions of each level of the valuation techniques adopted to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices), other than quoted prices included in Level 1.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

iii. For financial and non-financial instruments measured at fair value as of December 31, 2025 and 2024, the Group classifies them based on the nature, characteristics, and risks of the assets and the fair value

hierarchy. Relevant information is as follows:

December 31, 2025				
<u>Recurring fair value</u>	Level 1	Level 2	Level 3	Total
Investment property	\$ -	\$ -	\$ 6,169,112	\$ 6,169,112

  

December 31, 2024				
<u>Recurring fair value</u>	Level 1	Level 2	Level 3	Total
Investment property	\$ -	\$ -	\$ 6,034,564	\$ 6,034,564

iv. Valuation techniques and assumptions used in measuring fair value

The valuation technique for the fair value of investment properties measured at fair value by the Group is calculated using the income approach by commissioning external appraisers in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Information on relevant parameter assumptions and inputs is as follows:

(i) Income approach:

A. Cash flows: Evaluations shall be based on current lease agreements, local rents, or market rent levels of similar comparable properties, with the exclusion of comparable properties that are excessively high or low; where there is a terminal value, the present value of such terminal value may be added.

B. Analysis period: For income with no fixed term, the analysis period shall in principle not exceed ten years; for income with a specific term, it shall be estimated based on the remaining period.

C. Discount rate: The risk premium method is adopted, using a certain interest rate as the benchmark, plus an estimation based on the individual characteristics of the investment property. The term "certain interest rate as a benchmark" shall not be lower than the Chunghwa Post Co., Ltd. announced two-year postal fixed savings small deposit floating interest rate plus 75 basis points.

(ii) Land development analysis method:

The estimated total sales amount is based on the disclosure of product planning and selling prices of similar products collected from the same supply-and-demand circle and neighboring areas; the fair value of the area is derived by performing comparative adjustments based on the individual conditions of each site to calculate the overall fair value of the entire area.

After considering relevant laws and regulations, the domestic macroeconomic outlook, local land use conditions, and market conditions, the salable land or building area after development is estimated based on the highest and best use of such land, which serves as the basis for estimating the total sales amount.

When the estimated total sales amount increases, the profit margin increases, or the weighted average interest rate on capital decreases, the fair value will increase.

v. There were no transfers between fair value hierarchy levels in 2025 and 2024.

vi. The movement table for Level 3 is as follows:

2025

	Balance at January 1	Purchases for the period	From property, plant and equipment and right-of-use assets	Recognized in profit or loss	Recognized in other comprehen- sive income	Effect of exchange rate fluctuations	Balance at December 31
Investment property	\$ 6,034,564	\$ 11,882	\$ 159,842	\$ (78,624)	\$ 49,145	\$ (7,697)	\$ 6,169,112

2024

	Balance at January 1	Purchases for the period	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate fluctuations	Balance at December 31
Investment property	\$ 5,952,678	\$ -	\$ 75,982	\$ -	\$ 5,904	\$ 6,034,564

vii. Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

The fair value measurements of the Group classified as Level 3 are primarily investment properties.

The quantitative information of significant unobservable inputs is listed as follows:

Item	Valuation techniques	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Investment property	Discounted cash flow method	Long-term revenue growth rate and discount rate (Note)	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

Note: For the discount rate range, please refer to Note 6(9).

7. Related Party Transactions

Transaction amounts and balances between the Company and its subsidiaries (which are related parties of the Company) have been eliminated in the preparation of the consolidated financial statements and are not disclosed in this note.

