FY GROUP LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025 AND 2024

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of FY Group Ltd.

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *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 Group's 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Existence of bank savings

Description

The Group's bank savings include cash and cash equivalents and financial assets at amortised cost. Please refer to Notes 4(6) and 6(1) for the definition and details of cash and cash equivalents and Notes 4(8) and 6(2) for the definition and details of financial assets at amortised cost.

As bank savings accounted for a significant portion of the Group's consolidated total assets, have inherent risk and require a significant amount of resources in performing relevant audit procedures, we considered the existence of bank savings a key audit matter.

How our audit addressed the matter

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

1. Inspected the bank statements, passbooks or online banking information to confirm whether the deposits belong to the Group.
2. Sent out bank confirmation letters to validate the existence, rights and obligations of cash and cash equivalents.
3. Verified the contact information of the bank confirmation letters to confirm whether it was true and correct.
4. Tested the mathematical accuracy of bank reconciliation statements and examined reconciling items to confirm whether there were any significant unusual reconciling items.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

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

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

Those charged with governance, including 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 professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Liao, Fu-Ming	Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 11, 2026

FY GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	Assets	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 829,344	22	$ 1,077,470	27
1136	Current financial assets at amortised cost	6(2) and 8	540,817	15	256,133	6
1170	Accounts receivable, net	6(3)	463,802	13	526,979	13
1200	Other receivables		34,489	1	80,189	2
1220	Current tax assets		9,310	-	156	-
130X	Current inventories	6(4)	402,684	11	422,643	11
1410	Prepayments		47,215	1	17,400	1
1470	Other current assets		654	-	411	-
11XX	**Total current assets**		2,328,315	63	2,381,381	60
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(2)	111,790	3	342,062	9
1600	Property, plant and equipment	6(5) and 8	1,048,248	29	1,080,414	27
1755	Right-of-use assets	6(6) and 8	31,797	1	31,713	1
1760	Investment property, net	6(8)	3,414	-	4,384	-
1780	Intangible assets	6(9)	26,817	1	11,746	-
1840	Deferred tax assets	6(23)	49,333	1	46,172	1
1900	Other non-current assets	8	85,739	2	96,333	2
15XX	**Total non-current assets**		1,357,138	37	1,612,824	40
1XXX	**Total assets**		$ 3,685,453	100	$ 3,994,205	100

(Continued)

FY GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	Liabilities and Equity	Notes	December 31, 2025 AMOUNT	%	December 31, 2024 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(16)	$ -	-	$ 4,399	-
2170	Accounts payable	6(10)	565,240	15	821,405	21
2200	Other payables	6(11)	394,018	11	458,746	11
2230	Current tax liabilities		55,570	1	29,809	1
2250	Current provisions		26,041	1	37,742	1
2280	Current lease liabilities		1,426	-	913	-
2399	Other current liabilities		11,969	-	10,629	-
21XX	**Total current liabilities**		1,054,264	28	1,363,643	34
	Non-current liabilities					
2570	Deferred tax liabilities	6(23)	21,771	1	53,467	2
2580	Non-current lease liabilities		1,115	-	39	-
2600	Other non-current liabilities		1,347	-	1,406	-
25XX	**Total non-current liabilities**		24,233	1	54,912	2
2XXX	**Total liabilities**		1,078,497	29	1,418,555	36
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(13)				
3110	Common stock		540,000	15	540,000	13
	Capital surplus	6(14)				
3200	Capital surplus		1,001,612	27	1,001,612	25
	Retained earnings	6(15)				
3310	Legal reserve		88,548	2	40,599	1
3350	Unappropriated retained earnings		756,479	21	794,347	20
	Other equity interest					
3400	Other equity interest		220,317	6	199,092	5
3XXX	**Total equity**		2,606,956	71	2,575,650	64
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 3,685,453	100	$ 3,994,205	100

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

FY GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount))

			Year ended December 31			
			2025		2024	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	$ 4,263,406	100	$ 4,999,466	100
5000	Operating costs	6(4)(21)(22)	(3,473,216)	(81)	(4,075,197)	(81)
5900	Gross profit from operations		790,190	19	924,269	19
	Operating expenses	6(21)(22)				
6100	Selling expenses		(116,018)	(3)	(99,651)	(2)
6200	Administrative expenses		(217,357)	(5)	(206,635)	(4)
6300	Research and development expenses		(145,642)	(4)	(142,820)	(3)
6450	(Impairment loss) impairment gain and reversal of impairment loss	12(2)	(1,508)	-	10	-
6000	Total operating expenses		(480,525)	(12)	(449,096)	(9)
6900	Operating profit		309,665	7	475,173	10
	Non-operating income and expenses					
7100	Interest income	6(17)	40,124	1	44,180	1
7010	Other income	6(18)	34,183	1	53,584	1
7020	Other gains and losses	6(19)	(54,889)	(1)	11,990	-
7050	Finance costs	6(20)	(776)	-	(165)	-
7000	Total non-operating income and expenses		18,642	1	109,589	2
7900	**Profit before income tax**		328,307	8	584,762	12
7950	Income tax expense	6(23)	(75,226)	(2)	(105,270)	(2)
8200	**Profit for the year**		$ 253,081	6	$ 479,492	10
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences from translation of foreign operations		$ 21,225	-	$ 131,325	3
8300	**Other comprehensive income for the year, net of tax**		$ 21,225	-	$ 131,325	3
8500	**Total comprehensive income for the year**		$ 274,306	6	$ 610,817	13
	Earnings per share (in dollars)	6(24)				
9750	Basic earnings per share (in dollars)		$	4.69	$	8.88
9850	Diluted earnings per share (in dollars)		$	4.66	$	8.85

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

FY GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

		Equity attributable to owners of the parent					
				Retained Earnings			
	Notes	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity
Year ended December 31, 2024							
Balance at January 1, 2024		$ 540,000	$ 1,001,612	$ 16,806	$ 479,048	$ 67,767	$ 2,105,233
Profit for 2024		-	-	-	479,492	-	479,492
Other comprehensive income		-	-	-	-	131,325	131,325
Total comprehensive income		-	-	-	479,492	131,325	610,817
Appropriations of 2023 earnings:	6(15)						
Legal reserve		-	-	23,793	(23,793)	-	-
Cash dividends of ordinary share		-	-	-	(140,400)	-	(140,400)
Balance at December 31, 2024		$ 540,000	$ 1,001,612	$ 40,599	$ 794,347	$ 199,092	$ 2,575,650
Year ended December 31, 2025							
Balance at January 1, 2025		$ 540,000	$ 1,001,612	$ 40,599	$ 794,347	$ 199,092	$ 2,575,650
Profit for 2025		-	-	-	253,081	-	253,081
Other comprehensive income		-	-	-	-	21,225	21,225
Total comprehensive income		-	-	-	253,081	21,225	274,306
Appropriations of 2024 earnings:	6(15)						
Legal reserve		-	-	47,949	(47,949)	-	-
Cash dividends of ordinary share		-	-	-	(243,000)	-	(243,000)
Balance at December 31, 2025		$ 540,000	$ 1,001,612	$ 88,548	$ 756,479	$ 220,317	$ 2,606,956

