

**Lee Chi Enterprises Company Ltd. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. 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 Standards 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 of Lee Chi Enterprises Company Ltd. and Subsidiaries. Consequently, we did not prepare a separate set of combined financial statements.

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

Lin, Yu-Hsin
President

March 27, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lee Chi Enterprises Company Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Lee Chi Enterprises Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets 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 material accounting policy information (collectively referred to as the "consolidated financial statements").

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 its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 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 matter identified in the Group's consolidated financial statements for the year ended December 31, 2025 is stated as follows:

Revenue Recognition

The Company's operating revenue mainly comes from the manufacturing and sale of bicycle components. In 2025, the revenue from specific customers was significant to the overall operating revenue, and there were significant changes in the nature of these transactions. We identified the validity of recognition of the revenue from specific customers as a key audit matter. For the accounting policy on the revenue recognition, refer to Note 4 to the consolidated financial statements.

The main audit procedures that we performed with respect to revenue from the specific customers included the following:

1. We evaluated the design and implementation of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.
2. We selected samples from the specific customers' subsidiary ledger of sales revenue, verified related documents and receipts of payments and confirmed the validity of revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lee Chi Enterprises Company Ltd. as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Wei Liu and Lie-Dong Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2026

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 641,687	15	\$ 807,220	18
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	545,460	13	563,254	12
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	137,186	3	118,215	3
Financial assets at amortized cost - current (Notes 4, 9 and 31)	157,184	4	22,390	-
Notes receivable (Notes 4, 10 and 21)	92,032	2	128,966	3
Trade receivables (Notes 4, 10 and 21)	487,672	12	484,606	11
Other receivables (Note 4)	25,973	1	12,751	-
Current tax assets (Note 4)	2,997	-	2,128	-
Inventories (Notes 4 and 11)	767,113	18	856,585	19
Other current assets (Note 17)	<u>41,756</u>	<u>1</u>	<u>42,705</u>	<u>1</u>
Total current assets	<u>2,899,060</u>	<u>69</u>	<u>3,038,820</u>	<u>67</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	23,037	1	31,910	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	40,649	1	43,589	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	1,723	-	158,435	3
Investments accounted for using the equity method(Notes 4 and 13)	12,584	-	-	-
Property, plant and equipment (Notes 4 and 14)	981,774	23	1,048,642	23
Right-of-use assets (Notes 4 and 15)	33,939	1	35,266	1
Other intangible assets (Notes 4 and 16)	23,599	1	26,757	1
Goodwill (Note 4)	57,290	1	59,807	1
Deferred tax assets (Notes 4 and 23)	82,847	2	53,484	1
Net defined benefit assets - non-current (Notes 4 and 19)	53,961	1	39,605	1
Other non-current assets(Note 17)	<u>9,121</u>	<u>-</u>	<u>21,107</u>	<u>-</u>
Total non-current assets	<u>1,320,524</u>	<u>31</u>	<u>1,518,602</u>	<u>33</u>
TOTAL	<u>\$ 4,219,584</u>	<u>100</u>	<u>\$ 4,557,422</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 21)	\$ 16,843	-	\$ 20,378	-
Notes payable	-	-	13,280	-
Trade payables	324,586	8	389,021	9
Other payables (Note 18)	160,492	4	156,821	3
Current tax liabilities (Note 4)	-	-	820	-
Deferred revenue - current (Notes 4 and 18)	21,201	1	21,139	1
Other current liabilities (Notes 4 and 18)	<u>9,559</u>	<u>-</u>	<u>18,499</u>	<u>-</u>
Total current liabilities	<u>532,681</u>	<u>13</u>	<u>619,958</u>	<u>13</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	67,205	2	83,837	2
Deferred revenue - non-current (Notes 4 and 18)	106,546	2	127,553	3
Guarantee deposits	<u>1,135</u>	<u>-</u>	<u>134</u>	<u>-</u>
Total non-current liabilities	<u>174,886</u>	<u>4</u>	<u>211,524</u>	<u>5</u>
Total liabilities	<u>707,567</u>	<u>17</u>	<u>831,482</u>	<u>18</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,200,000	52	2,256,850	50
Capital surplus	68,150	2	67,084	1
Retained earnings				
Legal reserve	389,031	9	389,031	8
Special reserve	69,935	2	116,583	3
Unappropriated earnings	726,566	17	873,536	19
Other equity	(39,121)	(1)	(69,935)	(2)
Treasury shares	<u>-</u>	<u>-</u>	<u>(20,676)</u>	<u>-</u>
Total equity attributable to owners of the Company	3,414,561	81	3,612,473	79
NON-CONTROLLING INTERESTS	<u>97,456</u>	<u>2</u>	<u>113,467</u>	<u>3</u>
Total equity	<u>3,512,017</u>	<u>83</u>	<u>3,725,940</u>	<u>82</u>
TOTAL	<u>\$ 4,219,584</u>	<u>100</u>	<u>\$ 4,557,422</u>	<u>100</u>

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 2,023,299	100	\$ 2,033,762	100
OPERATING COSTS (Notes 11 and 22)	<u>1,959,160</u>	<u>97</u>	<u>1,954,425</u>	<u>96</u>
GROSS PROFIT	<u>64,139</u>	<u>3</u>	<u>79,337</u>	<u>4</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	122,891	6	130,229	6
General and administrative expenses	182,511	9	162,341	8
Research and development expenses	77,123	4	74,117	4
Expected credit loss (gain) (Notes 4 and 10)	<u>10,866</u>	<u>-</u>	<u>(561)</u>	<u>-</u>
Total operating expenses	<u>393,391</u>	<u>19</u>	<u>366,126</u>	<u>18</u>
LOSS FROM OPERATIONS	<u>(329,252)</u>	<u>(16)</u>	<u>(286,789)</u>	<u>(14)</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs	(146)	-	(66)	-
Interest income (Note 22)	20,970	1	33,214	2
Dividend income	6,059	-	5,904	-
Other income (Notes 18 and 22)	55,209	3	49,875	2
Foreign exchange gain (loss), net (Note 22)	(20,563)	(1)	62,692	3
Gain on fair value changes of financial assets and liabilities at fair value through profit or loss	81,443	4	11,107	1
Other expenses	(533)	-	(273)	-
Share of profit of associates	(1,878)	-	-	-
Loss on disposal of a subsidiaries accounted for using the equity method (Notes 4 and 26)	<u>(538)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>140,023</u>	<u>7</u>	<u>162,453</u>	<u>8</u>
LOSS BEFORE INCOME TAX	(189,229)	(9)	(124,336)	(6)
INCOME TAX BENEFIT (Notes 4 and 23)	<u>(50,976)</u>	<u>(2)</u>	<u>(32,215)</u>	<u>(1)</u>
NET LOSS FOR THE YEAR	<u>(138,253)</u>	<u>(7)</u>	<u>(92,121)</u>	<u>(5)</u>

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	\$ 6,755	1	\$ 16,236	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	21,327	1	21,293	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	(1,351)	-	(3,247)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>6,283</u>	<u>-</u>	<u>21,006</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>33,014</u>	<u>2</u>	<u>55,288</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (105,239)</u>	<u>(5)</u>	<u>\$ (36,833)</u>	<u>(2)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (153,992)	(8)	\$ (92,804)	(5)
Non-controlling interests	<u>15,739</u>	<u>1</u>	<u>683</u>	<u>-</u>
	<u>\$ (138,253)</u>	<u>(7)</u>	<u>\$ (92,121)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (118,144)	(6)	\$ (37,088)	(2)
Non-controlling interests	<u>12,905</u>	<u>1</u>	<u>255</u>	<u>-</u>
	<u>\$ (105,239)</u>	<u>(5)</u>	<u>\$ (36,833)</u>	<u>(2)</u>
LOSS PER SHARE (Note 24)				
Basic	<u>\$ (0.69)</u>		<u>\$ (0.42)</u>	
Diluted	<u>\$ (0.69)</u>		<u>\$ (0.42)</u>	

