

**Hsin Kuang Steel Company Limited and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of Hsin Kuang Steel Company Limited as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Hsin Kuang Steel Company Limited and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

HSIN KUANG STEEL COMPANY LIMITED

By

ALEXANDER SU
Chairman

March 10, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Hsin Kuang Steel Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the consolidated financial statements of the Group for the year ended December 31, 2025 is described as follows:

Revenue Recognition

The Group mainly engages in the sale, cutting, slitting, steel structure processing, logistics of various steel products and constructing services. The sales revenue of steel products accounts for over 80% of the annual operating revenue. The Group's operating revenue for the year ended December 31, 2025 increased in comparison with the previous year. For certain customers whose sales amount is material and with significant growth in comparison with the previous year, as the sales amount from such customers is significant to the consolidated financial statements, we identified whether the sales transactions from the aforementioned customers actually occurred as a key audit matter.

Refer to Notes 4 and 23 to the consolidated financial statements for the accounting policies and related disclosures on revenue recognition.

We performed the following audit procedures in respect of the aforementioned revenue:

1. We obtained an understanding of and tested the design and operating effectiveness of key controls over revenue recognition.
2. We selected samples from the sales ledger of the aforementioned revenue, verified such transactions against sales contracts, shipping reports and trade receivables collections as evidence and confirmed the occurrence of such transactions.

Other Matter

We have also audited the parent-company-only financial statements of Hsin Kuang Steel Company Limited as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Szu-Lan Chu and Cheng-Guan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

Notice to Readers

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

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

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

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,269,648	4	\$ 1,212,459	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	4,109,421	14	3,574,337	12
Financial assets at amortized cost - current (Notes 4, 9 and 32)	165,764	1	173,342	1
Contract assets - current (Note 23)	113,682	-	103,178	-
Notes receivable from unrelated parties (Notes 4, 10 and 32)	1,564,167	5	1,738,707	6
Trade receivables from unrelated parties (Notes 4 and 10)	2,174,273	8	2,635,929	9
Current tax assets (Notes 4 and 25)	4,888	-	45,773	-
Inventories (Notes 4, 5 and 11)	5,593,133	20	6,262,056	21
Prepayments	184,798	1	213,827	1
Other current assets (Notes 17 and 25)	14,996	-	7,537	-
Total current assets	<u>15,194,770</u>	<u>53</u>	<u>15,967,145</u>	<u>54</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	632,260	2	733,739	3
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,184,490	8	2,439,102	8
Investments accounted for using the equity method (Notes 4, 13 and 32)	902,694	3	987,497	3
Property, plant and equipment (Notes 4, 14 and 32)	5,907,339	21	5,472,271	19
Right-of-use assets (Note 4)	6,561	-	5,320	-
Investment properties (Notes 4, 15 and 32)	3,419,492	12	3,474,668	12
Intangible assets (Notes 4 and 16)	77,615	-	39,775	-
Deferred tax assets (Notes 4 and 25)	92,945	-	92,438	-
Other non-current assets (Notes 10 and 17)	300,015	1	339,462	1
Total non-current assets	<u>13,523,411</u>	<u>47</u>	<u>13,584,272</u>	<u>46</u>
TOTAL	<u>\$ 28,718,181</u>	<u>100</u>	<u>\$ 29,551,417</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	\$ 6,652,007	23	\$ 7,587,454	26
Short-term bills payable (Notes 4 and 18)	489,609	2	609,226	2
Contract liabilities - current (Note 23)	378,987	1	709,928	2
Notes payable to unrelated parties (Notes 4 and 19)	399,974	1	331,236	1
Trade payables to unrelated parties (Notes 4 and 19)	266,097	1	189,603	1
Other payables (Note 20)	437,373	2	448,274	2
Current tax liabilities (Notes 4 and 25)	151,410	1	58,285	-
Current portion of long-term liabilities (Notes 4 and 18)	130,181	-	107,121	-
Other current liabilities	12,015	-	9,796	-
Total current liabilities	<u>8,917,653</u>	<u>31</u>	<u>10,050,923</u>	<u>34</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 18)	7,109,942	25	6,945,084	24
Provisions - non-current (Note 4)	33,813	-	14,507	-
Deferred tax liabilities (Notes 4 and 25)	139,280	1	130,498	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	12,953	-	15,205	-
Other non-current liabilities	47,666	-	46,418	-
Total non-current liabilities	<u>7,343,654</u>	<u>26</u>	<u>7,151,712</u>	<u>24</u>
Total liabilities	<u>16,261,307</u>	<u>57</u>	<u>17,202,635</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Share capital	<u>3,211,463</u>	<u>11</u>	<u>3,211,463</u>	<u>11</u>
Capital surplus	<u>943,445</u>	<u>3</u>	<u>943,445</u>	<u>3</u>
Retained earnings				
Legal reserve	1,611,942	6	1,456,003	5
Unappropriated earnings	5,224,059	18	5,157,256	18
Total retained earnings	<u>6,836,001</u>	<u>24</u>	<u>6,613,259</u>	<u>23</u>
Other equity	<u>746,541</u>	<u>3</u>	<u>881,404</u>	<u>3</u>
Total equity attributable to owners of the Company	11,737,450	41	11,649,571	40
NON-CONTROLLING INTERESTS	<u>719,424</u>	<u>2</u>	<u>699,211</u>	<u>2</u>
Total equity	<u>12,456,874</u>	<u>43</u>	<u>12,348,782</u>	<u>42</u>
TOTAL	<u>\$ 28,718,181</u>	<u>100</u>	<u>\$ 29,551,417</u>	<u>100</u>

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)				
Sales	\$ 14,160,552	84	\$ 13,183,899	90
Other operating revenue	<u>2,637,539</u>	<u>16</u>	<u>1,408,339</u>	<u>10</u>
Total operating revenue	<u>16,798,091</u>	<u>100</u>	<u>14,592,238</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold (Notes 4, 11, 24 and 31)	(13,246,590)	(79)	(12,454,744)	(85)
Other operating costs	<u>(2,059,764)</u>	<u>(12)</u>	<u>(967,491)</u>	<u>(7)</u>
Total operating costs	<u>(15,306,354)</u>	<u>(91)</u>	<u>(13,422,235)</u>	<u>(92)</u>
GROSS PROFIT	<u>1,491,737</u>	<u>9</u>	<u>1,170,003</u>	<u>8</u>
OPERATING EXPENSES				
Selling and marketing expenses (Note 24)	(340,404)	(2)	(332,767)	(2)
General and administrative expenses (Notes 24 and 31)	(252,323)	(2)	(251,886)	(2)
Expected credit gain (Note 10)	<u>6,288</u>	<u>-</u>	<u>7,208</u>	<u>-</u>
Total operating expenses	<u>(586,439)</u>	<u>(4)</u>	<u>(577,445)</u>	<u>(4)</u>
PROFIT FROM OPERATIONS	<u>905,298</u>	<u>5</u>	<u>592,558</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 24 and 31)				
Interest income	6,516	-	5,339	-
Other income	162,302	1	117,458	1
Other gains and losses	633,884	4	1,226,360	9
Gain from bargain purchase - acquisition of subsidiaries (Note 12)	2,484	-	-	-
Finance costs	(423,049)	(2)	(399,741)	(3)
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>31,847</u>	<u>-</u>	<u>51,564</u>	<u>-</u>
Total non-operating income and expenses	<u>413,984</u>	<u>3</u>	<u>1,000,980</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	1,319,282	8	1,593,538	11
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(219,305)</u>	<u>(1)</u>	<u>(117,061)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,099,977</u>	<u>7</u>	<u>1,476,477</u>	<u>10</u>

(Continued)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

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

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (939)	-	\$ 3,619	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(164,066)	(1)	(174,772)	(1)
Share of other comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	<u>1,890</u>	<u>-</u>	<u>(1,732)</u>	<u>-</u>
	<u>(163,115)</u>	<u>(1)</u>	<u>(172,885)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(1,540)</u>	<u>-</u>	<u>3,582</u>	<u>-</u>
Other comprehensive income/(loss) for the year, net of income tax	<u>(164,655)</u>	<u>(1)</u>	<u>(169,303)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 935,322</u>	<u>6</u>	<u>\$ 1,307,174</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,058,251	7	\$ 1,444,214	10
Non-controlling interests	<u>41,726</u>	<u>-</u>	<u>32,263</u>	<u>-</u>
	<u>\$ 1,099,977</u>	<u>7</u>	<u>\$ 1,476,477</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 893,775	6	\$ 1,274,445	9
Non-controlling interests	<u>41,547</u>	<u>-</u>	<u>32,729</u>	<u>-</u>
	<u>\$ 935,322</u>	<u>6</u>	<u>\$ 1,307,174</u>	<u>9</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 3.30</u>		<u>\$ 4.50</u>	
Diluted	<u>\$ 3.28</u>		<u>\$ 4.48</u>	

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

(Concluded)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Number of Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2024	321,146	\$ 3,211,463	\$ 943,445	\$ 1,275,497	\$ 4,741,810	\$ 1,943	\$ 1,164,407	\$ 11,338,565	\$ 724,788	\$ 12,063,353
Appropriation of 2023 earnings										
Legal reserve	-	-	-	180,506	(180,506)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(963,439)	-	-	(963,439)	-	(963,439)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(56,691)	(56,691)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	112,056	-	(112,056)	-	-	-
Net profit for the year ended December 31, 2024	-	-	-	-	1,444,214	-	-	1,444,214	32,263	1,476,477
Other comprehensive income/(loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	3,121	3,614	(176,504)	(169,769)	466	(169,303)
Total comprehensive income/(loss) for the year ended December 31, 2024	-	-	-	-	1,447,335	3,614	(176,504)	1,274,445	32,729	1,307,174
Changes of non-controlling interests	-	-	-	-	-	-	-	-	(1,615)	(1,615)
BALANCE AT DECEMBER 31, 2024	321,146	3,211,463	943,445	1,456,003	5,157,256	5,557	875,847	11,649,571	699,211	12,348,782
Appropriation of 2024 earnings										
Legal reserve	-	-	-	155,939	(155,939)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(802,866)	-	-	(802,866)	-	(802,866)
Changes in capital surplus from investments in associates/and joint ventures accounted for using the equity method	-	-	-	-	(3,030)	-	-	(3,030)	-	(3,030)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(47,805)	(47,805)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(28,853)	-	28,853	-	-	-
Net profit for the year ended December 31, 2025	-	-	-	-	1,058,251	-	-	1,058,251	41,726	1,099,977
Other comprehensive income/(loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	(760)	(1,540)	(162,176)	(164,476)	(179)	(164,655)
Total comprehensive income/(loss) for the year ended December 31, 2025	-	-	-	-	1,057,491	(1,540)	(162,176)	893,775	41,547	935,322
Changes of non-controlling interests	-	-	-	-	-	-	-	-	26,471	26,471
BALANCE AT DECEMBER 31, 2025	321,146	\$ 3,211,463	\$ 943,445	\$ 1,611,942	\$ 5,224,059	\$ 4,017	\$ 742,524	\$ 11,737,450	\$ 719,424	\$ 12,456,874