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

FY GROUP LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	Notes	Year ended December 31 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 328,307	$ 584,762
Adjustments			
Adjustments to reconcile profit (loss)			
Interest income	6(17)	(40,124)	(44,180)
Interest expense	6(20)	760	138
Interest expense on lease liabilities	6(6)(20)	16	27
Expected credit loss (gain)	12(2)	1,508	(10)
Depreciation on property, plant and equipment	6(5)(21)	102,620	107,214
Depreciation on right-of-use assets	6(6)(21)	1,733	2,464
Depreciation on investment property	6(8)(21)	861	964
Amortization expense	6(9)(21)	2,666	1,376
Loss on disposal of property, plant and equipment	6(19)	1,420	10,092
Loss on disposal of intangible assets	6(19)	15	62
Gain arising from lease modifications	6(6)(19)	(6)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		61,665	(97,844)
Other receivables		47,157	(28,600)
Current inventories		19,959	(81,954)
Prepayments		(29,815)	4,572
Other current assets		(243)	(411)
Changes in operating liabilities			
Current contract liabilities		(4,399)	(3,813)
Accounts payable		(256,165)	253,320
Other payables		(60,061)	45,984
Current provisions		(11,701)	12,393
Other current liabilities		1,340	205
Cash inflow generated from operations		167,513	766,761
Interest received		38,667	36,729
Interest paid		(760)	(161)
Income taxes paid		(91,086)	(60,005)
Net cash flows from operating activities		114,334	743,324
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in current financial assets at amortised cost		(534,228)	(267,109)
Decrease in current financial assets at amortised cost		249,544	270,719
Increase in non-current financial assets at amortised cost		-	(125,301)
Decrease in current financial assets at amortised cost		230,272	-
Acquisition of property, plant and equipment	6(25)	(50,732)	(148,507)
Proceeds from disposal of property, plant and equipment		1,856	1,757
Acquisition of intangible assets	6(9)	(17,333)	(4,589)
Proceeds from disposal of intangible assets		-	1
(Increase) decrease in other non-current assets		(200)	24,876
Net cash flows used in investing activities		(120,821)	(248,153)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(26)	87,168	-
Decrease in short-term loans	6(26)	(87,168)	(35,000)
Payments of lease liabilities	6(26)	(864)	(1,489)
(Decrease) increase in other non-current liabilities		(59)	113
Cash dividends paid	6(15)	(243,000)	(140,400)
Net cash flows used in financing activities		(243,923)	(176,776)
Effect of exchange rate changes		2,284	70,470
Net (decrease) increase in cash and cash equivalents		(248,126)	388,865
Cash and cash equivalents at beginning of year		1,077,470	688,605
Cash and cash equivalents at end of year		$ 829,344	$ 1,077,470

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

FY GROUP LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

FY Group Ltd. (the "Company") was incorporated in the Cayman Islands on July 12, 2019. The Company is an investment holding company established as part of an organizational restructuring as a result of applying for listing on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the research and development, manufacture and sales of interior furniture such as sofas, slipcovers, office chairs and other leather products. The Company's stock has been traded on the Taiwan Stock Exchange since April 25, 2022.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2026.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027 (Note)
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Amendments to IAS 21, ‘Translation to a Hyperinflationary Presentation Currency’	January 1, 2027

Note：The FSC has announced in a press release on September 25, 2025 that public companies will apply IFRS 18 starting from the fiscal year 2028. Additionally, entities can choose to adopt IFRS 18 earlier based on their requirements after the FSC endorses IFRS 18.

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

IFRS 18, ‘Presentation and disclosure in financial statements’

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

Financial assets (including derivative instruments) at fair value through profit or loss.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2025	December 31, 2024
The Company	Green Enterprises Ltd.	Holding company	100%	100%

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2025	Ownership (%) December 31, 2024
Green Enterprises Ltd.	Hallyton Development Limited	General investment	100%	100%
"	Rise Max Investment Limited (Rise Max)	General investment	100%	100%
"	Ontai Group Limited (Ontai)	International trade	100%	100%
Hallyton Development Limited	Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard)	Manufacture, sales and research and development of sofas, slipcovers and other	100%	100%
"	Maxima Steel-plastic Co., Ltd. (Maxima)	Production and sales of office supplies and furniture parts	100%	100%
"	Enrich Industrial (Thai) Company Ltd.	Manufacture and sales of sofas, slipcovers and other leather	100%	100%
Rise Max Investment Limited	Sovereign Industrial (Jiaxing) Co., Ltd. (Sovereign)	Manufacture and sales of sofas, slipcovers and other leather	100%	100%

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is USD; however, the consolidated financial statements are presented in TWD under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

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

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

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets that are expected to be realised, or are intended to be sold or consumed the normal operating cycle;

(b) Assets held primarily for the purpose of trading;

(c) Assets that are expected to be realised within twelve months after the reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising primarily from trading activities;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods.

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) - operating leases

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20	years
Building improvements	3～10	years
Machinery and equipment	3～10	years
Office equipment	3～10	years
Transportation equipment	4～5	years
Electronic equipment	2～4	years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Accounts and notes payable

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

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

(21) Derecognition of financial liabilities

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

(22) Provisions

Provisions (including refund liabilities) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions - defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) <u>Income tax</u>

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries , except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Share capital

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

(26) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors.

(27) Revenue recognition

A. The Group manufactures and sells a range of sofas and related products of furniture. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. The sofas and other furniture are often sold with volume discounts based on historical experience. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales allowances. Accumulated experience is used to estimate and provide for the sales allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

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

D. For outward processing, sales are not recognised when materials are exported as significant risks and control of the processed products are not transferred.