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Note 20)										
	Share Capitals	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests (Note 12)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 4)				
BALANCE AT JANUARY 1, 2024	\$ 2,256,850	\$ 67,084	\$ 389,031	\$ 121,257	\$ 997,258	\$ (155,595)	\$ 39,012	\$ (20,676)	\$ 3,694,221	\$ 121,762	\$ 3,815,983
Appropriation of 2023 earnings											
Special reserve reversed	-	-	-	(4,674)	4,674	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(44,660)	-	-	-	(44,660)	-	(44,660)
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	(92,804)	-	-	-	(92,804)	683	(92,121)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	12,989	21,006	21,721	-	55,716	(428)	55,288
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(79,815)	21,006	21,721	-	(37,088)	255	(36,833)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(3,921)	-	3,921	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(8,550)	(8,550)
BALANCE AT DECEMBER 31, 2024	2,256,850	67,084	389,031	116,583	873,536	(134,589)	64,654	(20,676)	3,612,473	113,467	3,725,940
Appropriation of 2024 earnings											
Special reserve reversed	-	-	-	(46,648)	46,648	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(44,660)	-	-	-	(44,660)	-	(44,660)
Net profit (loss) for the year ended December 31, 2025	-	-	-	-	(153,992)	-	-	-	(153,992)	15,739	(138,253)
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	5,404	6,283	24,161	-	35,848	(2,834)	33,014
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	(148,588)	6,283	24,161	-	(118,144)	12,905	(105,239)
Buy-back of ordinary shares	-	-	-	-	-	-	-	(35,108)	(35,108)	-	(35,108)
Cancellation of treasury shares	(56,850)	1,066	-	-	-	-	-	55,784	-	-	-
Disposal of subsidiaries (Notes 12 and 26)	-	-	-	-	-	-	-	-	-	(14,517)	(14,517)
Changes in non-controlling interests (Notes 12 and 25)	-	-	-	-	-	-	-	-	-	21,601	21,601
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(370)	-	370	-	-	-	-
Cash capital reduction refund from subsidiaries (Note 12)	-	-	-	-	-	-	-	-	-	(36,000)	(36,000)
BALANCE AT DECEMBER 31, 2025	\$ 2,200,000	\$ 68,150	\$ 389,031	\$ 69,935	\$ 726,566	\$ (128,306)	\$ 89,185	\$ -	\$ 3,414,561	\$ 97,456	\$ 3,512,017

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (189,229)	\$ (124,336)
Adjustments for:		
Depreciation expenses	146,378	145,066
Amortization expenses	3,652	4,008
Expected credit loss recognized (reversed) on trade receivables	10,866	(561)
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(81,443)	(11,107)
Finance costs	146	66
Interest income	(20,970)	(33,214)
Dividend income	(6,059)	(5,904)
Share of profit of associates	1,878	-
Gain (loss) on disposal of property, plant and equipment	35	(23)
Write-down of inventories	14,580	5,967
Net gain on foreign currency exchange	(8,412)	(8,388)
Gain on lease modification	-	(367)
Deferred revenue	(20,629)	(21,206)
Loss on disposal of share of subsidiaries	538	-
(Reversal) recognition of provisions	(382)	1,648
Changes in operating assets and liabilities		
Notes receivable	35,994	(53,733)
Trade receivables	23,553	(139,144)
Other receivables	(10,289)	(2,710)
Inventories	77,087	104,372
Other current assets	(1,146)	(7,275)
Contract liabilities	(3,531)	11,760
Notes payable	(11,989)	5,905
Trade payables	(74,440)	148,973
Other payables	7,361	304
Provisions	(12)	(1,479)
Other current liabilities	(8,346)	5,815
Net defined benefit assets	(7,601)	(6,994)
Cash generated from operations	(122,410)	17,443
Interest received	18,119	33,013
Dividends received	6,059	5,904
Interest paid	(146)	(66)
Income tax paid	(1,678)	(4,171)
Net cash generated from (used in) operating activities	(100,056)	52,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(7,502)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,920	14,993
Proceeds from return of capital from financial assets at fair value through other comprehensive income	3,646	1,560

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LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2025	2024
Purchase of financial assets at amortized cost	\$ -	\$ (173,706)
Proceeds from sale of financial assets at amortized cost	21,665	74,827
Purchase of financial assets at fair value through profit or loss	(522,000)	(862,338)
Proceeds from sale of financial assets at fair value through profit or loss	631,193	528,592
Net cash outflow on acquisition of subsidiaries	(17,011)	-
Net cash inflow on disposal of subsidiaries	(8,637)	-
Payments for property, plant and equipment	(22,266)	(55,844)
Proceeds from disposal of property, plant and equipment	133	90
Decrease in refundable deposits	183	3,626
Payments for intangible assets	(539)	(106)
Increase in prepayments for equipment	<u>(44,161)</u>	<u>(32,862)</u>
Net cash generated from (used in) investing activities	<u>44,126</u>	<u>(508,670)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	12,000	-
Repayments of short-term borrowings	(18,000)	-
Proceeds from guarantee deposits received	1,000	-
Refund of guarantee deposits received	-	(45)
Repayments of the principal portion of lease liabilities	(856)	(723)
Dividends paid to owners of the Company	(44,660)	(44,660)
Dividends paid to reduction refund from non-controlling interests	(36,000)	-
Payments for transaction costs attributable to the buy-back of ordinary shares	(35,108)	-
Dividends paid to non-controlling interests	<u>-</u>	<u>(8,550)</u>
Net cash used in financing activities	<u>(121,624)</u>	<u>(53,978)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>12,021</u>	<u>(3,564)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(165,533)	(514,089)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>807,220</u>	<u>1,321,309</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 641,687</u>	<u>\$ 807,220</u>

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Lee Chi Enterprises Company Ltd. (the “Company”) was incorporated in May 1973. It mainly manufactures and sells bike components and general machinery.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1995.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 13, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”(including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the consolidated financial statements were approved, the Group has assessed that the application of the above standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were approved, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and

- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12, Table 6 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, work in progress, semi-finished goods and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is included as part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees. Such assets before reaching its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those goods and the cost of those goods are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When 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 fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

b) Financial assets at amortized cost

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

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

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

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

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;

- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit loss (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 150 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

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

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

Financial liabilities

1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2) 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.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligation.

n. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

The Group recognizes revenue when customers obtain control of the promised goods which is when the goods are delivered to the customers' specified locations. Transaction price received is recognized as a contract liability until performance obligations are satisfied. Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and other allowances are generally made and adjusted based on historical experience and the consideration of varying contractual terms.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leases

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and technology, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on 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 relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of climate change, related government policies and regulations, inflation, interest rate fluctuations, volatility in financial, energy, foreign currency markets, and US reciprocal tariffs on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 1,096	\$ 747
Checking accounts and demand deposits	235,635	255,334
Cash equivalents		
Time deposits	<u>404,956</u>	<u>551,139</u>
	<u>\$ 641,687</u>	<u>\$ 807,220</u>
<u>Interest rate per annum (%)</u>		
Demand deposits	0.00-0.75	0.00-0.8
Time deposits	0.011-4.15	0.013-4.93

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
<u>Current</u>		
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	\$ 411,132	\$ 472,096
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	119,706	80,622
Overseas listed shares	<u>14,622</u>	<u>10,536</u>
	<u>\$ 545,460</u>	<u>\$ 563,254</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 23,037</u>	<u>\$ 31,910</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
Investments in Equity Instruments	2025	2024
<u>Current</u>		
Domestic listed shares	<u>\$ 137,186</u>	<u>\$ 118,215</u>
<u>Non-current</u>		
Overseas limited partnership	\$ 38,541	\$ 37,983
Overseas unlisted shares	1,528	4,630
Domestic unlisted shares	<u>580</u>	<u>976</u>
	<u>\$ 40,649</u>	<u>\$ 43,589</u>

These investments in equity instruments are held for medium- to long-term strategic purposes, and the Group is expected to generate profit from its long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before June 30, 2023 in which the investment contract stipulates that the limited partnership has a limited duration and whether the duration can be extended is subject to the resolution of partners in the partners' meeting, the Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), and therefore the abovementioned investments are still classified as investments in equity instruments at FVTOCI.

The Company has signed a securities trust agreement with ChinaTrust Commercial Bank in September 2008, and deposited the securities in a trust account for lending and borrowing services. The period of agreement is 1 year. If either party fails to express the intent of modifying the agreement or terminating it in one month before expiration arrives, the agreement will be extended for 1 year automatically.

Listed Shares	December 31			
	2025		2024	
	Number of Shares (In Thousands)	Carrying Amount	Number of Shares (In Thousands)	Carrying Amount
CTBC Financial Holding Co., Ltd.	1,234	<u>\$ 61,931</u>	1,234	<u>\$ 48,237</u>

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2025	2024
<u>Current</u>		
Time deposits with original maturities within 12 months	\$ 157,184	\$ -
Pledged time deposits	<u>-</u>	<u>22,390</u>
	<u>\$ 157,184</u>	<u>\$ 22,390</u>
<u>Non-current</u>		
Pledged time deposits	\$ 1,723	\$ 1,705
Time deposits with original maturities of more than 12 months	<u>-</u>	<u>156,730</u>
	<u>\$ 1,723</u>	<u>\$ 158,435</u>
<u>Interest rate per annum (%)</u>		
Current	2.15-3.20	1.70
Non-current	0.17	0.02-3.20

Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as collateral.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2025	2024
<u>Notes receivable</u>		
Notes receivable - operating	\$ 92,032	\$ 128,966
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 92,032</u>	<u>\$ 128,966</u>

(Continued)

	December 31	
	2025	2024
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 508,381	\$ 494,442
Less: Allowance for impairment loss	<u>(20,709)</u>	<u>(9,836)</u>
	<u>\$ 487,672</u>	<u>\$ 484,606</u>
		(Concluded)

a. Notes receivable

The aging of notes receivable for the Group was as follows:

	December 31	
	2025	2024
Not past due	\$ 92,032	\$ 128,966
Past due	<u>-</u>	<u>-</u>
	<u>\$ 92,032</u>	<u>\$ 128,966</u>

b. Trade receivables

The average credit period of sales of goods is 60 to 150 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group adopts the simplified practice of IFRS 9 and measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off trade receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 150 Days	Total
<u>December 31, 2025</u>					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	\$ 421,679	\$ 37,613	\$ 28,442	\$ 20,647	\$ 508,381
Loss allowance (Lifetime ECLs)	<u>(566)</u>	<u>(1,162)</u>	<u>(7,348)</u>	<u>(11,633)</u>	<u>(20,709)</u>
Amortized cost	<u>\$ 421,113</u>	<u>\$ 36,451</u>	<u>\$ 21,094</u>	<u>\$ 9,014</u>	<u>\$ 487,672</u>
<u>December 31, 2024</u>					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	\$ 471,029	\$ 12,306	\$ 2,610	\$ 8,497	\$ 494,442
Loss allowance (Lifetime ECLs)	<u>(333)</u>	<u>(337)</u>	<u>(669)</u>	<u>(8,497)</u>	<u>(9,836)</u>
Amortized cost	<u>\$ 470,696</u>	<u>\$ 11,969</u>	<u>\$ 1,941</u>	<u>\$ -</u>	<u>\$ 484,606</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Balance at January 1	\$ 9,836	\$ 10,308
Impairment loss recognized (reversed)	10,866	(561)
Less: Amounts written off	(4)	(53)
Foreign exchange gains and losses	<u>11</u>	<u>142</u>
Balance at December 31	<u>\$ 20,709</u>	<u>\$ 9,836</u>

11. INVENTORIES

	<u>December 31</u>	
	2025	2024
Raw materials	\$ 88,569	\$ 97,901
Work in progress	346,638	398,370
Semi-finished goods	235,754	232,008
Finished goods	88,038	116,710
Inventory in transit	<u>8,114</u>	<u>11,596</u>
	<u>\$ 767,113</u>	<u>\$ 856,585</u>

The following table details the cost of inventories recognized as cost of goods sold:

	<u>For the Year Ended December 31</u>	
	2025	2024
Cost of inventories sold	\$ 1,826,344	\$ 1,816,687
Inventory write-downs	14,580	5,967
Unallocated production overhead	<u>118,236</u>	<u>131,771</u>
	<u>\$ 1,959,160</u>	<u>\$ 1,954,425</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%)	
		December 31	
		2025	2024
The Company	Lee Chi International Holding Limited (B.V.I.) (“Lee Chi International”)	100	100
	Chief Venture Capital Corp. (“Chief Venture”)	55	55
	THE Cycle Group, Inc. (“CGI”)	100	100
	Marcoware Co., Ltd. (Marcoware)	-	-
Lee Chi International	Ever Glory Machinery (K.S.) Co., Ltd. (“Ever Glory”)	100	100
CGI	BOX B.V.	100	100

Refer to Tables 6 and 7 for information on the nature of business for each subsidiary.

In December 2025, Chief Venture completed a capital reduction and returned cash to shareholders. The Company received cash of \$44,000 thousand in proportion to its shareholding. Additionally, the Company increased its share capital on CGI by \$29,280 thousand (USD 1,000 thousand) and \$32,540 thousand (USD 1,000 thousand) in July 2025 and May 2024, respectively. To expand into the European market, CGI invested EUR 1 to establish BOX B. V. in 2024.

In April 2025, the Company acquired 2,337 thousand shares of Marcoware Co., Ltd. (“Marcoware”) for a total consideration of \$23,371 thousand, representing a 51% equity interest. As control was assessed to exist, the investment was accounted for as a subsidiary. However, following a restructuring of the investment structure, the Company disposed of 10 thousand shares of Marcoware in November 2025 for proceeds of \$997 thousand and recognized a loss on disposal of \$538 thousand. As a result, the Company’s ownership interest decreased from 51% to 49%, and control was lost. Nevertheless, the Company continues to have significant influence over Marcoware; accordingly, the investment has been reclassified as an associate. For further information, refer to Notes 13, 25 and 26.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
	2025	2024
Chief Venture	45	45

Summarized financial information with respect to Chief Venture that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2025	2024
Current assets	\$ 218,319	\$ 228,057
Non-current assets	25,145	37,516
Current liabilities	<u>(26,895)</u>	<u>(13,425)</u>
Equity	<u>\$ 216,569</u>	<u>\$ 252,148</u>
Equity attributable to:		
Owners of Chief Venture	\$ 119,113	\$ 138,681
Non-controlling interests of Chief Venture	<u>97,456</u>	<u>113,467</u>
	<u>\$ 216,569</u>	<u>\$ 252,148</u>
	For the Year Ended December 31	
	2025	2024
Net income for the year	\$ 50,719	\$ 1,517
Other comprehensive income for the year	<u>(6,298)</u>	<u>(952)</u>
Total comprehensive income for the year	<u>\$ 44,421</u>	<u>\$ 565</u>
Net income attributable to:		
Owners of Chief Venture	\$ 27,896	\$ 834
Non-controlling interests of Chief Venture	<u>22,823</u>	<u>683</u>
	<u>\$ 50,719</u>	<u>\$ 1,517</u>
Total comprehensive income (loss) attributable to:		
Owners of Chief Venture	\$ 24,432	\$ 310
Non-controlling interests of Chief Venture	<u>19,989</u>	<u>255</u>
	<u>\$ 44,421</u>	<u>\$ 565</u>
Cash inflow (outflow) from:		
Operating activities	\$ (7,279)	\$ (7,133)
Investing activities	32,173	24,342
Financing activities	<u>(80,000)</u>	<u>(19,000)</u>
Net cash outflow	<u>\$ (55,106)</u>	<u>\$ (1,791)</u>
Dividends paid to non-controlling interests		
Chief Venture	<u>\$ -</u>	<u>\$ 8,550</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Associate	December 31			
	2025		2024	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted company</u>				
Marcoware	\$ 12,584	49	\$ -	-

Refer to Table 6 “Information on Investees” for the principal business activities and country of incorporation of the associate.

Investments accounted for using the equity method and the Group’s share of profit or loss thereon are recognized based on the financial statements for the same reporting period, which have been audited by the CPA.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2025	\$ 258,793	\$ 15,729	\$ 961,916	\$ 895,155	\$ 28,759	\$ 180,317	\$ 62,290	\$ 2,402,959
Additions	-	-	1,109	2,892	153	5,749	9,190	19,093
Disposals	-	(2,053)	-	(99,632)	(5,257)	(17,234)	-	(124,176)
Reclassification	-	155	40,732	38,140	4,170	43,147	(69,546)	56,798
Acquisitions through business combinations	-	-	-	11,093	-	1,079	-	12,172
Disposal of subsidiaries	-	-	-	(12,018)	(153)	(1,624)	-	(13,795)
Effects of foreign currency exchange differences	-	-	1,574	66	56	184	-	1,880
Balance at December 31, 2025	<u>\$ 258,793</u>	<u>\$ 13,831</u>	<u>\$ 1,005,331</u>	<u>\$ 835,696</u>	<u>\$ 27,728</u>	<u>\$ 211,618</u>	<u>\$ 1,934</u>	<u>\$ 2,354,931</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2025	\$ -	\$ 8,919	\$ 575,276	\$ 635,797	\$ 16,855	\$ 117,470	\$ -	\$ 1,354,317
Disposals	-	(2,053)	-	(99,464)	(5,257)	(17,234)	-	(124,008)
Depreciation expense	-	1,319	39,770	71,460	4,532	27,071	-	144,152
Disposal of subsidiaries	-	-	-	(2,987)	(18)	(598)	-	(3,603)
Effects of foreign currency exchange differences	-	-	1,899	176	29	195	-	2,299
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 8,185</u>	<u>\$ 616,945</u>	<u>\$ 604,982</u>	<u>\$ 16,141</u>	<u>\$ 126,904</u>	<u>\$ -</u>	<u>\$ 1,373,157</u>
Carrying amount at December 31, 2025	<u>\$ 258,793</u>	<u>\$ 5,646</u>	<u>\$ 388,386</u>	<u>\$ 230,714</u>	<u>\$ 11,587</u>	<u>\$ 84,714</u>	<u>\$ 1,934</u>	<u>\$ 981,774</u>

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 258,793	\$ 15,613	\$ 940,583	\$ 899,456	\$ 26,645	\$ 169,549	\$ 31,857	\$ 2,342,496
Additions	-	135	2,606	5,449	-	9,497	34,130	51,817
Disposals	-	(120)	-	(46,243)	(2,187)	(12,589)	-	(61,139)
Reclassification	-	101	1,171	22,138	4,127	10,884	(3,697)	34,724
Effects of foreign currency exchange differences	-	-	17,556	14,355	174	2,976	-	35,061
Balance at December 31, 2024	<u>\$ 258,793</u>	<u>\$ 15,729</u>	<u>\$ 961,916</u>	<u>\$ 895,155</u>	<u>\$ 28,759</u>	<u>\$ 180,317</u>	<u>\$ 62,290</u>	<u>\$ 2,402,959</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 7,693	\$ 524,766	\$ 597,268	\$ 14,716	\$ 102,602	\$ -	\$ 1,247,045
Disposals	-	(120)	-	(46,176)	(2,187)	(12,589)	-	(61,072)
Depreciation expense	-	1,346	40,015	72,259	4,187	25,117	-	142,924
Effect of foreign currency exchange differences	-	-	10,495	12,446	139	2,340	-	25,420
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 8,919</u>	<u>\$ 575,276</u>	<u>\$ 635,797</u>	<u>\$ 16,855</u>	<u>\$ 117,470</u>	<u>\$ -</u>	<u>\$ 1,354,317</u>
Carrying amount at December 31, 2024	<u>\$ 258,793</u>	<u>\$ 6,810</u>	<u>\$ 386,640</u>	<u>\$ 259,358</u>	<u>\$ 11,904</u>	<u>\$ 62,847</u>	<u>\$ 62,290</u>	<u>\$ 1,048,642</u>

For the demand of future business expansion, the Company purchased agricultural land of Kuaiguan, Changhua City. Due to restrictions of law, the Company was not able to register under the name of Lee Chi Enterprises Company Ltd. Therefore, the land is registered under the name of the chairman of the Company, Lin, Yu-Hsin, or the president, Lin, Yi-Hsien. The land was mortgaged to the Company in full amount.