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,319,282	\$ 1,593,538
Adjustments for:		
Depreciation expense	275,051	246,190
Amortization expense	9,815	11,065
Expected credit loss reversed on trade receivables	(6,288)	(7,208)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(490,805)	(1,232,193)
Finance costs	423,049	399,741
Interest income	(6,516)	(5,339)
Dividend income	(133,931)	(97,636)
Gain on disposal of property, plant and equipment	(31)	(69)
Share of profit of associates	(31,847)	(51,564)
Reversal of write-downs of inventories	(26,538)	(28,718)
Net loss on foreign currency exchange	77,267	39,338
Recognition of provisions	19,306	11,805
Gain on remeasurement of investments accounted for using the equity method	(4,206)	-
Gain from bargain purchase - acquisition of subsidiaries	(2,484)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	62,693	303,348
Contract assets	(10,504)	137,182
Notes receivable	172,947	429,352
Trade receivables	478,992	554,438
Other receivables	(4,043)	3,381
Inventories	695,461	(75,858)
Prepayments	54,896	(84,326)
Other current assets	(4,515)	(560)
Notes payable	68,738	43,081
Trade payables	76,493	(48,812)
Other payables	(30,213)	39,209
Contract liabilities	(330,942)	(706,354)
Other current liabilities	2,641	(10,176)
Net defined benefit liabilities	(2,249)	(13,866)
Cash generated from operations	2,651,519	1,448,989
Interest received	6,516	5,339
Dividends received	135,031	96,117
Income tax paid	(85,780)	(254,903)
Net cash generated from operating activities	<u>2,707,286</u>	<u>1,295,542</u>

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HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

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

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (142,800)
Proceeds from sale of financial assets at fair value through other comprehensive income	90,764	308,699
Purchase of financial assets at fair value through profit or loss	(5,493)	(93,969)
Purchase of financial assets at amortized cost	-	(21,842)
Proceeds from disposal of property, plant and equipment	7,578	-
Payments for property, plant and equipment	(24,463)	(85,623)
Proceeds from disposal of property, plant and equipment	4,380	162
Increase in other non-current assets	(946)	(1,047)
Increase in prepayments for equipment	(124,209)	(1,139,686)
Dividends received from investees	6,176	7,982
Increase in refundable deposits	(35)	(97,191)
Net cash outflow on acquisition of subsidiaries	<u>(90,938)</u>	<u>-</u>
Net cash used in investing activities	<u>(137,186)</u>	<u>(1,265,315)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	25,401,921	25,573,217
Decrease in short-term borrowings	(26,391,618)	(24,708,530)
Decrease in short-term bills payable	(120,000)	(190,000)
Proceeds from long-term borrowings	329,700	1,584,890
Repayments of long-term borrowings	(527,374)	(615,880)
Increase in guarantee deposits received	-	5,798
Interest paid	(378,779)	(400,830)
Dividends paid to owners of the Company	(802,866)	(963,439)
Dividends paid to non-controlling interests	(47,805)	(56,691)
Change in non-controlling interests	<u>26,471</u>	<u>(1,615)</u>
Net cash (used in)/generated from financing activities	<u>(2,510,350)</u>	<u>226,920</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(2,561)</u>	<u>1,733</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,189	258,880
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,212,459</u>	<u>953,579</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,269,648</u>	<u>\$ 1,212,459</u>

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

(Concluded)

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Hsin Kuang Steel Company Limited (the “Company”) was incorporated in January 1967. The original paid-in-capital was NT\$200 thousand, and ordinary shares were issued subsequently for promoting business expansion and a sound financial structure. The Company’s share was approved to be listed on the Taipei Exchange (TPEX) in April 1997 and was approved to transfer to the Taiwan Stock Exchange (TWSE) in August 2000. The Company’s shares have been listed on the TWSE since September 2000 under the approval of the Financial Supervisory Commission (FSC) of the Republic of China.

The Company and its subsidiaries (collectively referred to as the “Group”) mainly engages in the cutting, stamping and sale of various steel products, including steel coils, steel plates, round steel bar, stainless steel, alloy steel, special steel and SuperDyma.

The consolidated entities were as follows:

Hsin Yuan Investment Co., Ltd. was incorporated on September 22, 1998. The entity mainly engages in investment in various kinds of businesses including manufacturing, securities investment, banking and insurance, etc.

Hsin Ho Fa Metal Co., Ltd. was incorporated on January 28, 2003. The entity engages in the sale of metal products for architecture.

Sinpao Investment Co., Ltd. was incorporated in British Virgin Island (B.V.I.) in 2001. The entity is a holding company of overseas investments.

APEX Wind Power Equipment Manufacturing Company Limited was incorporated on November 10, 2009. The entity mainly engages in the manufacture and sale of metal products and energy related equipment.

Hsin Ching International Co., Ltd. was incorporated on December 18, 2015. The entity mainly engages in leasing and warehousing.

Hsin Hua Steel Industry Co., Ltd. was incorporated on July 25, 2019. The entity mainly engages in processing and manufacturing of metal structures, steel pipe and steel bridge.

Hsin Cheng Logistics Development Co., Ltd. was incorporated on August 19, 2019. The entity mainly engages in leasing and warehousing.

Mason Metal Industry Co., Ltd. was incorporated on July 20, 1990. The entity mainly engages in cutting and processing of automobile steel plate.

Hsin Yuan Hsin Industrial Co., Ltd. was incorporated on October 13, 2021 (previously named Hsin Yuan Hsin Industrial Ltd.). The entity mainly engages in processing and manufacturing of steel products.

Hsin Wei Solar Co., Ltd. was incorporated on October 4, 2010. The entity mainly engages in power generation using non-metallic resources.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 10, 2026.

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

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

Amendments to IAS 21 "Lack of Exchangeability"

The initial application of the Amendments to IAS 21 "Lack of Exchangeability" did not have a material impact on the Group's accounting policies.

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

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

- 1) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

- a) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- i. If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- ii. To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

iii. To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

b) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

2) Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

Contracts referencing nature-dependent electricity are contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions. Contracts referencing nature-dependent electricity include both contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity. When the Group enters into contracts to buy nature-dependent electricity, which exposes the Group to the risk that it would be required to buy electricity during a delivery interval in which the Group cannot use the electricity, and the design and operation of the electricity market require any amounts of unused electricity to be sold within a specified time, the amendments stipulate that such sales are not necessarily inconsistent with the contract being held in accordance with the Group’s expected usage requirements. The inconsistency will result in the contract being accounted for as financial instruments otherwise. The Group entered into and continues to hold such a contract in accordance with its expected electricity usage requirements, if the Group has bought, and expects to buy, sufficient electricity to offset the sales of any unused electricity in the same market in which it sold the electricity over a reasonable amount of time.

The amendments also stipulate that, if contracts referencing nature-dependent electricity are designated as hedging instruments in hedges of forecast transactions, for such a hedging relationship the Group is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument.

For the amendments related to whether contracts referencing nature-dependent electricity are entered into in accordance with expected electricity usage requirements, the Group shall apply retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. For the amendments related to hedge accounting, the Group shall apply prospectively.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

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

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

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 12 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

f. Foreign currencies

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

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

- 1) Foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- 2) Transactions entered into in order to hedge certain foreign currency risks; and

- 3) Monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of foreign operations (including subsidiaries in other countries) and those that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence which is not subsidiary.

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment

should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation for investment properties is recognized using the straight-line method.

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

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its carrying amount at the commencement of development for owner-occupation. For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

k. Intangible assets

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

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

l. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract assets related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Financial assets are credit impaired when one or more of the following events have occurred: Issuers and borrowers are in severe financial difficulty, breach of contract, or it becoming probable that the borrower will enter bankruptcy or undergo a financial restructuring, or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Restricted demand deposits are included as part of cash unless these assets are subject to third-party contractual restrictions that no longer meet the definition of cash. Details of contractual restrictions on the use of demand deposits are disclosed in Note 6. Demand deposits with contractual restrictions beyond 12 months after the reporting period are classified as non-current assets.

- iii. Investments in equity instruments at FVTOCI

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

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

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

- b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), operating lease receivables as well as contract assets.

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due, unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by reduction in their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

n. Provisions

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

1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

o. Revenue recognition

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

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the goods or services promised in the contracts are a single performance obligation.

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the process of cutting and stamping with wholesale and retail of various steel products. Sales of goods are recognized as revenue when the goods are delivered to the customer's designated location, the customer has the right to set the price and use of the goods and has the primary responsibility for resale. Advance receipts for pre-determined sales price contracts are recognized as contract liabilities before the products have been delivered to the customer.

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

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the cutting process of steel products. Revenue from a contract to provide services is recognized when services are provided by reference to the stage of completion of services provided.