(1) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Group</u>
Nankang Rubber Tire Corp., Ltd. (Nankang Rubber Tire)	Investors with significant influence
Nankang (Zhangjiagang Free Trade Zone) Rubber Industry Co., Ltd. (Nankang Zhangjiagang)	Other related party (subsidiary of investors with significant influence)

(2) Significant transactions with related parties

i. Deductions from operating costs – Proceeds from sale of raw materials

<u>Related party</u>	<u>2025</u>	<u>2024</u>
Nankang Rubber Tire	\$ -	\$ 1,174

There are no other comparable transactions for the sale of raw materials with the aforementioned related party.

ii. Net purchases

<u>Related party</u>	<u>2025</u>	<u>2024</u>
Nankang Rubber Tire	\$ 69,824	\$ 107,462
Nankang Zhangjiagang	4,308	6,094
	<u>\$ 74,132</u>	<u>\$ 113,556</u>

Purchase transactions with the aforementioned related parties are conducted in accordance with general purchase terms.

iii. Accounts payable

<u>Related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Nankang Rubber Tire	\$ 174	\$ 7,045

iv. Proceeds from disposal of property, plant and equipment

<u>Related party</u>	<u>2025</u>	
	<u>Proceeds from disposal</u>	<u>Gain on disposal</u>
Nankang Rubber Tire	\$ 26,680	\$ 501

(3) Remuneration of key management personnel

Information on the remuneration of directors and other key management personnel is as follows:

	2025	2024
Salaries and other short-term benefits	\$ 8,681	\$ 8,627
Post-employment benefits	149	149
Total	\$ 8,830	\$ 8,776

8. Pledged Assets

Item	Description	Carrying value	
		December 31, 2025	December 31, 2024
Current financial assets at amortized cost	Bank deposits, and collaterals provided to financial institutions for short-term borrowings	\$ -	\$ 24,016
Property, plant and equipment	Collaterals provided to financial institutions for borrowings	-	2,558,231
Investment property	Collaterals provided to financial institutions for borrowings, and performance guarantees for disposal of land	5,948,065	5,866,363
Guarantee deposits paid	Participation in tenders, lease deposits, electricity deposits, after-sales service deposits, and customs deposits	378,193	34,140
Total		\$ 6,326,258	\$ 8,482,750

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except as described in Note 6(15) and other notes, the significant commitments and contingent events of the Group as of the balance sheet date are as follows:

- (i) On March 14, 2025, the Group entered into a contracting agreement with Liang-Ji Construction Co., Ltd. for the urban land readjustment project.

The total contract price is NT\$305,324 thousand, which will be paid based on the construction progress. As of December 31, 2025, NT\$124,245 thousand has been paid.

- (ii) After deducting payments already made, the remaining amount payable by the Group under signed equipment purchase contracts as of December 31, 2025 and 2024 were both NT\$13,650 thousand.
- (iii) As of December 31, 2025 and 2024, the unpaid amounts for which the Group had signed contracts and opened letters of credit for the purchase of raw materials, goods, and machinery and equipment were NT\$19,022 thousand and NT\$20,832 thousand, respectively.
- (iv) The distribution agreement between Federal Jiangxi and its distributors contains product after-sales service warranty clauses with a warranty period of three years, stipulating that for products sold by Federal Jiangxi, if defects occur during the consumer's use and are identified by technicians recognized by the Group as being caused by the manufacturing process, the company shall be responsible for after-sales service warranties of "guaranteed replacement", "guaranteed return", and "guaranteed compensation".
- (v) On February 8, 2018, the Group was sued by 176 persons, including Wu Cheng-Kuei. These individuals claim that a fire at the Group's Zhongli Plant on January 17, 2017 significantly affected the health of local residents, and have therefore filed a civil lawsuit for damages against the Group. As the case is currently still under trial, it is difficult to assess the impact on the Group. If any additional impacts subsequently arise from this event, the Group will assess and record them in accordance with

accounting principles and disclose them in the financial statements.

- (vi) Yuanta Commercial Bank (hereinafter, "Yuanta Bank"), due to litigation with New Site Industries., Inc. (hereinafter, "New Site"), Hsieh, Kuo-Ching, and others (hereinafter, the "New Site case"), filed a civil lawsuit against the Company on October 19, 2020. Yuanta Bank contends that Hsieh, Kuo-Ching is an employee of the Company and that the Company should bear joint and several liability for damages, claiming NT\$39,550 thousand plus interest at an annual rate of five percent from the day following the service of the complaint.