In addition, the land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company's consent. As of December 31, 2025 and 2024, the carrying amount of land registered under the name of other individuals were \$145,689 thousand.

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

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets:

Land improvements	5-20 years
Buildings	
Main buildings	16-36 years
Others	2-20 years
Machinery and equipment	1-12 years
Transportation equipment	3-6 years
Other equipment	1-16 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2025	2024
<u>Carrying amount</u>		
Land	<u>\$ 33,939</u>	<u>\$ 35,266</u>

	For the Year Ended December 31	
	2025	2024
Depreciation charge for right-of-use assets		
Land	\$ 1,379	\$ 1,417
Buildings	834	725
Transportation equipment	<u>13</u>	<u>-</u>
	<u>\$ 2,226</u>	<u>\$ 2,142</u>

Except for recognition for depreciation expenses, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2025 and 2024.

b. Material leasing activities and terms

Ever Glory has land use rights for assets which are located at south side of Honghu Road and east side of Xinxing Road, Kunshan Development Area, Jiangsu Province, mainland China. The rights were acquired in August 2009, and the period of the land use rights is 38 years. The acquired lots are used for building factories, office buildings and staff dormitory. The Company had previously leased buildings for the use of plants, but the lease was terminated early in April 2024. As the Company lost control over Marcoware upon disposal of its equity interest in December 2025, the related right-of-use assets and lease liabilities have been derecognized accordingly. Refer to Note 26.

c. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	\$ 1,490	\$ 63
Expenses relating to low-value asset leases	<u>\$ 568</u>	<u>\$ 562</u>
Total cash outflow for leases	<u>\$ (2,939)</u>	<u>\$ (1,414)</u>

The Group's leases of certain office qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INTANGIBLE ASSETS

	Patents	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 41,273	\$ 19,486	\$ 1,689	\$ 62,448
Additions	-	539	-	539
Effect of foreign currency exchange differences	<u>-</u>	<u>(209)</u>	<u>(71)</u>	<u>(280)</u>
Balance at December 31, 2025	<u>\$ 41,273</u>	<u>\$ 19,816</u>	<u>\$ 1,618</u>	<u>\$ 62,707</u>

(Continued)

	Patents	Computer Software	Others	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2025	\$ 18,229	\$ 16,561	\$ 901	\$ 35,691
Amortization expenses	2,064	1,481	107	3,652
Effect of foreign currency exchange differences	<u>-</u>	<u>(198)</u>	<u>(37)</u>	<u>(235)</u>
Balance at December 31, 2025	<u>\$ 20,293</u>	<u>\$ 17,844</u>	<u>\$ 971</u>	<u>\$ 39,108</u>
Carrying amount at December 31, 2025	<u>\$ 20,980</u>	<u>\$ 1,972</u>	<u>\$ 647</u>	<u>\$ 23,599</u> (Concluded)

	Patents	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 41,273	\$ 19,066	\$ 1,583	\$ 61,922
Additions	-	106	-	106
Effect of foreign currency exchange differences	<u>-</u>	<u>314</u>	<u>106</u>	<u>420</u>
Balance at December 31, 2024	<u>\$ 41,273</u>	<u>\$ 19,486</u>	<u>\$ 1,689</u>	<u>\$ 62,448</u>

<u>Accumulated amortization</u>				
Balance at January 1, 2024	\$ 16,165	\$ 14,434	\$ 739	\$ 31,338
Amortization expenses	2,064	1,834	110	4,008
Effects of Foreign Currency Exchange Differences	<u>-</u>	<u>293</u>	<u>52</u>	<u>345</u>
Balance at December 31, 2024	<u>\$ 18,229</u>	<u>\$ 16,561</u>	<u>\$ 901</u>	<u>\$ 35,691</u>
Carrying amount at December 31, 2024	<u>\$ 23,044</u>	<u>\$ 2,925</u>	<u>\$ 788</u>	<u>\$ 26,757</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	20 years
Computer software	2-10 years
Others	15 years

	For the Year Ended December 31	
	2025	2024
Operating costs	\$ 307	\$ 339
General and administrative expenses	811	928
Research and development expenses	<u>2,534</u>	<u>2,741</u>
	<u>\$ 3,652</u>	<u>\$ 4,008</u>

An analysis of amortization by function

17. OTHER ASSETS

	December 31	
	2025	2024
<u>Current</u>		
Prepayments	\$ 24,803	\$ 23,950
Temporary payments	8,776	6,174
Prepaid expenses	6,337	6,756
Others	<u>1,840</u>	<u>5,825</u>
	<u>\$ 41,756</u>	<u>\$ 42,705</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 8,574	\$ 20,535
Refundable deposits	<u>547</u>	<u>572</u>
	<u>\$ 9,121</u>	<u>\$ 21,107</u>

18. OTHER LIABILITIES

	December 31	
	2025	2024
<u>Other payables</u>		
Payables for salaries	\$ 62,108	\$ 63,045
Payables for commission	5,099	7,877
Payables for purchases of equipment	3,737	6,927
Payables for remuneration of directors	1,570	48
Payables for compensation of employees	52	2
Others	<u>87,926</u>	<u>78,922</u>
	<u>\$ 160,492</u>	<u>\$ 156,821</u>
<u>Other current liabilities</u>		
Provisions	\$ 1,550	\$ 1,944
Others	<u>8,009</u>	<u>16,555</u>
	<u>\$ 9,559</u>	<u>\$ 18,499</u>

The provisions for warranty claims represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties. The estimate had been made on the basis of historical warranty trends.

	December 31	
	2025	2024
<u>Deferred revenue</u>		
Current	\$ 21,201	\$ 21,139
Non-current	<u>106,546</u>	<u>127,553</u>
	<u>\$ 127,747</u>	<u>\$ 148,692</u>

Deferred revenue represents government compensation received in 2008 in relation to the relocation of Ever Glory and is recognized as income over the useful lives of the related assets. The movements were as follows:

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 148,692	\$ 164,054
Additions	-	330
Reclassified as other revenue	(20,629)	(21,206)
Foreign exchange gains and losses	<u>(316)</u>	<u>5,514</u>
Balance at December 31	<u>\$ 127,747</u>	<u>\$ 148,692</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Ever Glory participate in the social insurance plan, which is managed and coordinated by Chinese government. The defined contribution plans provide the government with endowment insurance expenses to manage the social insurance plan.

Chief Venture and Lee Chi International are investments or holding companies; therefore, these companies are not required to establish a retirement policy.

CGI and BOX B. V. have not established a retirement plan.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets with respect to the Group's defined benefit plan were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 135,161	\$ 139,851
Fair value of plan assets	<u>(189,122)</u>	<u>(179,456)</u>
Net defined benefit assets	<u>\$ (53,961)</u>	<u>\$ (39,605)</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2025	\$ 139,851	\$ (179,456)	\$ (39,605)
Service cost			
Current service cost	403	-	403
Net interest expense (income)	2,095	(2,746)	(651)
Recognized in profit or loss	2,498	(2,746)	(248)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,368)	(12,368)
Actuarial loss			
- Changes in financial assumptions	1,165	-	1,165
- Experience adjustments	4,448	-	4,448
Recognized in other comprehensive income	5,613	(12,368)	(6,755)
Contributions from the employer	-	(7,353)	(7,353)
Benefits paid	(12,801)	12,801	-
Balance at December 31, 2025	\$ 135,161	\$ (189,122)	\$ (53,961)
Balance at January 1, 2024	\$ 143,209	\$ (159,584)	\$ (16,375)
Service cost			
Current service cost	450	-	450
Net interest expense (income)	1,790	(2,038)	(248)
Recognized in profit or loss	2,240	(2,038)	202
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,183)	(14,183)
Actuarial (gain) loss			
- Changes in financial assumptions	(2,572)	-	(2,572)
- Experience adjustments	519	-	519
Recognized in other comprehensive income	(2,053)	(14,183)	(16,236)
Contributions from the employer	-	(7,196)	(7,196)
Benefits paid	(3,545)	3,545	-
Balance at December 31, 2024	\$ 139,851	\$ (179,456)	\$ (39,605)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate	1.375%	1.50%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	\$ (2,314)	\$ (2,499)
0.25% decrease	\$ 2,382	\$ 2,572
Expected rate of salary increase		
0.25% increase	\$ 2,326	\$ 2,515
0.25% decrease	\$ (2,271)	\$ (2,455)