3) Construction contract revenue

While the construction is in progress, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

p. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 1,428	\$ 1,560
Checking accounts and demand deposits	<u>1,268,220</u>	<u>1,210,899</u>
	<u>\$ 1,269,648</u>	<u>\$ 1,212,459</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank balance	0.01%-0.725%	0.002%-1.28%

As of December 31, 2025 and 2024, pledged time deposits and restricted demand deposits were NT\$165,764 thousand and NT\$173,342 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 9).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign listed shares	\$ 3,801,724	\$ 3,383,290
Mutual funds	172,106	89,329
Derivative instruments (not under hedge accounting)		
Foreign exchange forward contracts (a)	<u>135,591</u>	<u>101,718</u>
	<u>\$ 4,109,421</u>	<u>\$ 3,574,337</u>
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	\$ 394,131	\$ 579,125
Domestic unlisted shares	<u>238,129</u>	<u>154,614</u>
	<u>\$ 632,260</u>	<u>\$ 733,739</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amounts (In Thousands)
<u>December 31, 2025</u>			
Buy	NTD/USD	2026.01-2026.11	NTD1,569,712/USD54,436
<u>December 31, 2024</u>			
Buy	NTD/USD	2025.01-2025.11	NTD2,086,688/USD67,688

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Investments in equity instruments	<u>\$ 2,184,490</u>	<u>\$ 2,439,102</u>
<u>Investments in equity instruments at FVTOCI</u>		
	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - China Steel Corporation	\$ 488,316	\$ 603,272
Ordinary shares - Century Wind Power Co., Ltd.	1,460,670	1,580,130
Unlisted shares		
Ordinary shares - Envirolink Corporation	16,800	19,250
Ordinary shares - Linkou Entertainment Corporation	4,751	4,224
Ordinary shares - Shin Ji Technology Corporation	3,726	4,761
Ordinary shares - Hua Mian Corporation	<u>1,043</u>	<u>1,045</u>
	<u>1,975,306</u>	<u>2,212,682</u>
Foreign investments		
Unlisted shares		
Ordinary shares - China Steel and Nippon Steel Vietnam Stock Company	168,175	185,630
Ordinary shares - Century International Co., Ltd.	<u>41,009</u>	<u>40,790</u>
	<u>209,184</u>	<u>226,420</u>
	<u>\$ 2,184,490</u>	<u>\$ 2,439,102</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Domestic investments		
Pledged time deposits (a)	\$ 39,264	\$ 48,391
Restricted demand deposits (a)	117,300	124,951
Time deposits with original maturities of more than 3 months (b)	<u>9,200</u>	<u>-</u>
	<u>\$ 165,764</u>	<u>\$ 173,342</u>

- a. The ranges of interest rates for pledged time deposits and restricted demand deposits were 0.2%-1.44% per annum as of December 31, 2025 and 2024.
- b. The interest rate for time deposits with original maturities of more than 3 months was 1.39% as of December 31, 2025.
- c. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES

	<u>December 31</u>	
	2025	2024
<u>Notes receivable</u>		
Operating - unrelated parties	\$ 1,565,761	\$ 1,738,707
Less: Allowance for impairment loss	<u>(1,594)</u>	<u>-</u>
	<u>\$ 1,564,167</u>	<u>\$ 1,738,707</u>
<u>Trade receivables</u>		
At amortized cost - unrelated parties	\$ 2,178,178	\$ 2,643,165
Less: Allowance for impairment loss	<u>(3,905)</u>	<u>(7,236)</u>
	<u>\$ 2,174,273</u>	<u>\$ 2,635,929</u>
<u>Overdue receivables (presented under other non-current assets)</u>		
Overdue receivables	\$ 74,706	\$ 86,547
Less: Allowance for impairment loss	<u>(12,364)</u>	<u>(21,517)</u>
	<u>\$ 62,342</u>	<u>\$ 65,030</u>

a. Notes receivable and trade receivables

The average credit period for sales of goods is 90-150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial source or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix considering the past default records of the debtor, an analysis of the debtor's current financial position, any credit insurance and recoverable amount as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

December 31, 2025

	Not Past Due	1 to 30 Days Past Due	31 Days to 1 Year Past Due	1 to 2 Years Past Due	Over 2 Years Past Due	Total
Expected credit loss rate	0.10%	17.10%	17.96%	0.00%	0.00%	
Gross carrying amount	\$ 3,730,956	\$ 1,076	\$ 11,907	\$ -	\$ -	\$ 3,743,939
Loss allowance (Lifetime ECLs)	(3,176)	(184)	(2,139)	-	-	(5,499)
Amortized cost	<u>\$ 3,727,780</u>	<u>\$ 892</u>	<u>\$ 9,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,738,440</u>

December 31, 2024

	Not Past Due	1 to 30 Days Past Due	31 Days to 1 Year Past Due	1 to 2 Years Past Due	Over 2 Years Past Due	Total
Expected credit loss rate	0.03%	15.59%	55.48%	0.00%	0.00%	
Gross carrying amount	\$ 4,362,872	\$ 11,411	\$ 7,589	\$ -	\$ -	\$ 4,381,872
Loss allowance (Lifetime ECLs)	(1,247)	(1,779)	(4,210)	-	-	(7,236)
Amortized cost	<u>\$ 4,361,625</u>	<u>\$ 9,632</u>	<u>\$ 3,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,374,636</u>

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

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 7,236	\$ 36,575
Add: Net remeasurement of loss allowance	13,849	8,871
Add: Net remeasurement of loss allowance	(7,236)	-
Less: Reclassification	<u>(8,350)</u>	<u>(38,210)</u>
Balance at December 31	<u>\$ 5,499</u>	<u>\$ 7,236</u>

Compared to January 1, 2025 and 2024, the decrease in loss allowance of NT\$1,737 thousand and NT\$29,339 thousand at December 31, 2025 and 2024, respectively, resulted from the changes in the gross carrying amounts of notes receivable and trade receivables, which decreased by NT\$637,933 thousand and increased by NT\$1,066,875 thousand, respectively.

Refer to Note 32 for information relating to notes receivable pledged as security for borrowings.

b. Overdue receivables

Overdue receivable balances that were past due but for which no allowance for impairment loss was recognized were NT\$62,342 thousand and NT\$65,030 thousand as of December 31, 2025 and 2024, respectively, which are disclosed in the aging analysis below. The Group did not recognize an allowance for impairment loss, because there was no significant change in the credit quality and the amounts were still considered recoverable. The Group holds collateral or other credit enhancements for these balances. In addition, the Group did not have the legal right to offset the overdue receivables with trade payables from the same counterparty.

The aging of overdue receivables that were past due but not impaired was as follows:

	December 31	
	2025	2024
Over 1 year	<u>\$ 62,342</u>	<u>\$ 65,030</u>

The above aging schedule was based on the number of days from the invoice date.

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

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 21,517	\$ 7,903
Less: Net remeasurement of loss allowance	(12,901)	(16,079)
Less: Amounts written off	(5,181)	(8,517)
Add: Amounts recovered	579	-
Add: Reclassification	<u>8,350</u>	<u>38,210</u>
Balance at December 31	<u>\$ 12,364</u>	<u>\$ 21,517</u>

The Group recognized impairment losses on overdue receivables amounting to NT\$12,364 thousand and NT\$21,517 thousand, respectively. These amounts were mainly related to the customers against whom the Group was pursuing legal claims. The net remeasurement amount was measured as the difference between the overdue receivables' carrying amount and the present value of expected recoverable amount.

11. INVENTORIES

	December 31	
	2025	2024
Raw materials	\$ 4,786,696	\$ 5,497,388
Finished goods	724,663	555,135
Work in process	15,217	21,582
Raw materials in transit	<u>66,557</u>	<u>187,951</u>
	<u>\$ 5,593,133</u>	<u>\$ 6,262,056</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	\$ 13,273,128	\$ 12,483,462
Reversal of write-downs of inventories	<u>(26,538)</u>	<u>(28,718)</u>
	<u>\$ 13,246,590</u>	<u>\$ 12,454,744</u>

As of December 31, 2025 and 2024, the allowance for inventory write-downs were NT\$48,216 thousand and NT\$74,754 thousand, respectively.

Inventory write-downs were reversed as a result of the fluctuation in the market price of the steel market.

12. SUBSIDIARIES

Investor	Investee	Nature of Business	Proportion of Ownership (%)	
			December 31	
			2025	2024
Hsin Kuang Steel Corporation	Hsin Yuan Investment Co., Ltd.	Investment	100.00	100.00
Hsin Kuang Steel Corporation	Hsin Ho Fa Metal Co., Ltd.	Sale of metal products for architecture	83.37	83.37
Hsin Kuang Steel Corporation	Sinpao Investment Co., Ltd.	Investment	100.00	100.00
Hsin Kuang Steel Corporation	APEX Wind Power Equipment Manufacturing Company Limited	Manufacturing of metal structures, architectural components and energy related equipment	66.14	66.14
Hsin Kuang Steel Corporation	Hsin Ching International Co., Ltd.	Leasing and warehousing	60.00	60.00
Hsin Kuang Steel Corporation	Hsin Cheng Logistics Development Co., Ltd.	Leasing and warehousing	100.00	100.00
Hsin Kuang Steel Corporation	Mason Metal Industry Co., Ltd.	Cutting and processing of automobile steel plate	80.00	80.00
Hsin Kuang Steel Corporation	Hsin Wei Solar Co., Ltd.	Power generation for non-metal industries	90.00	49.00
Hsin Yuan Investment Co., Ltd.	APEX Wind Power Equipment Manufacturing Company Limited	Manufacturing of metal structures, architectural components and energy related equipment	1.00	1.00

(Continued)

Investor	Investee	Nature of Business	Proportion of Ownership (%)	
			December 31	
			2025	2024
Hsin Yuan Investment Co., Ltd.	Hsin Hua Steel Industry Co., Ltd.	Processing and manufacturing of metal structures, architectural components and steel products	100.00	100.00
Hsin Yuan Investment Co., Ltd.	Hsin Yuan Hsin Industrial Co., Ltd.	Processing and manufacturing of steel products	100.00	100.00
Hsin Ho Fa Metal Co., Ltd.	APEX Wind Power Equipment Manufacturing Company Limited	Manufacturing of metal structures, architectural components and energy related equipment	2.73	2.73
Sinpao Investment Co., Ltd.	Mason Metal Industry Co., Ltd.	Cutting and processing of automobile steel plate	1.00	1.00

(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in associates	<u>\$ 902,694</u>	<u>\$ 987,497</u>

As of December 31, 2024, the Group held a 49% equity interest in Hsin Wei Solar Co., Ltd. which was accounted for as an investment in an associate. In order to expand its renewable energy business and strengthen its vertical integration strategy in the photovoltaic sector, the Group acquired 8,200 thousand ordinary shares of Hsin Wei Solar Co., Ltd. on October 16, 2025 at a price of NT\$11.09 per share, for a total consideration of NT\$90,938 thousand. The acquisition represented an additional 41% equity interest.

Following the transaction, the Group's ownership interest increased from 49% to 90%, and the Group obtained control over the investee. Accordingly, Hsin Wei Solar Co., Ltd. has been accounted for as a subsidiary since the acquisition date.