The Group asserts that New Site and the other individuals, without the Group's consent, used the Group's name to create fictitious transactions starting in 2016, falsely claiming to have accounts receivable from the Group and using these claims to apply for loans from Yuanta Bank, which resulted in Yuanta Bank filing a civil lawsuit against the Group. Therefore, on May 6, 2021, the Group filed a civil complaint against a total of 9 persons involved in the New Site case, including New Site and Hsieh, Kuo-Ching, demanding payment of NT\$39,550 thousand plus interest at an annual rate of five percent from the day following the service of the complaint until the date of full settlement.

On December 10, 2025, the civil court of first instance ruled that the claim of Yuanta Bank against the Group, based on the assertion of "damages caused by employee Hsieh, Kuo-Ching", was without legal merit. Therefore, the court of first instance ruled against Yuanta Bank and in favor of the Group. As neither party filed an appeal within the statutory period, this case was finalized and concluded on January 28, 2026.

Given that the civil court of first instance has confirmed that the Group bears no liability for damages to Yuanta Bank in respect of the New Site case, no loss has been incurred. Under these circumstances, the Group expects to withdraw the civil complaint previously filed against New Site and the other individuals.

10. Significant Disaster Losses: None.
11. Significant Subsequent Events: None.
12. Others: None.
13. Supplementary Disclosures

In the preparation of the consolidated financial statements, all significant intra-group transactions and balances have been eliminated.

(1) Information on significant transactions:

- i. Loans to others: Table 1.
- ii. Endorsements and guarantees provided to others: Table 2.
- iii. Significant marketable securities held at end of period (excluding investment in subsidiaries, associates, and joint ventures): None.
- iv. Purchases from or sales to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- v. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Table 3.
- vi. Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Table 4.

(2) Information on investees:

Information on the investees, including name and location (excluding investment in Mainland China): Table 5.

(3) Information on investments in Mainland China:

i. Information on the investees in Mainland China, including name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in Mainland China: Table 6.

ii. Information on significant transactions with investees in Mainland China, either directly or indirectly through a third region, including prices, payment terms, unrealized gains or losses: None.

14. Segment Information

(1) General Information:

The Group's chief operating decision maker manages the business from a regional perspective.

(2) Measurement of segment information:

The Group's chief operating decision maker evaluates the operating segments based on adjusted operating profit. Financial income and expenses (e.g., interest revenue and expenditures) are not allocated to operating segments, as such activities are managed by the Finance

Department, which is responsible for the Company's cash position.

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

Information on reportable segments provided to the chief operating decision maker is as follows:

Unit: NTD thousand

	2025			
	Domestic	Asia	Americas	Total
Revenue from external customers				
Revenue from sale of goods	\$ 236,235	\$ 6,013	\$ -	\$ 242,248
Rental income	1,934	19,703	-	21,637
Others	1,967	-	-	1,967
Segment revenue	<u>\$ 240,136</u>	<u>\$ 25,716</u>	<u>\$ -</u>	<u>\$ 265,852</u>
Segment profit or loss	<u>\$ (223,133)</u>	<u>\$ (1,299)</u>	<u>\$ (1,548)</u>	<u>\$ (225,980)</u>
	2024			
	Domestic	Asia	Americas	Total
Revenue from external customers				
Revenue from sale of goods	\$ 246,734	\$ 10,761	\$ 213	\$ 257,708
Rental income	6,562	3,110	-	9,672
Segment revenue	<u>\$ 253,296</u>	<u>\$ 13,871</u>	<u>\$ 213</u>	<u>\$ 267,380</u>
Segment profit or loss	<u>\$ (200,438)</u>	<u>\$ (23,471)</u>	<u>\$ (2,273)</u>	<u>\$ (226,182)</u>

(4) Reconciliation information for segment profit or loss

- i. Inter-segment sales are conducted on arm's length basis. External revenue reported to the chief operating decision maker is measured in a manner consistent with the revenue in the consolidated statements

of comprehensive income.