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

	December 31	
	2025	2024
Expected contributions to the plans for the next year	\$ 7,290	\$ 7,620
Average duration of the defined benefit obligation	7 years	7.3 years

20. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Shares authorized (in thousands of shares)	300,000	236,824
Shares authorized (in thousands of dollars)	\$ 3,000,000	\$ 2,368,240
Shares issued and fully paid (in thousands of shares)	220,000	225,685
Shares issued and fully paid (in thousands of dollars)	\$ 2,200,000	\$ 2,256,850

b. Capital surplus

	December 31	
	2025	2024
Issuance of ordinary shares	\$ 36,307	\$ 37,245
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition	26,225	26,225
Treasury share transactions	5,206	3,202
Donations	<u>412</u>	<u>412</u>
	<u>\$ 68,150</u>	<u>\$ 67,084</u>

The capital surplus from shares issued in excess of par, the difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition, treasury share transactions and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividends policy is in accordance with current and future plans of development, taking into account of investment environment, demand of capital, domestic and international market competition and interest of shareholders. The appropriation of earnings is based on the Company's dividends policy. Shareholders' dividends can be distributed in the form of cash or shares and the cash dividends distributed shall not be less than 10% of the total dividends distributed. However, if cash dividends to be distributed is less than \$0.5 per share, such cash dividends shall be distributed in the form of ordinary shares. The form and percentage of dividends distributed depend on actual earnings and situation of capital of current year and would be adjusted based on the resolution of shareholders' meeting.

The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

The appropriations of earnings for 2024 and 2023, which were approved in the shareholders' meetings in June 2025 and June 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
Special reserve reversed	\$ (46,648)	\$ (4,674)
Cash dividends	\$ 44,660	\$ 44,660
Cash dividends per share (NTD)	0.20	0.20

The appropriation of earnings for 2025, which was proposed by the Company's board of directors in March 2026 was as follows:

	For the Year Ended December 31, 2025
Special reserve reversed	\$ (14,313)
Cash dividends	\$ 44,000
Cash dividends per share (NTD)	0.20

The appropriation of earnings for 2025 is subject to resolution in the shareholders' meeting to be held in June 2026.

d. Treasury shares

Purpose of Buy-back	Number of Shares, Beginning of the Year (In Thousands)	Shares Increase (In Thousands)	Shares Cancelled (In Thousands)	Number of Shares, End of the Year (In Thousands)
<u>For the Year Ended December 31, 2025</u>				
Shares transferred to employees	2,385	-	(2,385)	-
Shares Cancelled	-	3,300	(3,300)	-
	<u>2,385</u>	<u>3,300</u>	<u>(5,685)</u>	<u>-</u>
<u>For the Year Ended December 31, 2024</u>				
Shares transferred to employees	<u>2,385</u>	<u>-</u>	<u>-</u>	<u>2,385</u>

In May 2025, the Company resolved through a Board meeting to cancel 2,385 thousand treasury shares that had not been transferred to employees within five years, with May 25, 2025 designated as the capital reduction record date.

The Company further resolved in August 2025, for the purpose of maintaining the Company's credit standing and protecting shareholders' interests, to repurchase treasury shares. The repurchase period was from August 12, 2025 to October 11, 2025, with a planned repurchase of 3,500 thousand shares and a price range of NT\$7.04 to NT\$15.60 per share. When the market price was below the lower limit of the repurchase price range, the Company continued to repurchase its shares. As of October 11, 2025, the Company had repurchased 3,300 thousand treasury shares at a total cost of \$35,108 thousand.

In November 2025, the Company further resolved through a Board meeting to cancel 3,300 thousand treasury shares, with November 10, 2025 designated as the capital reduction record date. The change registration was completed in December 2025.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

21. REVENUE

	<u>For the Year Ended December 31</u>	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,011,872	\$ 2,033,762
Other income	<u>11,427</u>	<u>-</u>
	<u>\$ 2,023,299</u>	<u>\$ 2,033,762</u>

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
<u>Contract balances</u>			
Notes receivable and trade receivables	<u>\$ 579,704</u>	<u>\$ 613,572</u>	<u>\$ 405,501</u>
Contract liabilities			
Sale of goods	<u>\$ 16,843</u>	<u>\$ 20,378</u>	<u>\$ 8,581</u>

The changes in the contract balances primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment. Revenue that was recognized from the contract liability balance at the beginning of the year was \$13,586 thousand and \$1,929 thousand for the years ended December 31, 2025 and 2024, respectively.

b. Disaggregation of revenue

Details of disaggregation of revenue were disclosed in Note 35.

22. NET LOSS FROM CONTINUING OPERATIONS

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2025</u>			
Employee benefits			
Salaries and wages	\$ 304,593	\$ 114,145	\$ 418,738
Post-employment benefits			
Defined contribution plans	25,807	6,291	32,098
Defined benefit plans	-	(248)	(248)
			(Continued)

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2025</u>			
Other employee benefits	\$ 69,282	\$ 26,879	\$ 96,161
Depreciation expenses	116,994	29,384	146,378
Amortization expenses	307	3,345	3,652
			(Concluded)

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2024</u>			
Employee benefits			
Salaries and wages	\$ 316,019	\$ 115,543	\$ 431,562
Post-employment benefits			
Defined contribution plans	28,863	6,435	35,298
Defined benefit plans	154	48	202
Other employee benefits	67,766	24,764	92,530
Depreciation expenses	115,990	29,076	145,066
Amortization expenses	339	3,669	4,008

b. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% to 10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholder of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation that not less than 30% of the compensation of employees as compensation distributions for non-executive employees. The compensation of employees and remuneration of directors were not accrued because of the pre-tax net loss of the years ended December 31, 2025 and 2024.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and remuneration of directors were not accrued because of the pre-tax net loss of the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2025 and 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Interest income

	<u>For the Year Ended December 31</u>	
	2025	2024
Bank deposits	\$ 16,448	\$ 30,023
Financial assets at amortized cost	<u>4,522</u>	<u>3,191</u>
	<u>\$ 20,970</u>	<u>\$ 33,214</u>

d. Other income

	For the Year Ended December 31	
	2025	2024
Government grants	\$ 20,629	\$ 21,206
Sale of samples	8,519	6,145
Scrap income	182	257
Settlement income	-	4,532
Others	<u>25,879</u>	<u>17,735</u>
	<u>\$ 55,209</u>	<u>\$ 49,875</u>

e. Gain or loss on foreign exchange

	For the Year Ended December 31	
	2025	2024
Foreign exchange gains	\$ 117,381	\$ 113,179
Foreign exchange losses	<u>(137,944)</u>	<u>(50,487)</u>
Net gains (losses)	<u>\$ (20,563)</u>	<u>\$ 62,692</u>

23. INCOME TAXES

a. Major components of income tax benefit recognized in profit are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ (3,615)	\$ -
Income tax on unappropriated earnings	-	26
Adjustments for prior years	<u>(15)</u>	<u>(4,759)</u>
	<u>(3,630)</u>	<u>(4,733)</u>
Deferred tax		
In respect of the current year	(47,404)	(28,097)
Adjustments for prior years	<u>58</u>	<u>615</u>
	<u>(47,346)</u>	<u>(27,482)</u>
Income tax benefit recognized in profit or loss	<u>\$ (50,976)</u>	<u>\$ (32,215)</u>

A reconciliation of accounting profit and income tax benefit is as follows:

	For the Year Ended December 31	
	2025	2024
Income tax benefit calculated at the statutory rate	\$ (37,846)	\$ (24,867)
Nondeductible expenses in determining taxable income	10,864	7,935
Tax-exempt income	(24,546)	(7,824)
Unrecognized deductible temporary differences and loss carryforwards	28,442	21,334
Deferred tax effect of earnings of subsidiaries	(27,933)	(24,675)
		(Continued)

	For the Year Ended December 31	
	2025	2024
Income tax on unappropriated earnings	\$ -	\$ 26
Adjustments for prior years' tax	<u>43</u>	<u>(4,144)</u>
Income tax benefit recognized in profit or loss	<u>\$ (50,976)</u>	<u>\$ (32,215)</u>
		(Concluded)

b. The movements of deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2025			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 33,054	\$ 7,851	\$ -	\$ 40,905
Allowance for inventory devaluation	5,938	772	-	6,710
Others	<u>3,438</u>	<u>8,159</u>	<u>-</u>	<u>11,597</u>
	42,430	16,782	-	59,212
Loss carryforwards	<u>11,054</u>	<u>12,581</u>	<u>-</u>	<u>23,635</u>
	<u>\$ 53,484</u>	<u>\$ 29,363</u>	<u>\$ -</u>	<u>\$ 82,847</u>