The Group remeasured its previously held equity interest at fair value on the acquisition date and recognized a remeasurement gain of NT\$4,206 thousand (Note 24), as well as a gain on bargain purchase of NT\$2,484 thousand. Details of the Company's directly held subsidiaries are presented in Table 6.

a. Investments in associates

	December 31	
	2025	2024
Material associate	\$ 902,694	\$ 877,684
Associates that are not individually material	<u>-</u>	<u>109,813</u>
	<u>\$ 902,694</u>	<u>\$ 987,497</u>

1) Material associates

Name of Associate	Nature of Business	Proportion of Ownership and Voting Rights	
		December 31	
		2025	2024
SunnyRich Multifunction Solar Power Co., Ltd.	Renewable energy private power generation equipment	20.00%	20.00%

The Company pledged 86,000 thousand shares of SunnyRich Multifunction Solar Power Co., Ltd. as collateral for bank borrowings (refer to Note 32 and Table 1).

SunnyRich Multifunction Solar Power Corporation

	December 31	
	2025	2024
Current assets	\$ 2,965,120	\$ 2,004,402
Non-current assets	16,043,331	13,665,418
Current liabilities	(1,468,987)	(1,425,740)
Non-current liabilities	<u>(13,025,992)</u>	<u>(9,863,531)</u>
Equity	<u>\$ 4,513,472</u>	<u>\$ 4,380,549</u>
Proportion of the Company's ownership	20%	20%
Equity attributable to the Company	<u>\$ 902,694</u>	<u>\$ 876,110</u>
Carrying amount	<u>\$ 902,694</u>	<u>\$ 877,684</u>
	For the Year Ended December 31	
	2025	2024
Operating revenue	<u>\$ 1,044,519</u>	<u>\$ 1,044,932</u>
Net income/(loss) for the year	<u>\$ 132,663</u>	<u>\$ 245,006</u>
Total comprehensive income/(loss) for the year	<u>\$ 132,663</u>	<u>\$ 245,006</u>

2) Aggregate information of associates that are not individually material is as follows:

	For the Year Ended December 31	
	2025	2024
The Group's share of:		
Net income	<u>\$ 6,836</u>	<u>\$ 7,176</u>
Total comprehensive income for the year	<u>\$ 6,836</u>	<u>\$ 7,176</u>

The Group previously held 9,800 thousand ordinary shares of Xinwei Photovoltaic Co., Ltd., representing a 49% equity interest. On October 16, 2025, the Group acquired an additional 41% equity interest, increasing its ownership interest to 90% and obtaining control over the investee. Accordingly, Hsin Wei Solar Co., Ltd. has been accounted for as a subsidiary. Please refer to Note 1 "Investment in subsidiaries" for further details.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2025	2024
Assets used by the Group	<u>\$ 5,907,339</u>	<u>\$ 5,472,271</u>

Assets Used by the Group

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Property under Construction and Equipment Awaiting Inspection	Total
Cost								
Balance at January 1, 2025	\$ 3,702,717	\$ 1,491,260	\$ 1,698,536	\$ 257,978	\$ 182,651	\$ 60,325	\$ 4,531	\$ 7,397,998
Additions	-	-	-	-	-	-	23,618	23,618
Disposals	-	-	(7,458)	(11,292)	(393)	(334)	-	(19,477)
Acquisition through business combination	-	-	835,551	-	-	-	-	835,551
Reclassified	-	1,045	109,913	11,237	11,159	846	(457)	133,743
Balance at December 31, 2025	<u>\$ 3,702,717</u>	<u>\$ 1,492,305</u>	<u>\$ 2,636,542</u>	<u>\$ 257,923</u>	<u>\$ 193,417</u>	<u>\$ 60,837</u>	<u>\$ 27,692</u>	<u>\$ 8,371,433</u>
Accumulated depreciation and impairment								
Balance at January 1, 2025	\$ -	\$ 553,534	\$ 1,088,107	\$ 194,703	\$ 61,156	\$ 28,227	\$ -	\$ 1,925,727
Depreciation expense	-	38,638	120,379	15,657	37,791	5,281	-	217,746
Disposals	-	-	(3,848)	(10,958)	(139)	(87)	-	(15,032)
Acquisition through business combination	-	-	305,756	-	-	-	-	305,756
Reclassified	-	-	27,565	1,012	1,320	-	-	29,897
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 592,172</u>	<u>\$ 1,537,959</u>	<u>\$ 200,414</u>	<u>\$ 100,128</u>	<u>\$ 33,421</u>	<u>\$ -</u>	<u>\$ 2,464,094</u>
Carrying amount at December 31, 2025	<u>\$ 3,702,717</u>	<u>\$ 900,133</u>	<u>\$ 1,098,583</u>	<u>\$ 57,509</u>	<u>\$ 93,289</u>	<u>\$ 27,416</u>	<u>\$ 27,692</u>	<u>\$ 5,907,339</u>
Cost								
Balance at January 1, 2024	\$ 2,544,389	\$ 1,460,652	\$ 1,656,270	\$ 250,201	\$ 107,018	\$ 57,615	\$ 244,296	\$ 6,320,441
Additions	-	-	-	-	-	388	85,235	85,623
Disposals	-	-	(4,447)	-	(160)	-	-	(4,607)
Reclassified	1,158,328	30,608	46,713	7,777	75,793	2,322	(325,000)	996,541
Balance at December 31, 2024	<u>\$ 3,702,717</u>	<u>\$ 1,491,260</u>	<u>\$ 1,698,536</u>	<u>\$ 257,978</u>	<u>\$ 182,651</u>	<u>\$ 60,325</u>	<u>\$ 4,531</u>	<u>\$ 7,397,998</u>
Accumulated depreciation and impairment								
Balance at January 1, 2024	\$ -	\$ 510,074	\$ 989,475	\$ 178,191	\$ 43,024	\$ 22,837	\$ -	\$ 1,743,601
Depreciation expense	-	43,754	103,012	16,512	18,269	5,390	-	186,937
Disposals	-	-	(4,377)	-	(137)	-	-	(4,514)
Reclassified	-	(294)	(3)	-	-	-	-	(297)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 553,534</u>	<u>\$ 1,088,107</u>	<u>\$ 194,703</u>	<u>\$ 61,156</u>	<u>\$ 28,227</u>	<u>\$ -</u>	<u>\$ 1,925,727</u>
Carrying amount at December 31, 2024	<u>\$ 3,702,717</u>	<u>\$ 937,726</u>	<u>\$ 610,429</u>	<u>\$ 63,275</u>	<u>\$ 121,495</u>	<u>\$ 32,098</u>	<u>\$ 4,531</u>	<u>\$ 5,472,271</u>

Except for depreciation recognized, the Group did not significant addition, disposal or impairment for the year ended December 31, 2025. The increase for the year ended December 31, 2025. was mainly due to land acquired by the subsidiary for production facility in the Lukang area of the Changhua Coastal Industrial Park. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	10-55 years
Building construction	3-20 years
Equipment	
Main equipment	5-20 years
Equipment maintenance	3-8 years
Transportation equipment	
Trucks and automotive	5-8 years
Stackers	5-9 years
Automotive accessories	3-5 years
Miscellaneous equipment	
Computer equipment	3-10 years
Office equipment and construction	3-10 years
Leasehold improvements	3-15 years

The Group purchased land located in Guanyin and Taibao for operational use from 2005 to 2020. As of December 31, 2024, the total land space purchased was 50,004.07 square meters, with a carrying amount of NT\$227,268 thousand. The law stipulates that an entity may not have ownership of land which is registered for agricultural purposes. Therefore, the Group held the land through the signing of the real estate trust agreement with an individual. As a protective measure, the Group signed a contract with the landowner who held the land ownership certificate and registered the ownership certificate, which stated that all the rights and obligations of the land belong to the Group.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

15. INVESTMENT PROPERTIES

	Investment Properties - Land	Investment Properties - Buildings	Investment Properties - Leasehold Improvements	Total
<u>Cost</u>				
Balance at January 1, 2025	\$ 1,132,389	\$ 2,515,526	\$ 64,533	\$ 3,712,448
Reclassified	<u>-</u>	<u>84</u>	<u>-</u>	<u>84</u>
Balance at December 31, 2025	<u>\$ 1,132,389</u>	<u>\$ 2,515,610</u>	<u>\$ 64,533</u>	<u>\$ 3,712,532</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2025	\$ -	\$ 187,317	\$ 50,463	\$ 237,780
Depreciation expense	-	51,975	3,285	55,260
Reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 239,292</u>	<u>\$ 53,748</u>	<u>\$ 293,040</u>
Carrying amount at December 31, 2025	<u>\$ 1,132,389</u>	<u>\$ 2,276,318</u>	<u>\$ 10,785</u>	<u>\$ 3,419,492</u>
<u>Cost</u>				
Balance at January 1, 2024	\$ 1,061,614	\$ 2,210,670	\$ 64,533	\$ 3,336,817
Reclassified	<u>70,775</u>	<u>304,856</u>	<u>-</u>	<u>375,631</u>
Balance at December 31, 2024	<u>\$ 1,132,389</u>	<u>\$ 2,515,526</u>	<u>\$ 64,533</u>	<u>\$ 3,712,448</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2024	\$ -	\$ 136,710	\$ 43,427	\$ 180,137
Depreciation expense	-	50,307	7,036	57,343
Reclassified	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 187,317</u>	<u>\$ 50,463</u>	<u>\$ 237,780</u>
Carrying amount at December 31, 2024	<u>\$ 1,132,389</u>	<u>\$ 2,328,209</u>	<u>\$ 14,070</u>	<u>\$ 3,474,668</u>

The investment properties were leased out for 2 to 10 years, without an option to extend. The lease contracts contain market review clauses to adjust the lease expense in the event that the lessees exercise their options to renew the lease. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

In addition to the fixed lease payments, the lease contracts also indicate that the lease payments should be adjusted every 2 or 3 years on the basis of the increase in Price Index.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2025	2024
Year 1	\$ 327,476	\$ 364,125
Year 2	301,131	326,880
Year 3	267,397	301,131
Year 4	218,667	267,397
Year 5	213,570	218,667
Year 6 onwards	<u>36,024</u>	<u>249,594</u>
	<u>\$ 1,364,265</u>	<u>\$ 1,727,794</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	25-55 years
Building construction	6-15 years
Leasehold improvements	5-15 years

The determination of fair value was performed by independent qualified professional appraisers at the end of each reporting period. The fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31	
	2025	2024
Fair value	<u>\$ 7,757,820</u>	<u>\$ 7,856,053</u>