(28) Government grants

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

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group estimates sales refund liabilities for sales returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption and obsolete inventories on balance sheet date, and writes down the cost of inventories to the net realisable value. Such inventory evaluation might result in material changes to the evaluation due to the volatility in the future net realisable value of the products.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand and revolving funds	$ 2,860	$ 1,921
Checking accounts and demand deposits	513,154	806,631
Time deposits	313,330	268,918
Total	$ 829,344	$ 1,077,470

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

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

Items	December 31, 2025	December 31, 2024
Current items:		
Time deposits maturing in excess of three months	$ 540,772	$ 256,051
Others	45	82
Total	$ 540,817	$ 256,133
Non-current items:		
Time deposits maturing in excess of three months	$ 111,790	$ 342,062

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

	Year ended December 31	
	2025	2024
Interest income	$ 21,104	$ 20,388

B. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's financial assets at amortised cost was the book value at the end of the year.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

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

(3) Notes and accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	$ 466,168	$ 527,852
Less: Allowance for uncollectible accounts	(2,366)	(873)
Total	$ 463,802	$ 526,979

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2025	December 31, 2024
Not past due	$ 448,477	$ 521,705
Up to 90 days past due	17,691	5,755
91 to 180 days past due	-	392
Total	$ 466,168	$ 527,852

The above ageing analysis was based on past due date.

B. As of December 31, 2025 and 2024, accounts receivable were all from contracts with customers. As of January 1, 2024, the balance of receivables (including overdue receivables) from contracts with customers amounted to $430,376.

C. As at December 31, 2025 and 2024, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was both the book value at the end of the year.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2025		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 200,738	($ 6,082)	$ 194,656
Work in progress	51,214	(414)	50,800
Finished goods	160,990	(3,762)	157,228
Total	$ 412,942	($ 10,258)	$ 402,684

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 228,963	($ 7,697)	$ 221,266
Work in progress	67,481	(361)	67,120
Finished goods	136,007	(1,750)	134,257
Total	$ 432,451	($ 9,808)	$ 422,643

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2025	2024
Cost of goods sold	$ 3,468,426	$ 4,074,673
Loss (gain on reversal of loss) on decline in market value	422	(2,931)
Loss on scrap inventory	3,837	3,725
Loss (gain) on physical inventory	531	(270)
Total	$ 3,473,216	$ 4,075,197

For the year ended December 31, 2024, the Group reversed from a previous inventory write-down because of the sales of inventories which were previously provided with allowance.

(5) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Electronic equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2025								
Cost	$ 161,097	$ 1,167,903	$ 415,617	$ 66,773	$ 29,151	$ 31,022	$ 6,129	$ 1,877,692
Accumulated depreciation	-	(513,775)	(215,415)	(35,493)	(18,286)	(14,309)	-	(797,278)
	$ 161,097	$ 654,128	$ 200,202	$ 31,280	$ 10,865	$ 16,713	$ 6,129	$ 1,080,414
2025								
Opening net book amount as at January 1	$ 161,097	$ 654,128	$ 200,202	$ 31,280	$ 10,865	$ 16,713	$ 6,129	$ 1,080,414
Additions	-	2,648	25,746	9,818	4,414	6,872	13,034	62,532
Transfers	-	-	358	-	-	-	(6,030)	(5,672)
Disposals and scrapping	-	(13)	(1,126)	(203)	(1,849)	(85)	-	(3,276)
Depreciation charge	-	(54,101)	(28,381)	(8,989)	(3,552)	(7,597)	-	(102,620)
Net exchange differences	5,502	11,674	(563)	159	(138)	(24)	260	16,870
Closing net book amount as at December 31	$ 166,599	$ 614,336	$ 196,236	$ 32,065	$ 9,740	$ 15,879	$ 13,393	$ 1,048,248
At December 31, 2025								
Cost	$ 166,599	$ 1,175,039	$ 430,987	$ 75,138	$ 29,376	$ 37,021	$ 13,393	$ 1,927,553
Accumulated depreciation	-	(560,703)	(234,751)	(43,073)	(19,636)	(21,142)	-	(879,305)
	$ 166,599	$ 614,336	$ 196,236	$ 32,065	$ 9,740	$ 15,879	$ 13,393	$ 1,048,248

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Electronic equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2024								
Cost	$ 150,952	$ 1,099,396	$ 419,635	$ 68,378	$ 24,437	$ 30,712	$ 32,057	$ 1,825,567
Accumulated depreciation	-	(429,046)	(239,350)	(30,464)	(17,856)	(10,307)	-	(727,023)
	$ 150,952	$ 670,350	$ 180,285	$ 37,914	$ 6,581	$ 20,405	$ 32,057	$ 1,098,544
2024								
Opening net book amount as at January 1	$ 150,952	$ 670,350	$ 180,285	$ 37,914	$ 6,581	$ 20,405	$ 32,057	$ 1,098,544
Additions	-	402	24,480	647	7,515	1,964	759	35,767
Transfers	-	3,843	22,871	8	-	27	(27,458)	(709)
Disposals and scrapping	-	(318)	(10,494)	(416)	(420)	(201)	-	(11,849)
Depreciation charge	-	(60,829)	(27,780)	(8,854)	(3,205)	(6,546)	-	(107,214)
Net exchange differences	10,145	40,680	10,840	1,981	394	1,064	771	65,875
Closing net book amount as at December 31	$ 161,097	$ 654,128	$ 200,202	$ 31,280	$ 10,865	$ 16,713	$ 6,129	$ 1,080,414
At December 31, 2024								
Cost	$ 161,097	$ 1,167,903	$ 415,617	$ 66,773	$ 29,151	$ 31,022	$ 6,129	$ 1,877,692
Accumulated depreciation	-	(513,775)	(215,415)	(35,493)	(18,286)	(14,309)	-	(797,278)
	$ 161,097	$ 654,128	$ 200,202	$ 31,280	$ 10,865	$ 16,713	$ 6,129	$ 1,080,414

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation: None.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. The transfers were from unfinished construction and equipment under acceptance to property, plant and equipment or intangible assets, etc.

(6) Lease arrangements－lessee

A. The Group leases various assets including land use right, buildings and structures, forklift trucks, office equipment and machinery and equipment. Rental contracts are typically made for periods of 1 month to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets, except for land use right, may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise leasing of forklift trucks and certain buildings and structures. Low-value assets comprise office equipment and machinery and equipment. All of the aforementioned leases are not included in the right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2025		December 31, 2024	
	Book value		Book value	
Land use right	$	29,172	$	30,789
Buildings and structures		2,625		924
Total	$	31,797	$	31,713

	Year ended December 31			
	2025		2024	
	Depreciation charge		Depreciation charge	
Land use right	$	989	$	1,023
Buildings and structures		744		1,371
Machinery and equipment		-		70
Total	$	1,733	$	2,464

D. For the years ended December 31, 2025 and 2024, the additions to right-of-use assets were $2,849 and $0, respectively.