Deferred tax liabilities

Temporary differences				
Investment accounted for using the equity method	\$ 63,276	\$ (25,682)	\$ -	\$ 37,594
Defined benefit obligation	7,921	1,520	1,351	10,792
Land revaluation increment tax	9,875	-	-	9,875
Others	<u>2,765</u>	<u>6,179</u>	<u>-</u>	<u>8,944</u>
	<u>\$ 83,837</u>	<u>\$ (17,983)</u>	<u>\$ 1,351</u>	<u>\$ 67,205</u>

	For the Year Ended December 31, 2024			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 26,632	\$ 6,422	\$ -	\$ 33,054
Allowance for inventory devaluation	5,938	-	-	5,938
Others	<u>5,900</u>	<u>(2,462)</u>	<u>-</u>	<u>3,438</u>
	38,470	3,960	-	42,430
Loss carryforwards	<u>3,309</u>	<u>7,745</u>	<u>-</u>	<u>11,054</u>
	<u>\$ 41,779</u>	<u>\$ 11,705</u>	<u>\$ -</u>	<u>\$ 53,484</u>

(Continued)

For the Year Ended December 31, 2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 83,217	\$ (19,941)	\$ -	\$ 63,276
Defined benefit obligation	3,275	1,399	3,247	7,921
Land revaluation increment tax	9,875	-	-	9,875
Others	-	2,765	-	2,765
	<u>\$ 96,367</u>	<u>\$ (15,777)</u>	<u>\$ 3,247</u>	<u>\$ 83,837</u>
				(Concluded)

- c. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2025	2024
Loss carryforwards		
Expiry in 2028	\$ 186,631	\$ 186,091
Expiry in 2029	109,913	109,595
Expiry in 2030	135,281	-
Expiry in 2033	<u>5,535</u>	<u>5,535</u>
	<u>\$ 437,360</u>	<u>\$ 301,221</u>

- d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2025 comprised of:

Unused Amount	Expiry Year
\$ 186,631	2028
109,913	2029
135,281	2030
20,661	2033
39,857	2034
<u>67,497</u>	2035
<u>\$ 559,840</u>	

- e. Income tax assessments

Income tax returns through 2022 of the Company and 2023 of Chief Venture have been assessed by the tax authorities.

24. LOSS PER SHARE

	Net Loss	Number of Shares Denominator (In Thousands)	Loss Per Share (NTD)
<u>For the year ended December 31, 2025</u>			
Basic and Diluted loss per share			
Net loss available to ordinary shareholders of the parent	\$ <u>(153,992)</u>	<u>222,374</u>	\$ <u>(0.69)</u>
<u>For the year ended December 31, 2024</u>			
Basic and Diluted loss per share			
Net loss available to ordinary shareholders of the parent	\$ <u>(92,804)</u>	<u>223,300</u>	\$ <u>(0.42)</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. Because of the net loss after tax in 2025 and 2024, they are anti-dilutive and excluded from the computation of diluted loss per share if employee compensation is added potential common stock impact.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Marcoware	Metal products manufacturing	April 1, 2025	51	\$ <u>23,371</u>

The Group acquired a 51% equity interest in Marcoware for the purpose of expanding its operations in the metal products manufacturing industry.

b. Assets acquired and liabilities assumed at the date of acquisition

	<u>Marcoware</u>
Current assets	
Cash and cash equivalents	\$ 6,360
Notes and trade receivable	49,646
Inventories	9,405
Other current assets	2,898
	(Continued)

	<u>Marcoware</u>
Non-current assets	
Property, plant and equipment	\$ 12,172
Right-of-use assets	3,536
Other non-current assets	2,387
Current liabilities	
Short-term borrowings	(6,000)
Notes and trade payable	(25,571)
Lease liabilities – current	(1,639)
Other current liabilities	(7,125)
Non-current liabilities	
Lease liabilities – non-current	<u>(1,985)</u>
Identifiable net assets	<u>\$ 44,084</u> (Concluded)

c. Non-controlling interests

The non-controlling interest (49% ownership interest in Marcoware) recognized at the acquisition date was measured by the proportionate share of Marcoware's net identifiable assets.

d. Goodwill recognized on acquisitions

	<u>Marcoware</u>
Consideration transferred	\$ 23,371
Plus: Non-controlling interests (49% in Marcoware)	21,601
Less: Identifiable net assets acquired	<u>(44,084)</u>
Goodwill recognized on acquisitions	<u>\$ 888</u>

The goodwill recognized in the acquisitions of Marcoware mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on the acquisition of subsidiaries

	<u>Marcoware</u>
Consideration paid in cash	\$ 23,371
Less: Cash and cash equivalent balances acquired	<u>(6,360)</u>
	<u>\$ 17,011</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	<u>Marcoware</u>
Revenue	\$ 62,605
Loss	<u>\$ (14,459)</u>

Had Marcoware concluded the acquisition at the beginning of April 2025, the Group's revenue would have been \$2,053,178 thousand, and the loss would have been \$138,733 thousand for the year ended December 31, 2025. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2025, nor is it intended to be a projection of future results.

26. DISPOSAL OF SUBSIDIARIES

In December 2025, the Company entered into a sale agreement to dispose of Marcoware. As a result, the Company's ownership interest decreased from 51% to 49%. The disposal was completed, and the control of Marcoware was passed to the acquirer.

a. Consideration received from disposals

	<u>Marcoware</u>
Cash	<u>\$ 997</u>

b. Analysis of assets and liabilities on the date control was lost

	<u>Marcoware</u>
Current assets	
Cash and cash equivalents	\$ 9,634
Notes and trade receivable	20,833
Inventories	3,914
Other current assets	3,238
Non-current assets	
Property, plant and equipment	10,192
Right-of-use assets	2,689
Other non-current assets	5,840
Current liabilities	
Notes and trade payable	(15,289)
Other current liabilities	(8,657)
Non-current liabilities	
Lease liabilities - non-current	<u>(2,768)</u>
Net assets disposed of	<u>\$ 29,626</u>

c. Loss on disposal of subsidiaries

	<u>Marcoware</u>
Consideration received	\$ 997
Fair value of retained investment	14,462
Net assets disposed of	(29,626)
Goodwill from the acquisition	(888)
Non-controlling interests	<u>14,517</u>
Loss on disposals	<u><u>\$ (538)</u></u>

d. Net cash outflow on disposals of subsidiaries

	<u>Marcoware</u>
Consideration received in cash and cash equivalents	\$ 997
Less: Cash and cash equivalent balances disposed of	<u>(9,634)</u>
	<u><u>\$ (8,637)</u></u>

27. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Acquisitions through business combinations	Disposal of Subsidiaries	Leases Modification	Exchange Rate	
<u>For the year ended December 31, 2025</u>							
Short-term borrowings	\$ -	\$ (6,000)	\$ 6,000	\$ -	\$ -	\$ -	\$ -
Lease liabilities	-	(856)	3,624	(2,768)	-	-	-
Guarantee deposits	<u>134</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1,135</u>
	<u>\$ 134</u>	<u>\$ (5,856)</u>	<u>\$ 9,624</u>	<u>\$ (2,768)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,135</u>
<u>For the year ended December 31, 2024</u>							
Lease liabilities	\$ 7,766	\$ (723)	\$ -	\$ -	\$ (7,043)	\$ -	\$ -
Guarantee deposits	<u>172</u>	<u>(45)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>134</u>
	<u>\$ 7,938</u>	<u>\$ (768)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,043)</u>	<u>\$ 7</u>	<u>\$ 134</u>

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure regularly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

a. Fair value information

1) Fair value of financial instruments measured at fair value on recurring basis

a) Fair value hierarchy

The following analysis details measurement of financial instruments since initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs, are observable.