ii. The reconciliation of reportable segments' profit or loss to net loss before tax for the period is as follows:

	2025	2024
	<u>                    </u>	<u>                    </u>
Segment profit or loss of reportable segments	\$ (225,980)	\$ (226,182)
Non-operating income and expenses	3,150,171	(217,050)
Net profit (loss) before tax	<u>\$ 2,924,191</u>	<u>\$ (443,232)</u>

(5) Segment assets and liabilities

The measured amounts of the Group's assets and liabilities are not a measurement indicator for the chief operating decision maker; therefore, the measured amounts of assets and liabilities disclosed shall be zero.

(6) Product information

Revenue from external customers is primarily derived from businesses such as the sale of tires and leasing.

(7) Geographic information

Geographic information for the Group for 2025 and 2024 is as follows:

	2025		2024	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Domestic	\$ 240,136	\$ 8,413,193	\$ 253,296	\$ 12,092,067
Asia	25,716	293,868	13,871	231,372
Americas	–	–	213	–
Total	<u>\$ 265,852</u>	<u>\$ 8,707,061</u>	<u>\$ 267,380</u>	<u>\$ 12,323,439</u>

i. The Group's revenue by geographic location is calculated based on the region where the payment is received.

ii. Non-current assets does not include those classified as financial instruments, guarantee deposits paid, and deferred income tax assets.

(8) Information on major customers

Details of customers with sales amounts reaching 10% or more of the total operating revenue for the Group in 2025 and 2024 are as follows:

	2025	2024
Company A (Note)	\$ 51,766	\$ 60,190

Note: From the domestic segment.

Table 1

Loans to Others

Unit: NTD thousand

Code (Note 1)	Lender	Borrower	General ledger account (Note 2)	Related party (Y/N)	Maximum balance during the period (Note 3)	Closing balance (Note 8)	Actual amount drawn down	Interest rate range	Nature of loan (Note 4)	Amount for business transaction (Note 5)	Reason for short-term financing (Note 6)	Allowan ce for doubtful accounts	Collateral		Limit on loans to a single borrower (Notes 7 & 9)	Aggregate limit on all loans (Notes 7 & 9)
													Item	Value		
0	The Company	Taixin Construction Co., Ltd.	Other receivables	Y	\$ 420,000	\$ 220,000	\$ 220,000	2.5%	Short-term financing		For working capital turnover	\$	None	None	\$ 1,929,513	\$ 3,859,026

Note 1: The number indicates the following:

- A. "0" for the issuer.
- B. Each subsidiary is sequentially numbered starting from "1".

Note 2: Fill in this column if it is a loan in nature, including accounting items such as accounts receivable from associates, accounts receivable from related parties, current account with stockholders, prepayments, and temporary payments.

Note 3: Fill in the highest balance of the loans to others for the year.

Note 4: In the "Nature of loan" column, fill in "Business transaction" or "Short-term financing".

Note 5: If the nature of the loan is "business transaction", fill in the "Amount for business transactions" column, which refers to the transaction amount between the creditor and borrower from the start of the transaction until the end of the previous year.

Note 6: If the nature of the loan is "short-term financing", specify the concrete reason for the necessity of the loan and the borrower's purpose for the funds, e.g., repayment of borrowings, purchase of equipment, working capital, etc.

Note 7: Fill in the limit on the amount of loans to a single borrower and the aggregate limit on all loans as prescribed in the issuer's Operational Procedures for Lending Funds to Others, and in the "Remarks" field state the method of calculation of the limit on loans to a single borrower and of the aggregate limit.