E. The information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31			
	2025		2024	
Items affecting profit or loss				
Expense on short-term lease contract	$	6,990	$	5,538
Gains arising from lease modifications	(	6)		-
Interest expense on lease liabilities		16		27

F. For the years ended December 31, 2025 and 2024, the Group's total cash outflow for leases were $7,854 and $7,027, respectively.

G. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

(7) Leasing arrangements – lessor

A. The Group leases various assets including buildings. For the years ended December 31, 2025 and 2024, the Group recognised rent income in the amounts of $11,420 and $14,238, respectively, based on the operating lease agreement, which does not include variable lease payments.

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

	December 31, 2025	December 31, 2024
2025	$ -	$ 11,434
2026	11,364	11,287
2027	11,329	11,251
2028	10,554	10,803
2029	264	1,565
2030 and after	1,249	-
Total	$ 34,760	$ 46,340

(8) Investment property

	2025	2024
	Buildings and structures	Buildings and structures
At January 1		
Cost	$ 53,589	$ 50,938
Accumulated depreciation	(49,205)	(45,844)
	$ 4,384	$ 5,094
Opening net book amount as at January 1	$ 4,384	$ 5,094
Depreciation charge	(861)	(964)
Net exchange differences	(109)	254
Closing net book amount as at December 31	$ 3,414	$ 4,384
At December 31		
Cost	$ 52,541	$ 53,589
Accumulated depreciation	(49,127)	(49,205)
	$ 3,414	$ 4,384

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

	Year ended December 31	
	2025	2024
Rental income from investment property	$ 11,187	$ 14,015
Direct operating expenses arising from the investment property that generated rental income during the year	$ 1,568	$ 1,511

B. The fair value of the investment property held by the Group as at December 31, 2025 and 2024 were not valued by independent valuers. Valuations were made by reference to the market price of local similar properties. The range of estimated fair value of investment property were $192,870~$268,106 and $196,537~$214,963, respectively.

C. The Group has no investment property pledged to others as collateral.

(9) Intangible assets

	2025	2024
	Computer software	Computer software
At January 1		
Cost	$ 25,386	$ 21,025
Accumulated amortisation	(13,640)	(12,819)
	$ 11,746	$ 8,206
Opening net book amount as at January 1	$ 11,746	$ 8,206
Additions-acquired separately	11,676	4,589
Disposals	(15)	(63)
Transfers	5,657	-
Amortisation charge	(2,666)	(1,376)
Net exchange differences	419	390
Closing net book amount as at December 31	$ 26,817	$ 11,746
At December 31		
Cost	$ 42,485	$ 25,386
Accumulated amortisation	(15,668)	(13,640)
	$ 26,817	$ 11,746

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2025	2024
General and administrative expenses - amortisation expense	$ 2,666	$ 1,376

B. Amount of borrowing costs capitalised as part of intangible assets and the range of the interest rates for such capitalisation: None.

C. The Group has no intangible assets pledged to others as collateral.

D. The transfers of intangible assets were from equipment under acceptance.

(10) Accounts payable

	December 31, 2025	December 31, 2024
Accounts payable	$ 416,141	$ 570,145
Estimated accounts payable	149,099	251,260
Total	$ 565,240	$ 821,405

(11) Other payables

	December 31, 2025	December 31, 2024
Insurance payable	$ 214,806	$ 238,586
Awards and salaries payable	98,763	120,258
Customs declaration and brokerage fees payable	19,895	17,247
Tax expense payable	14,508	17,698
Employees' compensation payable	13,698	17,662
Service fees payable	8,330	6,903
Payables for construction and equipment	5,450	10,117
Directors' remuneration payable	4,981	6,422
Others	13,587	23,853
Total	$ 394,018	$ 458,746

(12) Pension

A. The Company's Taiwan subsidiary has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiary contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2025 and 2024 ranged between 16% and 14%~15%, respectively. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under the defined contribution plans of the Group for the years ended December 31, 2025 and 2024 were $52,913 and $53,731, respectively.

(13) Share capital

As of December 31, 2025, the Company's paid-in capital was $540,000 with a par value of NT$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Capital surplus

A. Unless otherwise provided in the Law, the Applicable Listing Rules and these Articles, neither the legal reserve nor the capital reserve shall be used except for offsetting the losses of the Company. The Company shall not use the capital reserve to offset its capital losses unless the legal reserve and special reserve set aside for purposes of loss offset is insufficient to offset such losses.

B. During the listing period, subject to the Law, where the Company incurs no loss, it may, by a special resolution, distribute its legal reserve, the share premium account and/or the income from endowments received by the Company, recognised in the capital reserve which are available for distribution, in whole or in part, by issuing new, fully paid shares and/or by cash to its Members.

(15) Retained earnings

A. During the listing period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares, where the Company still has annual net profit for the year, after paying all relevant taxes, offsetting losses (including losses of previous years and adjusted undistributed profits, if any), setting aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and setting aside the Special Reserve (if any), the Board may, by a resolution passed by a majority of the Directors present at a meeting of the Board attended by two-thirds or more of the total number of Directors, distribute not less than ten percent (10%) of the remaining balance (including the amounts reversed from the Special Reserve), plus accumulated undistributed profits of previous years (including adjusted undistributed profits) in part or in whole to the Members as dividends/bonuses in proportion to the number of Shares held by them respectively pursuant to these Articles; and in addition thereto a report of such distribution shall be submitted to the general meeting, provided that, cash dividends/bonuses shall not be less than ten percent (10%) of the total amount of dividends/bonuses to Members.

B. During the listing period, subject to the Law, the Applicable Listing Rules and these Articles and except as otherwise provided by the rights attaching to any Shares:

(a) The Company may distribute earnings or offset deficits at the end of each half year.

(b) Under the aforementioned rule, the Company distributes earnings at end of the first half year, if any, the Company shall first estimate and reserve the Employees' and Directors' compensation and tax payable, offset deficits (including deficits as of the beginning of the first half year and adjusted undistributed profits, if any) in accordance with the law, set aside the Statutory Reserve of the remaining profits in accordance with the Applicable Listing Rules (provided that the setting aside of the Statutory Reserve does not apply if the aggregate amount of the Statutory Reserve amounts to the Company's total paid-in capital), and set aside the Special Reserve (if any). Without violating the distribution ratio specified in Paragraph 3 of Article 100, part or all of the remaining balance (including the amounts reversed from the Special Reserve), along with accumulated undistributed profits as of the beginning of the first half year as resolved by the Board of Directors (including adjusted undistributed profits) in part or in whole, will be resolved to distribute to the Members as dividends/bonuses in proportion to their ownership; and in addition thereto a report of such distribution shall be submitted to the shareholders.