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

16. OTHER INTANGIBLE ASSETS

	Computer Software	Power Purchase Agreement	Total
<u>Cost</u>			
Balance at January 1, 2025	\$ 52,512	\$ -	\$ 52,512
Disposals	(1,441)	-	(1,441)
Acquisition through business combination	-	11,695	11,695
Reclassified	<u>35,142</u>	<u>-</u>	<u>35,142</u>
Balance at December 31, 2025	<u>\$ 86,213</u>	<u>\$ 11,695</u>	<u>\$ 97,908</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2025	\$ 12,737	\$ -	\$ 12,737
Amortization expenses	8,869	129	8,998
Disposals	<u>(1,442)</u>	<u>-</u>	<u>(1,442)</u>
Balance at December 31, 2025	<u>\$ 20,164</u>	<u>\$ 129</u>	<u>\$ 20,293</u>
Carrying amount at December 31, 2025	<u>\$ 66,049</u>	<u>\$ 11,566</u>	<u>\$ 77,615</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 51,004	\$ -	\$ 51,004
Disposals	(5,379)	-	(5,379)
Reclassified	<u>6,887</u>	<u>-</u>	<u>6,887</u>
Balance at December 31, 2024	<u>\$ 52,512</u>	<u>\$ -</u>	<u>\$ 52,512</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2024	\$ 9,248	\$ -	\$ 9,248
Amortization expenses	8,868	-	8,868
Disposals	<u>(5,379)</u>	<u>-</u>	<u>(5,379)</u>
Balance at December 31, 2024	<u>\$ 12,737</u>	<u>\$ -</u>	<u>\$ 12,737</u>
Carrying amount at December 31, 2024	<u>\$ 39,775</u>	<u>\$ -</u>	<u>\$ 39,775</u>

- a. The additions in other intangible assets of the Group for the years December 31, 2025 and 2024 were mainly due to the external purchase of computer software. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Power purchase agreement	20 years

- b. During 2025, there were no significant additions, disposals, or impairment of the Group's intangible assets, except for those arising from the business combination. Please refer to Note 27 for the changes resulting from the business combination.

17. OTHER ASSETS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Other receivables	\$ 9,104	\$ 6,160
Temporary payments	500	-
Payments on behalf of others	<u>5,392</u>	<u>1,377</u>
	<u>\$ 14,996</u>	<u>\$ 7,537</u>
<u>Non-current</u>		
Refundable deposits	\$ 108,723	\$ 105,974
Prepayments for equipment	120,808	134,824
Overdue receivables	62,342	65,030
Prepayments	7,753	33,221
Others	<u>389</u>	<u>413</u>
	<u>\$ 300,015</u>	<u>\$ 339,462</u>

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Secured borrowings (Notes 30 and 32)</u>		
Bank loans	\$ 72,000	\$ 72,000
Issuance credit payable	<u>1,022,800</u>	<u>980,250</u>
	<u>1,094,800</u>	<u>1,052,250</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings (Note 30)	1,616,001	1,368,244
Issuance credit payable	<u>3,941,206</u>	<u>5,166,960</u>
	<u>5,557,207</u>	<u>6,535,204</u>
	<u>\$ 6,652,007</u>	<u>\$ 7,587,454</u>

The range of weighted average effective interest rates on bank loans was 1.9%-5.32% and 1.9%-6.71% per annum as of December 31, 2025 and 2024, respectively.

b. Short-term bills payable

	<u>December 31</u>	
	2025	2024
Commercial paper (Notes 30 and 32)	\$ 490,000	\$ 610,000
Less: Discount on short-term bills payable	<u>(391)</u>	<u>(774)</u>
	<u>\$ 489,609</u>	<u>\$ 609,226</u>

Outstanding short-term bills payable were as follows:

December 31, 2025

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial paper</u>						
Corporation A	\$ 100,000	\$ 130	\$ 99,870	2.17%	-	\$ -
Corporation B	130,000	173	129,827	2.17%-2.24%	-	-
Corporation C	110,000	6	109,994	2.17%-2.24%	-	-
Corporation D	<u>150,000</u>	<u>82</u>	<u>149,918</u>	2.17%	-	-
	<u>\$ 490,000</u>	<u>\$ 391</u>	<u>\$ 489,609</u>			

December 31, 2024

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial paper</u>						
Corporation A	\$ 100,000	\$ 185	\$ 99,815	2.17%	Head office	\$ 18,328
Corporation B	210,000	349	209,651	2.19%-2.24%	-	-
Corporation C	150,000	98	149,902	2.13%-2.23%	-	-
Corporation D	<u>150,000</u>	<u>142</u>	<u>149,858</u>	2.17%	-	-
	<u>\$ 610,000</u>	<u>\$ 774</u>	<u>\$ 609,226</u>			

c. Long-term borrowings

	<u>December 31</u>	
	2025	2024
<u>Secured borrowings (Note 32)</u>		
Syndicated bank loans - Mega International Commercial Bank (1)	\$ 6,000,000	\$ 6,000,000
Bank loans - Chang Hwa Bank Sanchungpu Branch (2)	177,083	197,917
Bank loans - Land Bank of Taiwan (3)	537,700	537,700
Bank loans - Mega International Commercial Bank (4)	98,182	163,636
Bank loans - Banking Division of Far Eastern International Bank (5)	-	20,833

(Continued)

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Bank loans - First Commercial Bank (6)	\$ 60,466	\$ 140,442
Bank loans - First Commercial Bank (7)	65,551	-
Bank loans - Bank SinoPac (8)	230,163	-
Bank loans - O-Bank (9)	<u>76,495</u>	<u>-</u>
	<u>7,245,640</u>	<u>7,060,528</u>
Less: Current portions	(130,181)	(107,121)
Syndicated loan fees	<u>(5,517)</u>	<u>(8,323)</u>
	<u>(135,698)</u>	<u>(115,444)</u>
Long-term borrowings	<u>\$ 7,109,942</u>	<u>\$ 6,945,084</u> (Concluded)

- 1) The Company signed a joint credit line contract with Mega International Commercial Bank, and such syndicated loan was collateralized by the Company's freehold land and plant (refer to Note 32). The credit line of loan item A-1 is NT\$3,500,000 thousand, A-2 is NT\$4,500,000 thousand, B is NT\$5,000,000 thousand and the total credit line of loan items A and B shall be not more than NT\$8,000,000 thousand, which is a revolving credit line within 5 years from the date of first use. When the credit line of the loan is used for the first time, the entire outstanding balance of the syndicated bank loan - Yushan Bank, which was signed in 2018, will be paid off in advance. The first period is 36 months after the date of first use. Thereafter, every 12 months is considered one period, and the total credit line will decrease within 3 periods. The revolving credit line will be reduced by 10% at the end of the first period, reduced by 20% at the end of the second period, and the remaining credit line will be totally cancelled upon the expiry of the credit period.

During the loan period, the current ratio, debt ratio and interest earned ratio, which are calculated based on the audited annual consolidated financial report, should comply with the criteria in the credit line contract. If the financial ratio do not comply with the criteria in the contract, the Group should remedy it from the date of submission of the annual consolidated financial statements to the next review date. It will not be considered a breach of the contract if the financial ratios are remedied and comply with the contract within the remediation period. The weighted average effective interest rates were 2.20%-2.25% and 2.14%-2.22% per annum as of December 31, 2025 and 2024, respectively.

- 2) In April 2019, Hsin Ho Fa Metal Co., Ltd. acquired NT\$250,000 thousand of bank loans from Chang Hwa Bank Sanchungpu Branch, secured by the freehold land (refer to Note 32), which mature in April 2034. The grace period is 3 years, during which interest shall be paid by the 26th of each month. Starting from April 26, 2022, the repayment of principal is divided into 48 equal installments of every 3 months, and the principal as well as interest calculated on the outstanding principal shall be paid by the 26th of each month. The weighted average effective interest rates were 2.19% per annum as of December 31, 2025 and 2024, respectively.
- 3) In July 2024, APEX Wind Power Equipment Manufacturing Company Limited acquired NT\$537,700 thousand of bank loans from the Land Bank of Taiwan, with land (refer to Note 31) as the collateral, which will mature in July 2027. The principal of the loan is repayable in one lump sum upon maturity, where interest is repayable on a monthly basis starting from the date of the initial drawdown. The weighted average effective interest rate was 2.13% per annum as of December 31, 2024.

- 4) In November 2017, Mason Metal Industry Co., Ltd. acquired NT\$300,000 thousand of bank loans from Mega International Commercial Bank, secured by the freehold land and buildings (refer to Note 32), which will mature in June 2027. Starting from the borrowing date, interest will be paid once a month, and the principal will be repaid in installments. The weighted average effective interest rates were 2.36% per annum as of December 31, 2025 and 2024, respectively.
- 5) In May 2023, Hsin Ching International Co., Ltd. acquired NT\$100,000 thousand of unsecured bank loans from Far Eastern International Bank, which will mature in May 2025. The principal shall be repaid in 24 equal installments on the 5th of each month, and interest is calculated on the outstanding principal which shall be paid on the 5th of each month. The loan was fully repaid in May 2025. The weighted average effective interest rates were 2.42% per annum as of December 31, 2025 and 2024, respectively.
- 6) Xin Hua Steel Co., Ltd. entered into an unsecured medium-term loan agreement with First Commercial Bank. The loan was drawn down in installments starting in October 2025 and will mature in 2027. Interest is payable monthly from the drawdown date, and the principal will be repaid in a lump sum at maturity. As of December 31, 2025 and 2024, the effective annual interest rate was 2.23%.
- 7) The borrowings of Hsin Wei Solar Co., Ltd. from First Commercial Bank are secured by a pledge of power generation equipment in accordance with the loan agreement (see Note 32). The loan amounted to NT\$75,340 thousand, was drawn in July 2023 and October 2024, and will mature in July 2038. Interest is payable monthly from the borrowing date, and the principal is repayable in installments. As of December 31, 2025, the effective annual interest rate was 2.73%.
- 8) The borrowings of Hsin Wei Solar Co., Ltd. from Bank SinoPac are secured by a pledge of power generation equipment in accordance with the loan agreement (see Note 32). The Company borrowed a total of NT\$284,260 thousand between February 2018 and April 2025, with a maturity date in April 2032. Interest is payable monthly from the borrowing date, and the principal is repayable in installments. As of December 31, 2025, the effective annual interest rate ranged from 2.63% to 2.83%.
- 9) The borrowings of Hsin Wei Solar Co., Ltd. from O-Bank are secured by a pledge of power generation equipment in accordance with the loan agreement (see Note 32). The loan amounted to NT\$77,000 thousand, was drawn in April 2023, and will mature in April 2028. Interest is payable monthly from the borrowing date. As of December 31, 2025, the effective annual interest rate was 2.73%.

19. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Notes payable</u>		
Operating - unrelated parties	<u>\$ 399,974</u>	<u>\$ 331,236</u>
<u>Trade payables</u>		
Operating - unrelated parties	<u>\$ 266,097</u>	<u>\$ 189,603</u>

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Payables for salaries and bonuses	\$ 210,972	\$ 210,185
Other accrued expenses	106,433	128,609
Other payables	86,529	87,766
Interest payable	<u>33,439</u>	<u>21,714</u>
	<u>\$ 437,373</u>	<u>\$ 448,274</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Among the Group, the Company, Hsin Yuan Investment Co., Ltd., Hsin Ho Fa Metal Co., Ltd., APEX Wind Power Equipment Manufacturing Company Limited, Hsin Ching International Co., Ltd., Mason Metal Industry Co., Ltd., Hsin Hua Steel Industry Co., Ltd. and Hsin Yuan Hsin Industrial Co., Ltd. and Hsin Wei Solar Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company and Mason Metal Industry Co., Ltd. within the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Present value of defined benefit obligation	\$ 97,273	\$ 92,629
Fair value of plan assets	<u>(84,320)</u>	<u>(77,424)</u>
Net defined benefit liabilities	<u>\$ 12,953</u>	<u>\$ 15,205</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	\$ 104,178	\$ (70,552)	\$ 33,626
Service cost			
Current service cost	349	-	349
Net interest expense/(income)	<u>1,253</u>	<u>(872)</u>	<u>381</u>
Recognized in profit or loss	<u>1,602</u>	<u>(872)</u>	<u>730</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,653)	(5,653)
Actuarial (gain)/loss			
Changes in financial assumptions	(1,066)	-	(1,066)
Experience adjustments	<u>2,164</u>	<u>-</u>	<u>2,164</u>
Recognized in other comprehensive income	<u>1,098</u>	<u>(5,653)</u>	<u>4,555</u>
Contributions from the employer	-	(5,744)	(5,744)
Benefits paid	(5,397)	5,397	-
Paid by the Company	<u>(8,852)</u>	<u>-</u>	<u>(8,852)</u>
Balance at December 31, 2024	<u>92,629</u>	<u>(77,424)</u>	<u>15,205</u>
Service cost			
Current service cost	352	-	352
Net interest expense/(income)	<u>1,304</u>	<u>(1,130)</u>	<u>174</u>
Recognized in profit or loss	<u>1,656</u>	<u>(1,130)</u>	<u>526</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,846)	(4,846)
Actuarial (gain)/loss			
Changes in financial assumptions	1,824	-	1,824
Experience adjustments	<u>4,195</u>	<u>-</u>	<u>4,195</u>
Recognized in other comprehensive income	<u>6,019</u>	<u>(4,846)</u>	<u>1,173</u>
Contributions from the employer	-	(3,428)	(3,428)
Benefits paid	(2,508)	2,508	-
Paid by the Company	<u>(523)</u>	<u>-</u>	<u>(523)</u>
Balance at December 31, 2025	<u>\$ 97,273</u>	<u>\$ (84,320)</u>	<u>\$ 12,953</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2025	2024
Operating costs	<u>\$ 217</u>	<u>\$ 263</u>
Selling and marketing expenses	<u>\$ 259</u>	<u>\$ 330</u>
General and administrative expenses	<u>\$ 50</u>	<u>\$ 137</u>

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

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

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

	December 31	
	2025	2024
Discount rates	1.25%	1.375%-1.50%
Expected rates of salary increase	2.00%-2.5%	2.00%-2.25%

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

	December 31	
	2025	2024
Discount rates		
0.50% increase	<u>\$ (1,416)</u>	<u>\$ (1,469)</u>
0.50% decrease	<u>\$ 1,454</u>	<u>\$ 1,509</u>
Expected rates of salary increase/decrease		
0.50% increase	<u>\$ 1,414</u>	<u>\$ 1,472</u>
0.50% decrease	<u>\$ (1,385)</u>	<u>\$ (1,440)</u>

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

	December 31	
	2025	2024
Expected contributions to the plans for the next year	\$ 3,165	\$ 3,878
Average duration of the defined benefit obligation	5.8-6.0 years	6.4-6.6 years

22. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Number of shares authorized (in thousands)	<u>360,000</u>	<u>360,000</u>
Shares authorized	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>
Number of shares issued and fully paid (in thousands)	<u>321,146</u>	<u>321,146</u>
Shares issued	<u>\$ 3,211,463</u>	<u>\$ 3,211,463</u>

The shares issued had a par value of NT\$10. Each share entitles the rights to dividends and to vote.

b. Capital surplus

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 906,797	\$ 906,797
<u>May not be used for any purpose (2)</u>		
Employee share options	<u>36,648</u>	<u>36,648</u>
	<u>\$ 943,445</u>	<u>\$ 943,445</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the aforementioned dividends, legal reserve and capital surplus are to be distributed in cash, the board of directors may be authorized to pass the resolution with more than two-thirds of the directors' attendance and more than half of the votes of attending directors, which shall be reported in the board of directors. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors in Note 24-g.

To ensure the interests of shareholders and the Company's sustainable development, the Company adopts a balanced dividends policy. The dividends payment principle shall be determined on the basis of the current and forthcoming development plan, considering the investing environment, demanding for funds, domestic and foreign competition, and shareholders' interests. The Company shall, in accordance with the capital budget plan for the following year, determine the most appropriate dividend policy. After the board of directors resolve the distribution plan, such plan will be subject to the resolution in the shareholders' meeting.

Dividends may be distributed in cash or shares. Among the dividends payment, no less than 30% shall be distributed in cash.

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

The appropriations of earnings for the years ended December 31, 2024 and 2023, which were approved in shareholders' meetings on May 29, 2025 and June 14, 2024, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ 155,939</u>	<u>\$ 180,506</u>
Cash dividends	<u>\$ 802,866</u>	<u>\$ 963,439</u>
Cash dividends per share (NT\$)	<u>\$ 2.50</u>	<u>\$ 3.0</u>

The appropriation of earnings for the year ended December 31, 2025 was proposed by the Company's board of directors on March 10, 2026. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2025
Legal reserve	<u>\$ 102,561</u>
Cash dividends	<u>\$ 802,866</u>
Cash dividends per share (NT\$)	<u>\$ 2.50</u>

The appropriation of earnings for the year ended December 31, 2025 is subject to the resolution in the shareholders' meeting to be held on May 25, 2026.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 5,557	\$ 1,943
Exchange differences on translating the financial statements of foreign operations	<u>(1,540)</u>	<u>3,614</u>
Balance at December 31	<u>\$ 4,017</u>	<u>\$ 5,557</u>

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 875,847	\$ 1,164,407
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(164,066)	(174,772)
Share of other comprehensive income/(loss) of associates accounted for using equity method	1,890	(1,732)
Reclassification adjustments		
Disposals of investments in equity instruments at FVTOCI	<u>28,853</u>	<u>(112,056)</u>
Balance at December 31	<u>\$ 742,524</u>	<u>\$ 875,847</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2025	2024
Balance at January 1	\$ 699,211	\$ 724,788
Share of profit for the year	41,726	32,263
Dividends distributed by subsidiaries	(47,805)	(56,691)
Other comprehensive income/(loss) for the year		
Exchange differences on translation of the financial statements of foreign operations	-	(31)
Remeasurement of defined benefit plans	(179)	497
Non-controlling interests	<u>26,471</u>	<u>(1,615)</u>
Balance at December 31	<u>\$ 719,424</u>	<u>\$ 699,211</u>

23. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sales of goods	\$ 14,160,552	\$ 13,183,899
Revenue from processing	248,356	166,780
Construction contract revenue	2,009,108	886,656
Rental income	359,608	354,903
Other income	<u>20,467</u>	<u>-</u>
	<u>\$ 16,798,091</u>	<u>\$ 14,592,238</u>

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Trade receivables (Note 10)	<u>\$ 2,174,273</u>	<u>\$ 2,635,929</u>	<u>\$ 3,244,113</u>
Contract assets - current			
Construction of properties	\$ 113,682	\$ 102,229	\$ 240,360
Processing and manufacturing	<u> -</u>	<u> 949</u>	<u> -</u>
	<u>\$ 113,682</u>	<u>\$ 103,178</u>	<u>\$ 240,360</u>
Contract liabilities - current			
Sales of goods	\$ 330,655	\$ 206,338	\$ 265,784
Construction of properties	<u> 48,332</u>	<u> 503,590</u>	<u> 1,150,498</u>
	<u>\$ 378,987</u>	<u>\$ 709,928</u>	<u>\$ 1,416,282</u>

b. Refer to Note 36 for details of revenue.

24. NET PROFIT AND OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

a. Other income

	<u>For the Year Ended December 31</u>	
	2025	2024
Dividend income		
Financial assets at FVTPL	\$ 88,921	\$ 68,645
Financial assets at FVTOCI	45,010	28,991
Others	<u>28,371</u>	<u>19,822</u>
	<u>\$ 162,302</u>	<u>\$ 117,458</u>

b. Other gains/(losses)

	<u>For the Year Ended December 31</u>	
	2025	2024
Gain on disposal of property, plant and equipment	\$ 31	\$ 69
Remeasurement gain on investments accounted for using the equity method	4,206	-
Net gains on financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	490,805	1,232,193
Net foreign exchange gains (losses)	138,842	(5,875)
Other losses	<u> -</u>	<u> (27)</u>
	<u>\$ 633,884</u>	<u>\$ 1,226,360</u>

c. Finance costs

	<u>For the Year Ended December 31</u>	
	2025	2024
Interest on bank loans	\$ 423,268	\$ 402,443
Interest on lease liabilities	131	39
Less: Amounts included in the cost of qualifying assets	<u>(350)</u>	<u>(2,741)</u>
	<u>\$ 423,049</u>	<u>\$ 399,741</u>