Note 8: If a public company submits loans for approval on a case by case basis by the Board of Directors in accordance with Paragraph 1, Article 14 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, then even if the funds have not yet been disbursed, the amounts approved should still be included in the reported balances of loans to disclose the risk the issuer bears. However, when such loans are subsequently repaid, the balances after repayment should be disclosed to reflect the adjustment to the risk. If the Board of Directors of a public company has authorized the

chairman to loan funds in installments or grant revolving credit lines within certain monetary limits and within a period not exceeding one year in accordance with Paragraph 2, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the reported balances of loans should include the amount of credit available under such installment loans or credit lines approved by the Board, and such credit should not be excluded from the balances even when the funds are subsequently repaid, considering that they could still be drawn down again.

Note 9: The Company's Procedures for Lending Funds to Others are as follows:

The aggregate amount of funds lent by the Company to others shall not exceed 40% of the Company's net worth. The limits for a single borrower are as follows:

- A. Where there is a necessity for short-term financing to a subsidiary: the amount shall be limited to no more than twenty percent of the Company's net worth.
- B. Companies or firms having business dealings with the Company: Limited to not more than 20% of the borrower's net worth, and shall not exceed the total amount of business dealings between both parties in the most recent year ("transaction amount" refers to the higher of the purchase or sales amount between both parties).
- C. When the Company lends funds to a subsidiary and the amount does not exceed 10% of the net worth in the Company's most recent financial statements, the Chairman may be authorized to make loans in installments or provide a revolving credit line within the loan period.

The total amount of funds lent between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, regardless of whether the reason for financing is funding needs or business dealings, shall not exceed 200% of the net worth of the lending company's most recent financial statements.

Table 2

Provision of Endorsements/Guarantees to Others

Unit: NTD thousand

Code (Note 1)	Endorser /guarantor	Entity being endorsed/guaranteed		Limit on endorsements/ guarantees provided to a single entity (Notes 3 & 8)	Maximum balance of endorsements/ guarantees for the period (Note 4)	Closing balance of endorsements/ guarantees (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees with property pledged as collateral	Ratio of accumulated endorsement/g uarantee to net worth on most recent financial statements (%)	Aggregate limit on endorsements/ guarantees (Notes 3 & 8)	Endorsements/ guarantees by parent for subsidiary (Note 7)	Endorsements/ guarantees by subsidiary for parent (Note 7)	Endorsements/ Guarantees for company in Mainland China (Note 7)
		Name	Relation ship (Note 2)										
1	Taixin Construction Co., Ltd.	The Company	3	\$ 52,038,000	\$ 2,880,000	\$ 2,880,000	\$ -	\$ 2,880,000	55.34%	\$ 52,038,000	-	Y	-

Note 1: The number indicates the following:

1. "0" for the issuer.
2. Each subsidiary is sequentially numbered starting from "1".

Note 2: Relationships between an endorser/guarantor and the counterparty that receives the endorsement/guarantee fall into the following 7 categories; indicate the category into which the relationship falls:

1. A company with which the Company does business.
2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the Company's voting shares.
4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.
5. Companies providing mutual endorsements/guarantees under contractual agreements due to construction contract requirements among peers or co-developers.
6. A company that is endorsed/guaranteed by all capital-contributing shareholders in proportion to their shareholding ratios due to a joint investment.
7. Industry peers providing joint and several guarantees for the performance of pre-sale housing sales contracts in accordance with the Consumer Protection Act.

Note 3: Fill in the limit on endorsements/guarantees to a single party and the aggregate limit on all endorsements/guarantees to others as prescribed in the issuer's Operational Procedures for Endorsements Guarantees, and in the "Remarks" field, state the method of calculation of the limit on endorsements/guarantees to a single party and of the aggregate limit.

Note 4: Fill in the maximum balance of endorsements/guarantees for the year.

Note 5: Fill in the amount approved by the Board of Directors. However, if the Board of Directors, in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies authorizes the Chairman to decide the amount, it refers to the amount decided by the Chairman.

Note 6: Fill in the actual amount drawn down by the endorsed/guaranteed company within the endorsement/guarantee amount made available.

Note 7: Fill in "Y" in the respective column if it is an endorsement/guarantee by a TWSE/TPEX-listed parent company to its subsidiary, endorsement/guarantee by a subsidiary to its TWSE/TPEX-listed parent company, or endorsement/guarantee to a company in Mainland China.