(c) Unless the Board of Directors resolves not to distribute earnings or offset deficits, the Company shall distribute earnings or offset deficits under the aforementioned rule based on the financial statements audited by independent auditors. Additionally, proposals of distributing earnings or offsetting deficits for the first half year as well as the business report and the financial statements shall be audited by the Audit Committee and then submitted to the Board of Directors for resolution.

C. As the Company is in the growing stage, the dividend/bonuses of the Company may be distributed in the form of cash dividends/bonuses and/or stock dividends/bonuses. The Company shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development needs in assessing the amount of dividends/bonuses the Company wishes to distribute.

D. Appropriation of earnings

The appropriations of 2024 and 2023 earnings had been resolved at the annual shareholders' meeting on June 17, 2025 and June 21, 2024, respectively. Details are summarized below:

	Years ended December 31,			
	2024		2023	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 47,949		$ 23,793	
Cash dividends	243,000	$ 4.50	140,400	$ 2.60

E. The appropriations of 2025 earnings as proposed by the Board of Directors on March 11, 2026 are as follows:

	Year ended December 31, 2025	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 25,308	
Cash dividends	135,000	$ 2.50

As of March 11, 2026, the appropriations of 2025 earnings, except for the cash dividends that have been resolved by the Board of Directors and only require reporting at the shareholders' meeting, have not yet been resolved by the shareholders.

(16) Operating revenue

	Year ended December 31	
	2025	2024
Revenue from contracts with customers:		
Sales of goods	$ 4,263,406	$ 4,999,466

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

2025	America	Asia	Others	Total
Total segment revenue	$ 2,331,896	$ 2,234,857	$ 1,039,017	$ 5,605,770
Inter-segment revenue	(767,433)	(557,669)	(17,262)	(1,342,364)
Revenue from external customer contracts	$ 1,564,463	$ 1,677,188	$ 1,021,755	$ 4,263,406
Timing of revenue recognition				
At a point in time	$ 1,564,463	$ 1,677,188	$ 1,021,755	$ 4,263,406

2024	America	Asia	Others	Total
Total segment revenue	$ 3,191,865	$ 3,167,875	$ 1,365,808	$ 7,725,548
Inter-segment revenue	(1,540,144)	(1,148,589)	(37,349)	(2,726,082)
Revenue from external customer contracts	$ 1,651,721	$ 2,019,286	$ 1,328,459	$ 4,999,466
Timing of revenue recognition				
At a point in time	$ 1,651,721	$ 2,019,286	$ 1,328,459	$ 4,999,466

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2025	December 31, 2024	January 1, 2024
Contract liabilities	$ -	$ 4,399	$ 8,212

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year.

	Year ended December 31	
	2025	2024
Revenue recognised for the year	$ 4,399	$ 8,212

(17) Interest income

	Year ended December 31	
	2025	2024
Interest income from bank deposits	$ 19,020	$ 23,792
Interest income from financial assets measured at amortised cost	21,104	20,388
Total	$ 40,124	$ 44,180

(18) Other income

	Year ended December 31	
	2025	2024
Government grants	$ 14,962	$ 11,595
Rent income	11,420	14,238
Others	7,801	27,751
Total	$ 34,183	$ 53,584

(19) Other gains and losses

	Year ended December 31	
	2025	2024
Foreign exchange (loss) gains	($ 51,271)	$ 21,650
Losses on disposals of intangible assets	(15)	(62)
Losses on disposals of property, plant and equipment	(1,420)	(10,092)
Gains arising from lease modifications	6	-
Miscellaneous (disbursements) revenue	(2,189)	494
Total	($ 54,889)	$ 11,990

(20) Finance costs

	Year ended December 31	
	2025	2024
Interest expense:		
Bank borrowings	$ 760	$ 138
Lease liabilities	16	27
Total	$ 776	$ 165

(21) Expenses by nature

	Year ended December 31	
	2025	2024
Employee benefit expense	$ 919,316	$ 993,672
Import/export (customs) expense and transportation expense	111,720	114,572
Depreciation charges on property, plant and equipment	102,620	107,214
Amortisation charges on intangible assets	2,666	1,376
Depreciation charges on right-of-use assets	1,733	2,464
Depreciation charges on investment property	861	964

(22) Employee benefit expense

	Year ended December 31	
	2025	2024
Wages and salaries	$ 755,726	$ 816,543
Labour and health insurance fees	1,388	1,469
Pension costs	52,913	53,731
Other personnel expenses	109,289	121,929
Total	$ 919,316	$ 993,672

A. During the listing period, subject to the Law, the Applicable Listing Rules and these Articles, where the Company has annual profits at the end of a financial year, upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, the Company may distribute not less than one percent (1%) of the profits for such year to the Employees as the Employees' compensation in the form of shares and/or in cash. Additionally, the Company may distribute not more than five percent (5%) hereof to the Directors as the Directors' compensation upon the approval of a majority of the Directors present at a meeting attended by at least two-thirds or more of the total number of the Directors, provided, however, that the total amount of accumulated losses of the Company (including adjusted undistributed profits) shall be reserved from the said profits in advance, and the Company shall distribute the remaining balance thereof to the Employees and Directors in the proportion set out above. The distribution of Employees' and directors' compensation shall be reported to the shareholders' meeting. Subject to the Applicable Listing Rules, Directors' compensation shall not be distributed by issuing new shares. As defined in this section, "profit" represents pre-tax profit before deducting the distribution of Employees' and Directors' compensation.

B. For the years ended December 31, 2025 and 2024, employees' compensation were accrued at $13,698 and $17,662, respectively; while directors' remuneration were accrued at $4,981 and $6,422, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 3.95% and 1.44% of distributable profit of current year for the year ended December 31, 2025.

Employees' compensation of $17,662 and directors' remuneration of $6,422 for 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements.