	Level 1	Level 2	Level 3	Total
<u>December 31, 2025</u>				
Financial assets at FVTPL				
Mutual funds	\$ 411,132	\$ -	\$ -	\$ 411,132
Domestic listed shares	119,706	-	-	119,706
Domestic unlisted shares	-	-	23,037	23,037
Overseas listed shares	<u>14,622</u>	<u>-</u>	<u>-</u>	<u>14,622</u>
	<u>\$ 545,460</u>	<u>\$ -</u>	<u>\$ 23,037</u>	<u>\$ 568,497</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 137,186	\$ -	\$ -	\$ 137,186
Overseas limited partnership	-	-	38,541	38,541
Overseas unlisted shares	-	-	1,528	1,528
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>580</u>	<u>580</u>
	<u>\$ 137,186</u>	<u>\$ -</u>	<u>\$ 40,649</u>	<u>\$ 177,835</u>
<u>December 31, 2024</u>				
Financial assets at FVTPL				
Mutual funds	\$ 472,096	\$ -	\$ -	\$ 472,096
Domestic listed shares	80,622	-	-	80,622
Domestic unlisted shares	-	-	31,910	31,910
Overseas unlisted shares	<u>10,536</u>	<u>-</u>	<u>-</u>	<u>10,536</u>
	<u>\$ 563,254</u>	<u>\$ -</u>	<u>\$ 31,910</u>	<u>\$ 595,164</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 118,215	\$ -	\$ -	\$ 118,215
Overseas limited partnership	-	-	37,983	37,983
Overseas unlisted shares	-	-	4,630	4,630
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>976</u>	<u>976</u>
	<u>\$ 118,215</u>	<u>\$ -</u>	<u>\$ 43,589</u>	<u>\$ 161,804</u>

There were no transfers between Level 1 and Level 2 in 2025 and 2024.

b) Reconciliation of Level 3 fair value measurements of financial instruments

	Equity Instruments		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
<u>For the Year Ended December 31,</u> <u>2025</u>			
Balance at January 1, 2025	\$ 31,910	\$ 43,589	\$ 75,499
Recognized in profit or loss	(8,873)	-	(8,873)
Recognized in other comprehensive income	-	436	436
Capital reduction	-	(3,646)	(3,646)
Effects on exchange rate changes	-	270	270
Balance at December 31, 2025	<u>\$ 23,037</u>	<u>\$ 40,649</u>	<u>\$ 63,686</u>
<u>For the Year Ended December 31,</u> <u>2024</u>			
Balance at January 1, 2024	\$ 35,467	\$ 45,140	\$ 80,607
Recognized in profit or loss	(3,425)	-	(3,425)
Recognized in other comprehensive income	-	(4,244)	(4,244)
Purchases	4,461	6,392	10,853
Reclassification	(4,593)	-	(4,593)
Sales	-	(3,447)	(3,447)
Capital reduction	-	(1,560)	(1,560)
Effects on exchange rate changes	-	1,308	1,308
Balance at December 31, 2024	<u>\$ 31,910</u>	<u>\$ 43,589</u>	<u>\$ 75,499</u>

c) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of equity investments were determined by using market approach and asset-based approach. The significant unobservable inputs were the discount rate for lack of marketability. If the discount rate for lack of marketability to the valuation model increased to reflect reasonably possible alternative assumptions while all other variables held constant, the fair value of the abovementioned investments would have decreased.

2) Fair value of financial instruments not measured at fair value

The future value of cash and cash equivalents, financial assets at amortized cost, notes receivable, notes payable, trade receivables and payables, other receivables and payables, and refundable deposits are close to their carrying amounts. The fair values have been estimated based on the carrying amounts on the balance sheet date.

b. Categories of financial instruments

	December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,406,818	\$ 1,614,940
Financial assets at FVTPL	568,497	595,164
Financial assets at FVTOCI	177,835	161,804

Financial liabilities

Financial liabilities at amortized cost (2)	422,483	496,161
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- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, financial assets at amortized cost and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, other payables and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, debt and equity investments, mutual funds, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation), and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the USD and EUR.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. A positive number below indicates a decrease in pre-tax loss with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax loss and the balances below would be negative.

Functional Currency	For the Year Ended December 31	
	2025	2024
USD	\$ 8,005	\$ 7,199
EUR	2,467	2,811

The results were mainly attributable to the exposures on outstanding cash and cash equivalents, receivables and payables denominated in USD and EUR without applying cash flow hedges at the end of the year. The Group's sensitivity to US dollar exchange rate increased during the current year mainly due to increased cash and cash equivalents denominated in USD. The Group's sensitivity to euro exchange rate decreased during the current year mainly due to decreased cash and cash equivalents denominated in EUR.

b) Interest rate risk

The Group is exposed to interest rate risk because of deposits at both fixed and floating interest rates, cash equivalents and financial assets at amortized cost.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 559,473	\$ 637,225
Cash flow interest rate risk		
Financial assets	237,190	345,635

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher and all other variables were held constant, the Group's pre-tax loss for the years ended December 31, 2025 and 2024 would have increased/decreased by \$593 thousand and \$864 thousand, respectively.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable-rate bank deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. If equity or mutual funds prices had been 1% higher/lower, pre-tax loss for the years ended December 31, 2025 and 2024 would have increased/decreased by \$5,685 thousand and \$5,952 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by \$1,778 thousand and \$1,618 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Group had available unutilized bank loans facilities of \$400,000 thousand.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Non-derivative Financial Liabilities	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years
<u>December 31, 2025</u>			
Non-interest bearing	\$ <u>421,348</u>	\$ <u>-</u>	\$ <u>1,135</u>
<u>December 31, 2024</u>			
Non-interest bearing	\$ <u>496,027</u>	\$ <u>-</u>	\$ <u>134</u>

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below.

Remuneration of key management personnel

The remuneration of directors and other key management personnel was as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Short-term employee benefits	\$ 9,770	\$ 9,832
Post-employment benefits	<u>171</u>	<u>172</u>
	<u>\$ 9,941</u>	<u>\$ 10,004</u>

The remuneration of directors and key management personnel, as determined by the remuneration committee, is based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for customs guarantee, natural gas and banker's acceptances:

	<u>December 31</u>	
	2025	2024
Financial assets at amortized cost	<u>\$ 1,723</u>	<u>\$ 24,095</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of the Group as of December 31, 2025 and 2024 were as follows:

	<u>December 31</u>	
	2025	2024
Acquisition of property, plant and equipment	<u>\$ 5,248</u>	<u>\$ 8,104</u>

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2025				
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 23,207	31.40	(USD:NTD)	\$ 728,700
USD	5,568	6.992	(USD:RMB)	174,835
EUR	6,735	36.85	(EUR:NTD)	248,185
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
EUR	662	36.85	(EUR:NTD)	24,395
USD	766	31.40	(USD:NTD)	24,052
RMB	4,099	4.491	(RMB:NTD)	18,409
<u>Financial liabilities</u>				
Monetary items				
USD	2,348	31.40	(USD:NTD)	73,727
USD	933	6.992	(USD:RMB)	29,296
EUR	39	36.85	(EUR:NTD)	1,437
December 31, 2024				
	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 21,613	32.78	(USD:NTD)	\$ 708,474
USD	3,496	7.320	(USD:RMB)	114,599
EUR	8,373	34.15	(EUR:NTD)	285,938
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
EUR	621	34.15	(EUR:NTD)	21,207
USD	560	32.78	(USD:NTD)	18,357
RMB	3,534	4.478	(RMB:NTD)	15,825
<u>Financial liabilities</u>				
Monetary items				
USD	2,459	32.78	(USD:NTD)	80,606
USD	689	7.320	(USD:RMB)	22,585
EUR	141	34.15	(EUR:NTD)	4,815

The realized and unrealized net foreign exchange gains (losses) were \$(20,563) thousand and \$62,692 thousand for the years ended December 31, 2025 and 2024, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the various functional currencies of the foreign currency transactions and group entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Significant marketable securities held (excluding investments in subsidiaries and associates): Table 2
- 4) Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 3
- 5) Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 4
- 6) Intercompany relationships and significant intercompany transactions: Table 5

b. Information on investees: Table 6

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 5
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 5
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None

35. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on location of operations. The Group focuses on the manufacture and sale of bike components. The manner of manufacturing and marketing strategy are the same; however, the Group manages its business by location due to regional difference from culture, economy environment and so on. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

1. Domestic operations - products manufactured and sold in Taiwan.
2. Operations in Asia - products manufactured and sold in China.
3. Operations in Americas- products of high-class bike designed, developed and sold in America.
4. Others - investment in domestic and international business, venture capital business.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2025	2024	2025	2024
Domestic operations	\$ 1,410,537	\$ 1,275,338	\$ (104,098)	\$ (111,262)
Operations in Asia	523,936	669,958	(153,842)	(138,153)
Operations in America	88,826	88,466	(37,231)	(34,716)
Others	-	-	30,468	(2,245)
Total from continuing operations	<u>\$ 2,023,299</u>	<u>\$ 2,033,762</u>	(264,703)	(286,376)
Interest income			20,970	33,214
Dividend income			6,059	5,904
Finance costs			(146)	(66)
Foreign exchange gain (loss), net			(20,563)	62,692
Gain on fair value changes of financial assets and liabilities at FVTPL			16,894	10,694
Share of profit or loss of associates accounted for using the equity method			(1,878)	-
Loss on disposal of share of subsidiaries			(538)	-
Other revenue and gain			55,209	49,875
Other expenses and loss			<u>(533)</u>	<u>(273)</u>
Loss before tax			<u>\$ (189,229)</u>	<u>\$ (124,336)</u>

Segment profit or loss represented the profit before tax earned by each segment without interest income, dividend income, finance costs, foreign exchange gain or loss, gain or loss on fair value changes of financial assets at FVTPL, share of profit or loss of associates accounted for using the equity method, loss on disposal of share of subsidiaries, other revenue and gain, other expenses and loss and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	December 31	
	2025	2024
<u>Segment assets</u>		
Continuing operations		
Domestic operations	\$ 2,716,497	\$ 2,847,195
Asia operations	1,089,017	1,286,601
America operations	87,758	104,569
Others	<u>243,465</u>	<u>265,573</u>
	4,136,737	4,503,938
Unallocated assets	<u>82,847</u>	<u>53,484</u>
Consolidated total assets	<u>\$ 4,219,584</u>	<u>\$ 4,557,422</u>
<u>Segment liabilities</u>		
Continuing operations		
Domestic operations	\$ 258,456	\$ 293,852
Asia operations	348,479	434,323
America operations	6,532	6,045
Others	<u>26,895</u>	<u>13,425</u>
	640,362	747,645
Unallocated liabilities	<u>67,205</u>	<u>83,837</u>
Consolidated total liabilities	<u>\$ 707,567</u>	<u>\$ 831,482</u>