Note 8: Procedures for Endorsements and Guarantees of Taixin Construction Co., Ltd. are as follows:

The total amount of the Company's endorsements and guarantees to others shall be limited to ten times the net worth of the Company's most recent financial statements; the Company's limit on endorsements/guarantees to a single company is as follows:

- A. For a parent company holding 100% of the shares of the Company, the limit shall not exceed ten times the net worth on the Company's most recent financial statements.
- B. Endorsements/Guarantees for other affiliates shall be limited to no more than the net worth on the Company's most recent financial statements.
- C. For non-related parties with business dealings, the amount shall be limited to no more than the total amount of business dealings between the two parties in the most recent year, and shall also not exceed the net worth on the Company's most recent financial statements ("transaction amount" refers to the higher of the purchase or sales amount between the two parties).

Table 3

Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

Unit: NTD thousand

Company recorded as having accounts receivable	Counterparty	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover (Times)	Overdue accounts receivable from related parties		Subsequent collections of receivables from related parties	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Taixin Construction Co., Ltd.	Parent to subsidiary	Other receivables \$ 223,422	—	\$ —	—	\$ —	\$ —
Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	Subsidiary to subsidiary	Receivables from capital reduction \$ 157,148	—	—	—	—	—

Note 1: Please fill in separately for accounts receivable from related parties, notes receivable from related parties, other receivables, etc.

Note 2: "Paid-in capital" refers to the paid-in capital of the parent company. Where the issuer's shares have no par value or a par value per share other than NT\$10, the provision regarding the transaction amount of 20% of the paid-in capital shall be calculated as 10% of equity attributable to owners of parent on the balance sheet.

Table 4

Intercompany Business Relationships and Significant Transactions

Unit: NTD thousand

Code (Note 1)	Name of transacting party	Counterparty	Relationship (Note 2)	Transaction details				Remarks
				Accounting item	Amount	Transaction terms	Ratio to consolidated operating revenue or total assets (%) (Notes 3 & 4)	
0	The Company	Taixin Construction Co., Ltd.	1	Other	\$ 223,422	Note 5	2%	
				Interest income	5,185	Note 5	2%	
1	Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	3	Other receivables	157,148	Note 6	1%	

Note 1: Number the transactions between the parent and subsidiaries and between subsidiaries in the Code field as follows:

1. "0" for the parent company.
2. Each subsidiary is sequentially numbered starting from "1".

Note 2: The related party transactions are divided into three categories, which are indicated by the numbers listed below. (Each transaction should be disclosed only once. For example: for a transaction from the parent to a subsidiary, if the parent has already disclosed it, the subsidiary does not need to disclose it again; for a transaction between subsidiaries, if one subsidiary has already disclosed it, the other subsidiary does not need to disclose it again):

1. "1" for parent to subsidiary.
2. "2" for subsidiary to parent.
3. "3" for subsidiary to subsidiary.

Note 3: The calculation of a transaction as a percentage of consolidated total operating revenue or total assets is done as follows: For a balance sheet item, it is calculated as the ratio of the closing balance to consolidated total assets; for an income item, it is calculated as the ratio of the cumulative amount to consolidated total operating revenue.

Note 4: Individual transaction amounts that do not reach 1% of the consolidated total operating revenue or consolidated total assets will not be disclosed; furthermore, the disclosure is presented from the perspective of assets and income.

Note 5: The transaction is primarily a fund loan in nature, and is therefore not applicable.

Note 6: The transaction is primarily receivables from capital reduction in nature, and is therefore not applicable.