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

(23) Income tax

A. Components of income tax expense:

	Year ended December 31	
	2025	2024
Current tax:		
Current tax on profits for the year	$ 108,193	$ 78,038
Prior year income tax under (over) estimation	1,890	(5,944)
Total current tax	110,083	72,094
Deferred tax:		
Origination and reversal of temporary differences	(34,857)	33,176
Income tax expense	$ 75,226	$ 105,270

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2025	2024
Tax calculated based on profit before tax and statutory tax rate	$ 76,104	$ 120,326
Weighted deduction of research and development expenses	(3,353)	(14,086)
Expenses disallowed by tax regulation	1,387	(12,418)
Temporary differences not recognised as deferred tax assets	(7,333)	-
Taxable loss not recognised as deferred tax assets	1,195	7,159
Prior year income tax under (over) estimation	1,890	(5,944)
Change in assessment of realisation of deferred tax assets	5,336	10,233
Income tax expense	$ 75,226	$ 105,270

Note 1: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

Note 2: Vanguard was incorporated in Mainland China, and the applicable income tax rate is 25%. Vanguard is entitled to 10% tax relief from 2025 to 2028 and 2022 to 2024 as Vanguard obtained the High and New Tech Enterprises Certification, hence the applicable income tax rate was reduced to 15%.

Note 3: According to the interpretation of the State Taxation Administration of the People's Republic of China on the "Announcement of the State Taxation Administration on Issues With Respect to the Implementation of the Enterprise Income Tax Incentives for High-Tech Enterprises", in order to safeguard the benefit of the high-tech enterprises and to ensure the seamless connection of the preferential policies, the announcement clarifies that the high-tech enterprises can prepay their enterprise income tax at the temporary rate of 15% before the high-tech enterprise qualification is re-certified in the year when the qualification expires.

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

	2025		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
—Deferred tax assets:			
Allowance for inventory obsolescence	$ 1,635	$ 55	$ 1,690
Unrealised accrued expenses	35,725	(3,650)	32,075
Allowance for uncollectible accounts	-	25	25
Others	8,812	2,609	11,421
Tax losses	-	4,122	4,122
Subtotal	46,172	3,161	49,333
—Deferred tax liabilities:			
Undistributed earnings of subsidiaries	(51,445)	31,420	(20,025)
Others	(2,022)	276	(1,746)
Subtotal	(53,467)	31,696	(21,771)
Total	($ 7,295)	$ 34,857	$ 27,562

	2024		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Allowance for inventory obsolescence	$ 1,892	($ 257)	$ 1,635
Unrealised accrued expenses	33,979	1,746	35,725
Allowance for uncollectible accounts	14	(14)	-
Others	6,766	2,046	8,812
Tax losses	26,898	(26,898)	-
Subtotal	69,549	(23,377)	46,172
－Deferred tax liabilities:			
Book-tax difference on revenue recognition	(3)	3	-
Undistributed earnings of subsidiaries	(41,209)	(10,236)	(51,445)
Others	(2,456)	434	(2,022)
Subtotal	(43,668)	(9,799)	(53,467)
Total	$ 25,881	($ 33,176)	($ 7,295)

D. Maxima Steelplastic Co., Ltd. (Maxima) and Sovereign Industrial (Jiaxing) Co., Ltd. (Sovereign) expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Year ended December 31, 2025				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2025	Estimated	$ 1,195	$ 1,195	2035

Year ended December 31, 2024				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2024	Filed	$ 7,159	$ 7,159	2034

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

	December 31, 2025	December 31, 2024
Deductible temporary differences	$ 1,195	$ 7,159

F. Ontai Group Limited, Taiwan Branch's income tax returns through 2023 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2025		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 253,081	54,000	$ 4.69
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 253,081	54,000	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	300	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 253,081	54,300	$ 4.66

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 479,492	54,000	$ 8.88
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 479,492	54,000	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	205	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 479,492	54,205	$ 8.85

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2025	2024
Purchase of property, plant and equipment	$ 56,860	$ 35,058
Less: Opening balance of prepayment for equipment	(94,549)	-
Add: Ending balance of prepayment for equipment	83,754	94,549
Add: Opening balance of payable on equipment	10,117	29,017
Less: Ending balance of payable on equipment	(5,450)	(10,117)
Cash paid during the year	$ 50,732	$ 148,507

(26) Changes in liabilities from financing activities

	2025		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ -	$ 952	$ 952
Increase	87,168	2,849	90,017
Repayment	(87,168)	(864)	(88,032)
Interest expense	-	16	16
Changes in other non-cash items	-	(412)	(412)
At December 31	$ -	$ 2,541	$ 2,541

	2024		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 35,000	$ 2,345	$ 37,345
Repayment	(35,000)	(1,489)	(36,489)
Interest expense	-	27	27
Impact of changes in foreign exchange rate	-	69	69
At December 31	$ -	$ 952	$ 952

7. Related Party Transactions

Key management compensation

	Year ended December 31	
	2025	2024
Salaries and short-term employee benefits	$ 41,463	$ 30,094
Post-employment benefits	581	639
Total	$ 42,044	$ 30,733

8. Pledged Assets

The Group’s assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2025	December 31, 2024	Purpose
Financial assets at amortised cost	$ 45	$ 82	Guarantee deposits for acceptance bills and electronic toll collection
Property, plant and equipment Buildings and structures	45,980	56,558	Guarantee deposits for bank facilities and acceptance bills
Right-of-use assets Land use right	2,281	2,401	Guarantee deposits for bank facilities and acceptance bills
Other non-current assets Guarantee deposits paid	1,984	1,785	Rental deposits

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriation of 2025 earnings as resolved by the Board of Directors on March 11, 2026 are provided in Note 6(15).

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2025	December 31, 2024
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 829,344	$ 1,077,470
Financial assets at amortised cost	652,607	598,195
Accounts receivable	463,802	526,979
Other receivables	34,489	80,189
Guarantee deposits paid (shown as 'Other non-current assets')	1,984	1,785
	$ 1,982,226	$ 2,284,618

	December 31, 2025	December 31, 2024
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 565,240	$ 821,405
Other payables	394,018	458,746
Guarantee deposits paid (shown as 'Other non-current assets')	1,347	1,406
Lease liabilities	2,541	952
	$ 963,146	$ 1,282,509

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign rate risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, CNY and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

	December 31, 2025		
	Foreign currency amount (In thousands)	Exchange rate	Book value (TWD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : CNY	$ 7,731	7.03	$ 242,977
USD : TWD	18,086	31.43	568,427
USD : THB	12,626	31.58	396,833
Financial liabilities			
Monetary items			
USD : TWD	$ 13,273	31.43	$ 417,156
USD : THB	1,838	31.58	57,771