Information about capitalized interest was as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Capitalized interest	\$ 350	\$ 2,741
Capitalization rate	2.5%	2.5%

d. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2025	2024
Direct operating expenses of investment properties generating rental income	<u>\$ 106,105</u>	<u>\$ 122,147</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2025	2024
Property, plant and equipment	\$ 217,746	\$ 186,937
Investment properties	55,260	57,343
Right-of-use assets	2,045	1,910
Intangible assets	8,998	8,868
Long-term prepayments	<u>817</u>	<u>2,197</u>
	<u>\$ 284,866</u>	<u>\$ 257,255</u>
 An analysis of depreciation by function		
Operating costs	\$ 254,523	\$ 222,112
Operating expenses	<u>20,528</u>	<u>24,078</u>
	<u>\$ 275,051</u>	<u>\$ 246,190</u>
 An analysis of amortization by function		
Operating costs	\$ 2,953	\$ 5,665
Operating expenses	<u>6,862</u>	<u>5,400</u>
	<u>\$ 9,815</u>	<u>\$ 11,065</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2025	2024
Short-term employee benefits	\$ 601,201	\$ 576,549
Post-employment benefits (Note 21)		
Defined contribution plans	14,108	13,585
Defined benefit plans	<u>526</u>	<u>730</u>
	<u>\$ 615,835</u>	<u>\$ 590,864</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 301,419	\$ 283,804
Operating expenses	<u>314,416</u>	<u>307,060</u>
	<u>\$ 615,835</u>	<u>\$ 590,864</u>

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved to approve the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 40% of the compensation of employees as compensation distributions for non-executive employees. The compensation of employees and remuneration of directors for the years ended December 31, 2025 and 2024 which have been approved by the Company's board of directors on March 10, 2026 and March 11, 2025, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2025	2024
Compensation of employees	3%	3%
Remuneration of directors	3%	3%

Amount

	<u>For the Year Ended December 31</u>	
	2025	2024
	Cash	Cash
Compensation of employees	<u>\$ 38,579</u>	<u>\$ 47,801</u>
Remuneration of directors	<u>\$ 38,579</u>	<u>\$ 47,801</u>

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2024.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors for the year ended December 31, 2025 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2025	2024
Foreign exchange gains	\$ 564,893	\$ 243,541
Foreign exchange losses	<u>(426,051)</u>	<u>(249,416)</u>
	<u>\$ 138,842</u>	<u>\$ (5,875)</u>

25. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 151,169	\$ 72,462
Income tax on unappropriated earnings	28,683	35,502
Adjustments for prior years	<u>32,898</u>	<u>(7,156)</u>
	<u>212,750</u>	<u>100,808</u>
Deferred tax		
In respect of the current year	<u>6,555</u>	<u>16,253</u>
Income tax expense recognized in profit or loss	<u>\$ 219,305</u>	<u>\$ 117,061</u>

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

	For the Year Ended December 31	
	2025	2024
Profit before income tax	<u>\$ 1,319,282</u>	<u>\$ 1,593,538</u>
Income tax expense calculated at the statutory rate	\$ 385,155	\$ 417,868
Non-deductible expenses and non-taxable income	(105,303)	(269,989)
Tax-exempt income	(132,245)	(74,318)
Income tax on unappropriated earnings	28,683	35,502
Additional income tax under the Alternative Minimum Tax Act	9,373	14,754
Adjustments for investment credits decrease/(increase)	630	(1,923)
Unrecognized deductible temporary differences	170	2,323
Adjustments for prior years' tax	32,898	(7,156)
Other	<u>(56)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 219,305</u>	<u>\$ 117,061</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ (385)	\$ 903
Remeasurement on defined benefit plans	<u>234</u>	<u>911</u>
Total income tax expense recognized in other comprehensive income/(loss)	<u>\$ (151)</u>	<u>\$ 1,814</u>

c. Current tax assets and liabilities

	<u>December 31</u>	
	2025	2024
Current tax assets		
Tax refund receivable	<u>\$ 4,888</u>	<u>\$ 45,773</u>
Current tax liabilities		
Income tax payable	<u>\$ 151,410</u>	<u>\$ 58,285</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Opening Balance	Acquisition through Business Combination	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for inventory write-downs	\$ 14,950	\$ -	\$ (5,308)	\$ -	\$ 9,642
Losses on foreign currency exchange	1,960	-	15,593	-	17,553
Unrealized gross profit	46,679	-	(10,805)	-	35,874
Defined benefit obligation	3,660	-	(580)	234	3,314
Amortization of initial capital of employees' welfare committee	180	-	(60)	-	120
Unrealized sales discounts	310	-	456	-	766
Warranty provisions	2,901	-	3,861	-	6,762
Differences between carrying amount and fair value of assets	5,720	-	-	-	5,720
Investment tax credits	629	-	(629)	-	-
Loss carryforwards	15,449	-	(4,290)	-	11,159
Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>2,035</u>	<u>-</u>	<u>2,035</u>
	<u>\$ 92,438</u>	<u>\$ -</u>	<u>\$ 273</u>	<u>\$ 234</u>	<u>\$ 92,945</u>

(Continued)

	Opening Balance	Acquisition through Business Combination	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ 20,346	\$ -	\$ 6,774	\$ -	\$ 27,120
Gains on foreign currency exchange	111	-	79	-	190
Exchange differences on translation of the financial statements of foreign operations	1,388	-	-	(385)	1,003
Differences between carrying amount and fair value of assets	108,653	-	-	-	108,653
Intangible assets	-	2,339	25	-	2,314
	<u>\$ 130,498</u>	<u>\$ 2,339</u>	<u>\$ 6,828</u>	<u>\$ (385)</u>	<u>\$ 139,280</u>
					(Concluded)

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-downs	\$ 20,693	\$ (5,743)	\$ -	\$ 14,950
Losses on foreign currency exchange	7	1,953	-	1,960
Unrealized gross profit	55,479	(8,800)	-	46,679
Defined benefit obligation	5,572	(1,001)	(911)	3,660
Amortization of initial capital of employees' welfare committee	-	180	-	180
Unrealized sales discounts	510	(200)	-	310
Warranty provisions	540	2,361	-	2,901
Differences between carrying amount and fair value of assets	5,720	-	-	5,720
Investment tax credits	-	629	-	629
Loss carryforwards	9,447	6,002	-	15,449
	<u>\$ 97,968</u>	<u>\$ (4,619)</u>	<u>\$ (911)</u>	<u>\$ 92,438</u>

Deferred tax liabilities

Temporary differences				
Financial assets at FVTPL	\$ 3,019	\$ 17,327	\$ -	\$ 20,346
Gains on foreign currency exchange	5,804	(5,693)	-	111
Exchange differences on translation of the financial statements of foreign operations	485	-	903	1,388
Differences between carrying amount and fair value of assets	108,653	-	-	108,653
	<u>\$ 117,961</u>	<u>\$ 11,634</u>	<u>\$ 903</u>	<u>\$ 130,498</u>

e. Income tax assessments

The income tax returns through 2023 and income tax returns on unappropriated earnings through 2022 of the Company and its subsidiaries have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2025	2024
Basic earnings per share		
From continuing operations	<u>\$ 3.30</u>	<u>\$ 4.50</u>
Diluted earnings per share		
From continuing operations	<u>\$ 3.28</u>	<u>\$ 4.48</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations are as follows:

Net profit for the year

	<u>For the Year Ended December 31</u>	
	2025	2024
Earnings used in the computation of basic earnings per share	<u>\$ 1,058,251</u>	<u>\$ 1,444,214</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,058,251</u>	<u>\$ 1,444,214</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	<u>For the Year Ended December 31</u>	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	321,146	321,146
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>1,015</u>	<u>1,035</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>322,161</u>	<u>322,181</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Hsin Wei Solar Co., Ltd.	Power generation for non-metal industries	March 25, 2022	49	\$ 111,650
		October 16, 2025	41	<u>90,938</u>
				<u>\$ 202,588</u>

To expand its renewable energy business and strengthen its vertical integration strategy in the photovoltaic sector, the Group increased its control and resource integration over Xinwei Photovoltaic Co., Ltd. On October 16, 2025, the Group acquired 8,200 thousand ordinary shares of Xinwei Photovoltaic Co., Ltd. at a price of NT\$11.09 per share, for a total consideration of NT\$90,938 thousand. The acquisition represented an additional 41% equity interest, increasing the Group's ownership from 49% to 90% and obtaining control over the investee.

b. Consideration transferred

	Hsin Wei Solar Co., Ltd.
Cash	\$ 90,938

Acquisition-related costs amounting to \$660 thousand were excluded from the consideration transferred and were recognized as expenses in the periods incurred under other expenses in the consolidated statements of comprehensive income.

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

	Hsin Wei Solar Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 72,336
Trade and other receivables	9,518
Offsets against business tax payable	197
Other prepaid expenses	303
Other current assets	1,750
Non-current assets	
Property, plant and equipment	529,794
Intangible assets	11,695
Investment properties	113,318
Refundable deposits	<u>2,714</u>
Total assets	<u>\$ 741,625</u>

(Continued)

	Hsin Wei Solar Co., Ltd.
Current liabilities	
Trade and other payables	\$ 7,587
Output tax	821
Other current liabilities	6
Non-current liabilities	
Long-term borrowings	382,786
Lease liabilities	120,229
Deferred tax liabilities	<u>2,339</u>
Total liabilities	<u>\$ 513,768</u>
Fair value of identifiable net assets acquired	<u>\$ 227,857</u> (Concluded)

d. Non-controlling interests

Non-controlling interests are measured at their proportionate share of the recognized amounts of the acquiree's identifiable net assets.

e. Gain from bargain purchase recognized on acquisitions

	Hsin Wei Solar Co., Ltd.
Consideration transferred	\$ 90,938
The fair value of the Group's previously held equity interest as of the acquisition date.	111,650
Plus: Non-controlling interests	22,785
Less: Fair value of identifiable net assets acquired	<u>(227,857)</u>
Gain from bargain purchase recognized on acquisitions	<u>\$ (2,484)</u>

The gain on bargain purchase arising from the acquisition of Hsin Wei Solar Co., Ltd. represents the difference between the consideration transferred and the fair value of the identifiable net assets acquired. The gain on bargain purchase is recognized in profit or loss for the current period.

f. Net cash outflow on the acquisition of subsidiaries

	Hsin Wei Solar Co., Ltd.
Consideration paid in cash	\$ 90,938
Less: Cash and cash equivalent balances acquired	<u>(72,336)</u>
	<u>\$ 18,602</u>

g. Impact of acquisitions on the results of the Group

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

	Hsin Wei Solar Co., Ltd.
Revenue	<u>\$ 20,468</u>
Profit	<u>\$ 1,719</u>

Had Hsin Wei Solar Co., Ltd. Limited concluded the acquisition at the beginning of October 2025, the Group's revenue would have been \$17,458,563 thousand, and the profit would have been \$949,903 thousand for the year ended December 31, 2025. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2025, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had Hsin Wei Solar Co., Ltd. been acquired at the beginning of the financial year, the management considered the following:

- 1) The fair values of property, plant and equipment, rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination, were used as the basis for the depreciation of property, plant and equipment.
- 2) Borrowing costs were estimated based on the financial status, credit rating and debt/equity position of the Group after the business combination

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group's proportion of ownership in Sinpao Investment Co., Ltd. and APEX Wind Power Equipment Manufacturing Company Limited increased from 99.42% to 100.00% for the years ended December 31, 2024.