Table 5

Information of Investees, Including Name and Location (Excluding Investment in Mainland China)

Unit: NTD thousand

Investor	Investee (Notes 1 & 2)	Location	Primary business activities	Initial investment		Holding at end of period			Current profit or loss of investee (Note 2(2))	Current investment income (loss) recognized (Note 2(3))	Remarks
				End of period	End of last year	Shares	Shareholding (%)	Carrying amount			
The Company	Taixin Construction Co.,	Taiwan	Commissioning contractors for	\$ 330,000	\$ 330,000	33,000,000	100%	\$ 5,203,810	\$ (143,970)	\$ (143,970)	Subsidiary
"	Rongcheng Development Co., Ltd.	Taiwan	Commissioning contractors for the construction of residential	10,000	10,000	1,000,000	100%	170,204	(380)	(380)	Subsidiary
"	Fu Cheng Development Co., Ltd.	Taiwan	Commissioning contractors for the construction of residential	8,000	8,000	800,000	100%	84,329	(62)	(62)	Subsidiary
"	Federal International Holding Inc.	British Cayman Islands	General investment	1,641,825	1,641,825	49,900,000	100%	632,891	1,534	1,534	Subsidiary
Federal International Holding Inc.	Amberg Investments Pte. Ltd.	Singapore	General investment	1,716,239	1,716,239	85,762,738	100%	580,012	2,263	2,263	Sub-subsidiary
"	Karroy Development	Hong Kong	Commercial building leasing	74,566	74,566	2,000,000	100%	42,141	966	966	Sub-subsidiary

Note 1: If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as its primary financial reports, the disclosure of information regarding foreign investees may be limited to the relevant information of such holding company.

Note 2: For those not falling under the circumstances described in Note 1, fill in according to the following rules:

- (1) The columns "Investee", "Location", "Primary business activities", "Initial investment", and "Holding at end of Period" shall be filled in sequentially based on the reinvestment status of this (publicly issued) company and the further reinvestment status of each directly or indirectly controlled investee, and the relationship of each investee company to this (publicly issued) company (e.g., subsidiary or sub-subsidiary) shall be specified in the "Remark" column.
- (2) For the "Current profit or (loss of investee)" column, the current profit and loss amount of each investee shall be filled in.
- (3) For the "Current investment income (loss) recognized" column, only the profit and loss amounts of each subsidiary recognized as a direct investment and each investee accounted for using the equity method by the (publicly issued) Company shall be filled in; the remainder may be omitted. When filling in the "Amount of current profit and loss for each subsidiary recognized through direct equity investment", it shall be confirmed that the amount of current profit and loss for each subsidiary already includes the investment gains or losses to be recognized for its further equity investments in accordance with regulations.

Table 6

Information on Investment in Mainland China

Unit: NTD thousand

Investees in Mainland China	Primary business activities	Paid-in capital	Investment method	Accumulated investment outflow from Taiwan as of January 1	Investment remitted or recovered during the period		Accumulated investment outflow from Taiwan as of December 31	Current profit or loss of investee	Direct/Indirect shareholding ratio	Current investment income (loss) recognized (Note 2)	Carrying value of investment as of December 31	Investment income remitted as of December 31
					Remitted	Recovered						
Federal Tire (Jiangxi) Co., Ltd.	Sale of various tires and rubber products, and leasing and sales business	\$ 1,732,815	Note 1	\$1,752,068	\$	\$ (19,253)	\$1,732,815	\$ 10,350	100%	\$ 10,350	\$ 380,476	\$ -

Cumulative amount of investments remitted from Taiwan to Mainland China as of December 31	Investment amount authorized by Investment Commission, Ministry of Economic Affairs (MOEA)	Upper limit on investment in Mainland China stipulated by the Investment Commission, MOEA (Note 3)
\$ 1,732,815	\$ 1,732,815	\$ 5,788,538

Note 1: Investment in companies in Mainland China through Amberg Investments Pte. Ltd.

Note 2: Obtained based on the financial reports of the investee for the same period, which have been audited by the certified public accountants of the parent company in Taiwan.

Note 3: Pursuant to the provisions of the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China by Investment Commission, MOEA, the ceiling on the cumulative amount of investment in Mainland China is NT\$80 million, or 60% of the net worth or consolidated net worth, whichever is higher.