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (TWD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : CNY	$ 14,297	7.19	$ 468,742
USD : TWD	13,678	32.79	448,424
USD : THB	8,016	34.07	262,814
Financial liabilities			
Monetary items			
USD : TWD	$ 10,305	32.79	$ 337,856
USD : THB	3,064	34.07	100,463

iii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2025 and 2024, amounted to ($51,271) and $21,650, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2025		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : CNY	1%	$ 2,430	$ -
USD : TWD	1%	5,684	-
USD : THB	1%	3,968	-
Financial liabilities			
Monetary items			
USD : TWD	1%	$ 4,172	$ -
USD : THB	1%	578	-

	Year ended December 31, 2024				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : CNY	1%	$	4,687	$	-
USD : TWD	1%		4,484		-
USD : THB	1%		2,628		-
Financial liabilities					
Monetary items					
USD : TWD	1%	$	3,379	$	-
USD : THB	1%		1,005		-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial assets at amortised cost.

ii. The Group manages its credit risk taking into consideration the entire group's concern and only transacts with banks with high credit rating. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer nature. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (including overdue receivables). As of December 31, 2025 and 2024, the provision matrix is as follows:

(a) General accounts receivable

	Expected loss rate	Total book value	Loss allowance
December 31, 2025			
Not past due	0.01%~0.05%	$ 448,477	$ 128
Up to 90 days past due	3.89%~15.78%	17,691	2,238
		$ 466,168	$ 2,366

	Expected loss rate	Total book value	Loss allowance
December 31, 2024			
Not past due	0%~0.03%	$ 521,705	$ 43
Up to 90 days past due	0%~26.43%	5,755	792
91~180 days past due	0%~21.02%	392	38
		$ 527,852	$ 873

(b) Individual assessment receivables

For the years ended December 31, 2025 and 2024, the Group has no individual assessment receivables.

viii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including overdue receivables) are as follows:

	Year ended December 31	
	2025	2024
At January 1	$ 873	$ 1,251
Provision for (reversal of) impairment loss	1,508	(10)
Write-offs	(19)	(372)
Effect of exchange rate changes	4	4
At December 31	$ 2,366	$ 873

ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2025			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 652,607	$ -	$ -	$ 652,607

	December 31, 2024			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 598,195	$ -	$ -	$ 598,195

The debt instruments measured at amortised cost held by the Group were time deposits and guarantee deposits paid, and no material issues of credit rating levels were incurred. The Group's allowance amounted to $0 for the years ended December 31, 2025 and 2024.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2025	December 31, 2024
Floating rate:		
Expiring within one year	$ 500,086	$ 507,670
Expiring beyond one year	-	163,925
	$ 500,086	$ 671,595

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

Non-derivative financial liabilities:

December 31, 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable	$ 565,240	$ -	$ -
Other payables	394,018	-	-
Lease liabilities	1,474	1,127	-

Non-derivative financial liabilities:

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable	$ 821,405	$ -	$ -
Other payables	458,746	-	-
Lease liabilities	921	40	-

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group had no related investment.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Group had no related investment.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in principal protected financial instruments is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(8).

C. The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values.

D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2025 and 2024 are as follows:

There were no such transactions as of December 31, 2025 and 2024.

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

F. For the years ended December 31, 2025 and 2024, there was no transfer into or out from Level 3.

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

There were no such transactions as of December 31, 2025 and 2024.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.

E. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

F. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The chief operating decision-maker evaluates operating segments by their profit or loss before tax. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Information about segment profit or loss

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

	Year ended December 31	
	2025	2024
Total segment revenue	$ 4,263,406	$ 4,999,466
Segment income	$ 328,307	$ 584,762

(4) Reconciliation for segment income (loss)

The performance of the Group's reportable segments were assessed based on profit/(loss) before tax, which is consistent with the income/(loss) before tax from continuing operations, therefore, no additional reconciliation was needed.

(5) Information on products

Revenue from external customers is mainly from sales of sofas. Details of revenue are provided in Note 6(16).

(6) Geographical information

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

	Year ended December 31			
	2025		2024	
	Revenue	Non-current assets	Revenue	Non-current assets
America	$ 1,564,463	$ -	$ 1,651,721	$ -
Asia	1,677,188	1,196,015	2,019,286	1,224,590
Others	1,021,755	-	1,328,459	-
Total	$ 4,263,406	$ 1,196,015	$ 4,999,466	$ 1,224,590

Non-current assets refer to property, plant and equipment, right-of-use assets, investment property, intangible assets and other non-current assets, excluding financial instruments and deferred income tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2025 and 2024 is as follows:

	Year ended December 31			
	2025		2024	
	Revenue	Segment	Revenue	Segment
S01 company	$ 2,703,746	America and Asia	$ 3,724,759	America and Asia
S03 company	1,113,802	America, Asia and others	971,377	America and Asia

FY Group Ltd. and subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2025

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/ guaranteed												
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2025 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2025 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	The Company	Ontai Group Limited	1	$ 3,128,348	$ 139,923	$ 138,858	$ -	$ -	5.33%	$ 5,213,912	Y	N	N	
"	"	Hallyton Development Limited	"	3,128,348	166,025	-	-	-	0.00%	5,213,912	Y	N	N	
1	Vanguard Industrial (Jiaxing) Co., Ltd.	Hallyton Development Limited	3	605,856	166,025	-	-	-	0.00%	1,514,640	N	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following three categories; fill in the number of category each case belongs to:

(1) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(2) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(3) The endorsements/guarantees provided between companies whose voting rights are 90% owned directly and indirectly by the Company. The total amount of endorsements/guarantees provided may not exceed 10% of the Company’s net assets.

The endorsements/guarantees provided between companies whose voting rights are 100% owned directly and indirectly by the Company is not subjected to the limitation.

Note 3: Ceiling on total amount of endorsements/guarantees provided by the Company and its subsidiaries to others was 200% of the Company’s net assets in the latest financial statements which was audited or reviewed by the independent auditors

and limit on endorsements/guarantees provided by the Company and its subsidiaries to a single party was 80% of the Company’s net assets in the latest financial statements which was audited or reviewed by the independent auditors.

However, limit on endorsements/guarantees provided by the Company and its subsidiaries to a single oversea subsidiary was 120% of the Company’s net assets in the latest financial statements which was audited or reviewed by the independent auditors.

When the total amount of endorsements/guarantees provided by the Company and its subsidiaries to others reached 50% of the Company's net assets, it is necessary to explain the necessity and reasonableness at the shareholders’ meeting; in addition:

(1) Except the abovementioned restriction, endorsements/guarantees provided to a single party for the purpose of business transactions should not exceed the higher amount of sales/purchase during the year.