All assets and liabilities were allocated to reportable departments other than deferred tax assets and deferred tax liabilities.

c. Revenue from major products

	For the Year Ended December 31	
	2025	2024
Stem	\$ 429,361	\$ 489,447
Braking system	375,294	323,696
Seat post	285,373	261,808
Hub	71,171	84,204
Others	<u>862,100</u>	<u>874,607</u>
	<u>\$ 2,023,299</u>	<u>\$ 2,033,762</u>

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2025		2024	
	Amount	%	Amount	%
Customer A	\$ 271,280	13	\$ 328,182	16
Customer B	155,535	8	211,655	10

TABLE 1

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	Ever Glory	Other receivables	Yes	\$ 7,300 (USD 220)	\$ 6,908 (USD 220)	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 682,912	\$ 1,365,824
		CGI	Other receivables	Yes	351,115 (USD 9,915) (NTD 22,143)	333,467 (USD 9,915) (NTD 22,143)	286,367 (USD 8,415) (NTD 22,143)	-	Short-term financing	-	Operating capital	-	-	-	682,912	1,365,824
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,300 (USD 220)	6,908 (USD 220)	6,409 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	368,950 (USD 11,750)	368,950 (USD 11,750)

Note 1: The financing amount of the Company should not exceed 20% of the Company’s shareholders’ equity; that of subsidiaries should not exceed 50% of the subsidiaries’ shareholders’ equity.

Note 2: The financing amount of the Company should not exceed 40% of the Company’s shareholders’ equity; that of subsidiaries should not exceed 50% of the subsidiaries’ shareholders’ equity.

Note 3: The ending balance amount has been approved by the board of directors.

Note 4: Significant intercompany accounts and transactions have been eliminated.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	<u>Ordinary shares</u>						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143,455	\$ 107,601	-	\$ 107,601
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106,000	2,014	-	2,014
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	19,362	291	-	291
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	10,827	154	-	154
	<u>Mutual funds</u>						
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	10,220,003	111,898	-	111,898
	UPAMC James Bond Money Market Fund	-	Financial assets at FVTPL - current	4,823,248	85,188	-	85,188
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	4,478,655	65,951	-	65,951
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at FVTPL - current	1,664,538	22,076	-	22,076
	Cathay Taiwan Money Market Fund	-	Financial assets at FVTPL - current	1,551,976	20,374	-	20,374
	Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - current	1,027,463	17,723	-	17,723
	Fidelity Funds - Global Dividend Fund	-	Financial assets at FVTPL - current	13,427	16,897	-	16,897
	Allianz Global Investors Taiwan Technology Fund	-	Financial assets at FVTPL - current	28,882	11,193	-	11,193
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	696,858	10,585	-	10,585
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115,465	9,381	-	9,381
	Eastspring Investments-US High Investment Grade Bond Fund	-	Financial assets at FVTPL - current	16,815	8,128	-	8,128
	Franklin Templeton Investment Funds	-	Financial assets at FVTPL - current	29,629	7,512	-	7,512
	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at FVTPL - current	67,958	4,206	-	4,206
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120,000	3,686	-	3,686
	Cathay High Dividend Taiwan Equity Fund	-	Financial assets at FVTPL - current	81,047	3,638	-	3,638
	Cathay China Domestic Demand Growth Fund	-	Financial assets at FVTPL - current	109,870	2,820	-	2,820
	PineBridge Technology Multi-Asset Fund	-	Financial assets at FVTPL - current	200,000	2,371	-	2,371
	Nomura Global Dyn Multi	-	Financial assets at FVTPL - current	29,963	2,149	-	2,149
	Cathay China Emerging Industries Fund	-	Financial assets at FVTPL - current	66,708	1,625	-	1,625
	Yuanta Great China TMT Fund	-	Financial assets at FVTPL - current	16,116	1,539	-	1,539
	Fuh Hwa China New Economy A Shares Eq	-	Financial assets at FVTPL - current	25,126	1,136	-	1,136
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	40,000	1,056	-	1,056
Ever Glory	<u>Ordinary shares</u>						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	\$ 38,541	-	\$ 38,541

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Chief Venture	<u>Ordinary shares</u>						
	DEXIN CORP.	-	Financial assets at FVTPL - current	2,940,315	\$ 91,151	6	\$ 91,151
	POWERCHIP SEMICONDUCTOR MANUFACTURING CORPORATION	-	Financial assets at FVTPL - current	650,000	25,707	-	25,707
	CG ONCOLOGY, INC.	-	Financial assets at FVTPL - current	11,205	14,622	-	14,622
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTPL - current	62,469	2,848	-	2,848
	POWERCHIP TECHNOLOGY CORPORATION	-	Financial assets at FVTPL - non-current	1,493,659	19,985	-	19,985
	WINSTON MEDICAL SUPPLY CO., LTD.	-	Financial assets at FVTPL - non-current	40,000	3,052	-	3,052
	RUBY TECH CORPORATION	-	Financial assets at FVTOCI - current	241,385	13,397	-	13,397
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTOCI - current	206,281	9,406	-	9,406
	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	-	Financial assets at FVTOCI - current	65,000	4,323	-	4,323
	ZENTERA SYSTEM, INC.	-	Financial assets at FVTOCI - non-current	58,823	1,528	-	1,528
	SOLIDLITE CORPORATION	-	Financial assets at FVTOCI - non-current	200,000	580	-	580

(Concluded)

TABLE 3

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party (Note 2)	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note 1)	Purchases	\$ 178,962	28	T/T 150 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There were no unrelated parties with similar trade. Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	\$ (73,473)	(34)	
Ever Glory	The Company	(Note 1)	Sales	(178,962)	(25)	T/T 150 days after the transaction date		There were no significant differences between other parties.	73,473	26	

Note 1: See Note 12.

Note 2: Significant intercompany accounts and transactions have been eliminated.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Company Name	Related Party (Note 4)	Nature of the Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
The Company	CGI	(Note 2)	\$ 291,333 (Note 3)	1.40	\$ -	-	\$ 377	\$ -

Note 1: The calculation of turnover rate did not take other receivables into account.

Note 2: See Note 12.

Note 3: It consists of trade receivables and other receivables.

Note 4: Significant intercompany accounts and transactions have been eliminated.

TABLE 5

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	The Company	Lee Chi International	1	Other receivables	\$ 202	-	-
			1	Sales	24,167	T/T 120 days after the transaction date	1
				Purchases	178,962	T/T 150 days after the transaction date	9
				Trade receivables	13,676	T/T 120 days after the transaction date	-
		CGI	1	Trade payables	73,473	T/T 150 days after the transaction date	2
				Sales	4,155	T/T 150 days after the transaction date	-
				Purchases	459	T/T 60 days after the transaction date	-
				Trade receivables	3,804	T/T 150 days after the transaction date	-
				Other receivables	287,529	-	7
				Other payables	15,610	-	-
1	Ever Glory	Lee Chi International	2				

Note: Relationships with counterparties: (1) parent company to subsidiary; and (2) subsidiary to subsidiary.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2025	December 31, 2024	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Company	Lee Chi International	British Virgin Islands	Operating holding company and international investments	\$ 667,823	\$ 667,823	23,500,000	100	\$ 800,121	\$ (129,031)	\$ (129,031)	Subsidiary
	Chief Venture	Taipei	Investment	63,886	107,886	6,600,000	55	119,113	50,719	27,896	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	214,785	185,505	7,000,000	100	(210,107)	(38,632)	(38,632)	Subsidiary
CGI	Marcoware	Changhua	Manufacture of metal products	22,371	-	2,237,092	49	12,584	(19,282)	(9,252)	Associate
	BOX B.V.	The Netherlands	Sale of bikes and bike components	EUR 0.001	EUR 0.001	100	100	USD 3	USD 9	(Note 2)	Second-tier subsidiary

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: Not applicable.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 2)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Ever Glory	Manufacture and sale of cars, bikes, bike components and related machine elements.	RMB 83,240 (USD 10,000)	The reinvestment was made through Lee Chi International	\$ 472,610 (USD 16,190)	\$ -	\$ -	\$ 472,610 (USD 16,190)	\$ (121,556)	100%	\$ (121,556)	\$ 781,098	\$ 300,781

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	\$ 472,610 (USD 16,190)	\$ 733,321 (USD 24,157)	\$ 2,107,210

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: The investment gain (loss) recognized by the Group was based on the audited financial statements by the same accounting firm as parent company in Taiwan, as of and for the year ended December 31, 2025.

Note 3: The upper limit on investment was in accordance with the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”.