(2) Except the abovementioned restriction, endorsements/guarantees provided to an entity whose net assets is lower than 50% of its paid-in capital should not exceed the Company’s net assets in the latest financial statements which was audited or reviewed by the independent auditors.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

FY Group Ltd. and subsidiaries

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

Year ended December 31, 2025

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)(Note 4)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)(Note 4)	Footnote
Enrich Industrial (Thai) Company Ltd.	Ontai Group Limited	Affiliated company	Sales	$ 800,858	18.78%	180 days	Note 1	The transaction terms to third party were all 30 to 95	$ 337,204	72.70%	
Vanguard Industrial (Jiaxing) Co., Ltd.	Ontai Group Limited	Affiliated company	Sales	191,915	4.50%	180 days	Note 1	The transaction terms to third party were all 30 to 95	78,066	16.83%	
Vanguard Industrial (Jiaxing) Co., Ltd.	Enrich Industrial (Thai) Company Ltd.	Affiliated company	Sales	191,542	4.49%	180 days	Note 1	The transaction terms to third party were all 30 to 95	52,994	11.43%	
Ontai Group Limited	Enrich Industrial (Thai) Company Ltd.	Affiliated company	Purchases	(800,858)	23.06%	180 days	Note 1	The transaction terms to third party were all 30 to 95	(337,204)	59.66%	
Ontai Group Limited	Vanguard Industrial (Jiaxing) Co., Ltd.	Affiliated company	Purchases	(191,915)	5.53%	180 days	Note 1	The transaction terms to third party were all 30 to 95	(78,066)	13.81%	
Enrich Industrial (Thai) Company Ltd.	Vanguard Industrial (Jiaxing) Co., Ltd.	Affiliated company	Purchases	(191,542)	5.51%	180 days	Note 1	The transaction terms to third party were all 30 to 95	(52,994)	9.38%	

Note 1: As the types of goods sold between related parties are different from those sold to non-related parties, the transaction prices cannot be compared.

Note 2: As the types of goods purchased between related parties are different from those purchased from non-related parties, the transaction prices cannot be compared.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: Calculated based on the consolidated operating income, consolidated operating costs and consolidated notes/accounts receivable (payable).

FY Group Ltd. and subsidiaries

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

December 31, 2025

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2025 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Enrich Industrial (Thai) Company Ltd.	Ontai Group Limited	Affiliated company	$ 337,204	2.97	$ -	-	$ 51,482	$ -

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties….

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

FY Group Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2025

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Ontai Group Limited	1	Endorsements and guarantees	$ 138,858	Note 5	3.77%
1	Vanguard Industrial (Jiaxing) Co., Ltd.	Ontai Group Limited	3	Accounts receivable	78,066	Note 4	2.12%
"	"	"	"	Sales revenue	191,915	Note 4	4.50%
"	"	Enrich Industrial (Thai) Company Ltd.	"	Accounts receivable	52,994	Note 4	1.44%
"	"	"		Sales revenue	191,542	Note 4	4.49%
2	Enrich Industrial (Thai) Company Ltd.	Ontai Group Limited	"	Accounts receivable	337,204	Note 4	9.15%
"	"	"	"	Sales revenue	800,858	Note 4	18.78%
3	Sovereign Industrial (Jiaxing) Co., Ltd.	"	"	Sales revenue	75,471	Note 4	1.77%

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown from the aspect of other assets and revenue.

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

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to

(If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: As the types of goods sold between related parties are different from those to non-related parties, the transaction prices cannot be compared.

Note 5: Referred to endorsements and guarantees and were based on company's policy.

FY Group Ltd. and subsidiaries

Information on investees

Year ended December 31, 2025

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2025					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2025 (Note 1)	Balance as at December 31, 2024 (Note 1)	Number of shares	Ownership (%)	Book value (Note 2)	Net profit (loss) of the investee for the year ended December 31, 2025 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2)	Footnote
The Company	Green Enterprises Ltd.	British Virgin IS.	Holding company	$ 3,143	$ 3,279	100 thousand shares	100%	$ 2,484,162	$ 313,668	$ 313,668	Subsidiary
Green Enterprises Ltd.	Hallyton Development Limited	British Virgin IS.	General investment	3,143	3,279	100 thousand shares	100%	2,134,062	72,962	72,962	Second-tier subsidiary
Green Enterprises Ltd.	Rise Max Investment Limited	Hong Kong	General investment	90,895	95,068	22,510 thousand shares	100%	79,226	(2,659)	(2,659)	Second-tier subsidiary
Green Enterprises Ltd.	Ontai Group Limited	British Virgin IS.	International trade	1,572	1,639	50 thousand shares	100%	270,874	243,365	243,365	Second-tier subsidiary
Hallyton Development Limited	Enrich Industrial (Thai) Company Ltd.	Thailand	Manufacture of sofas, slipcovers and other leather products	1,044,927	914,955	210,000 thousand shares	100%	1,249,127	27,336	27,336	Second-tier subsidiary

Note 1: Initial investment amount in the table was translated at the exchange rates on December 31 of each year.
Note 2: Book value of shares held as at December 31, 2025 and net profit (loss) of the investee for the year ended December 31, 2025 in the table were translated at the exchange rates on December 31, 2025 and the average exchange rates for the year ended December 31, 2025.
Note 3: The total number of shares issued was 210,000,000 shares, with each share issued at THB 5.

FY Group Ltd. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2025

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2025 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2025	Net income of investee for the year ended December 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2025 (Note 2)	Book value of investments in Mainland China as of December 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2025	Footnote
Vanguard Industrial (Jiaxing) Co., Ltd.	Manufacture, sales, research and development of sofas, slipcovers and other leather products	$ 448,820	Note 1(2)A	$ -	$ -	$ -	$ -	$ 32,087	100%	$ 32,087	$ 757,320	$ -	Note 2(2)B
Maxima Steel-plastic Co., Ltd.	Production and sales of office supplies and furniture parts	103,719	Note 1(2)A	-	-	-	-	16,665	100%	16,665	138,665	-	Note 2(2)B
Sovereign Industrial (Jiaxing) Co., Ltd.	Manufacture and sales of sofas, slipcovers and other leather products	94,290	Note 1(2)B	-	-	-	-	(2,617)	100%	(2,617)	79,194	-	Note 2(2)B

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

A. Hallyton Development Limited

B. Rise Max Investment Limited

(3) Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2025’ column:

(1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements were audited by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements were audited by R.O.C. parent company’s CPA.

C. Others.

Note 3: The Company was established in the Cayman Islands, therefore, the ceiling specified in the Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area is not applicable.