The above transactions were accounted for as equity transactions since there was no impact on the Group's control over the subsidiary.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged over the past 5 years.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

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

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values:

The methods and assumptions used by the Group for estimating financial instruments not measured at fair value are as follows:

b. Financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic and foreign listed shares	\$ 3,801,724	\$ -	\$ -	\$ 3,801,724
Domestic emerging market shares	394,131	-	-	394,131
Domestic unlisted shares	-	-	238,129	238,129
Mutual funds	172,106	-	-	172,106
Derivative instruments	<u>-</u>	<u>135,591</u>	<u>-</u>	<u>135,591</u>
	<u>\$ 4,367,961</u>	<u>\$ 135,591</u>	<u>\$ 238,129</u>	<u>\$ 4,741,681</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 1,948,986	\$ -	\$ -	\$ 1,948,986
Domestic unlisted shares	-	-	26,320	26,320
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>209,184</u>	<u>209,184</u>
	<u>\$ 1,948,986</u>	<u>\$ -</u>	<u>\$ 235,504</u>	<u>\$ 2,184,490</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic and foreign listed shares	\$ 3,383,290	\$ -	\$ -	\$ 3,383,290
Domestic emerging market shares	579,125	-	-	579,125
Domestic unlisted shares	-	-	154,614	154,614
Mutual funds	89,329	-	-	89,329
Derivative instruments	<u>-</u>	<u>101,718</u>	<u>-</u>	<u>101,718</u>
	<u>\$ 4,051,744</u>	<u>\$ 101,718</u>	<u>\$ 154,614</u>	<u>\$ 4,308,076</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 2,183,402	\$ -	\$ -	\$ 2,183,402
Domestic unlisted shares	-	-	29,280	29,280
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>226,420</u>	<u>226,420</u>
	<u>\$ 2,183,402</u>	<u>\$ -</u>	<u>\$ 255,700</u>	<u>\$ 2,439,102</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

For the year ended December 31, 2025

Financial Assets	<u>At FVTPL</u> Equity Instruments	<u>At FVTOCI</u> Equity Instruments	Total
Balance at January 1	\$ 154,614	\$ 255,700	\$ 410,314
Recognized in profit or loss (included in gain/(loss) on financial assets mandatorily classified as at FVTPL)	83,515	-	83,515
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	(18,525)	(18,525)
Recognized in other comprehensive income (exchange differences on translation of the financial statements of foreign operations)	<u>-</u>	<u>(1,671)</u>	<u>(1,671)</u>
Balance at December 31	<u>\$ 238,129</u>	<u>\$ 235,504</u>	<u>\$ 473,633</u>

For the year ended December 31, 2024

Financial Assets	<u>At FVTPL</u> Equity Instruments	<u>At FVTOCI</u> Equity Instruments	Total
Balance at January 1	\$ 297,484	\$ 396,796	\$ 694,280
Recognized in profit or loss (included in gain/(loss) on financial assets mandatorily classified as at FVTPL)	(23,243)	-	(23,243)
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	(143,760)	(143,760)
Recognized in other comprehensive income (exchange differences on translation of the financial statements of foreign operations)	-	2,664	2,664
Purchases	93,969	-	93,969
Reclassified	<u>(213,596)</u>	<u>-</u>	<u>(213,596)</u>
Balance at December 31	<u>\$ 154,614</u>	<u>\$ 255,700</u>	<u>\$ 410,314</u>

3) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties.

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

The fair values of domestic unlisted equity instruments were determined using the market approach and asset-based approach. In this approach, the fair value is appraised based on the market selling price of similar items, such as assets, liabilities, or the groups of assets and liabilities. The significant unobservable factors used are described below, an increase in long-term revenue growth rates, long-term pre-tax operating margin, a decrease in the weighted average cost of capital, or the discount for lack of marketability used in isolation would result in increases in the fair values.

c. Categories of financial instruments

	<u>December 31</u>	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 4,741,681	\$ 4,308,076
Financial assets at amortized cost (1)	5,344,917	5,931,441
Financial assets at FVTOCI		
Equity instruments	2,184,490	2,439,102
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	15,485,183	16,217,998

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, overdue receivables, refundable deposits, pledged time deposits and restricted demand deposits.
 - 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, trade payables and other payables.
- d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, derivative financial instruments, notes receivable, trade receivables, overdue receivables, short-term bills payable, notes payable, trade payables, other payables, and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed them primarily to the financial risks of changes in foreign currency exchange rates (see "a. foreign currency risk" below) and interest rates (see "b. interest rate risk" below). The Group entered into a variety of derivative financial instruments to manage their exposure to foreign currency risk and interest rate risk, including:

- a) Foreign exchange forward contracts to hedge the exchange rate risk arising on the import and export of steel plates;
- b) Interest rate swaps to mitigate the risk of rising interest rates.

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

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets, monetary liabilities (including those eliminated on consolidation) and the derivatives exposed to foreign currency risk at the end of reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to USD, JPY and EUR.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 26,267 (i)	\$ 12,951 (i)

	JPY Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ (224)(ii)	\$ (5)(ii)

	EUR Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ (97)(iii)	\$ (89)(iii)

i. This was mainly attributable to the exposure on outstanding USD letters of credit, trade payables, other payables, trade receivables and bank deposits, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding JPY bank deposits, which were not hedged at the end of the reporting period.

iii. This was mainly attributable to the exposure on outstanding EUR bank deposits, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increased during recent years mainly due to the increase in purchases which resulted in an increase in USD letters of credit.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities of the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and the defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

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

	<u>December 31</u>	
	2025	2024
Fair value interest rate risk		
Financial liabilities	\$ 489,609	\$ 609,226
Cash flow interest rate risk		
Financial assets	958,882	839,585
Financial liabilities	13,892,131	14,669,245

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100-basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by NT\$145,375 thousand and NT\$129,836 thousand, respectively, which was mainly a result of the changes in the variable interest rate bank deposits and loans.

c) Other price risk

The Group was exposed to equity price risk through their investments in listed equity securities. The Group have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$46,142 thousand and NT\$42,138 thousand, respectively, as a result of the changes in held-for-trading investments and the fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT\$144,240 thousand and NT\$24,292 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which may cause a financial loss to the Group due to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group have delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's trade receivables are from a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk to any other counterparty did not exceed 10% of the gross monetary assets of the Group at any time during the years ended December 31, 2025 and 2024.

The Group's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 97% and 98% of the total trade receivables as of December 31, 2025 and 2024, respectively.

The credit risk on derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Bank loans are a source of liquidity for the Group. The Group's management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest cash flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2025

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 458,296	\$ 249,497	\$ 378,476	\$ 54,825	\$ -
Variable interest rate liabilities	816,666	1,772,022	4,193,501	6,988,765	121,177
Fixed interest rate liabilities	<u>390,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,664,962</u>	<u>\$ 2,121,519</u>	<u>\$ 4,571,977</u>	<u>\$ 7,043,590</u>	<u>\$ 121,177</u>

December 31, 2024

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 409,063	\$ 186,538	\$ 362,676	\$ 46,502	\$ -
Variable interest rate liabilities	1,538,586	2,113,917	4,053,525	6,869,467	93,750
Fixed interest rate liabilities	<u>310,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,257,649</u>	<u>\$ 2,600,455</u>	<u>\$ 4,416,201</u>	<u>\$ 6,915,969</u>	<u>\$ 93,750</u>

b) Financing facilities

	December 31	
	2025	2024
Secured bank loan facilities which may be extended by mutual agreements:		
Amount used	\$ 5,176,630	\$ 5,428,310
Amount unused	<u>754,460</u>	<u>1,229,610</u>
	<u>\$ 5,931,090</u>	<u>\$ 6,657,920</u>
Unsecured bank loan facilities:		
Amount used	\$ 10,518,176	\$ 11,041,005
Amount unused	<u>11,049,824</u>	<u>8,330,955</u>
	<u>\$ 21,568,000</u>	<u>\$ 19,371,960</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationship with the Company:

<u>Related Party</u>	<u>Relationship with the Company</u>
Hsin Kuang Steel Tian-Cheng Charity Foundation	The Foundation's Chairman is the representative of the corporate director of the Company
SunnyRich Multifunction Solar Power Co., Ltd. Hsin Yuan Hsin Industrial Co., Ltd. (formerly known as Hsin Yuan Hsin Industrial Ltd.)	Associate Related party in substance (a wholly-owned sub-subsidiary included in the consolidated financial statements from August 20, 2024)
Hsin Wei Solar Co., Ltd.	Associate (a 90%-owned subsidiary included in the consolidated financial statements from October 16, 2025)
MuSi Design Studio	The Company's general manager of our company is a second-degree relative of the person in charge of the other company.

b. Processing cost

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Related party in substance</u>		
Hsin Yuan Hsin Industrial Co., Ltd.	\$ -	\$ 4,303

c. Logistics management expense

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Related party in substance</u>		
Hsin Yuan Hsin Industrial Co., Ltd.	\$ -	\$ 2,732

d. Other revenue

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2025	2024
<u>Related party in substance</u>		
Hsin Yuan Hsin Industrial Co., Ltd.	\$ -	\$ 1,077
<u>Associate</u>		
Hsin Wei Solar Co., Ltd.	\$ 73	\$ 125

e. Lease arrangements - the Group is lessee

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Related party in substance</u>		
Hsin Yuan Hsin Industrial Co., Ltd.	\$ <u> -</u>	\$ <u> 59,769</u>
<u>Associate</u>		
Hsin Wei Solar Co., Ltd.	\$ <u> 140,318</u>	\$ <u> 150,333</u>

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
<u>Related party in substance</u>		
Hsin Yuan Hsin Industrial Co., Ltd.	\$ <u> -</u>	\$ <u> 3,544</u>
<u>Associate</u>		
Hsin Wei Solar Co., Ltd.	\$ <u> 9,474</u>	\$ <u> 17,962</u>

In May 2024, the Company rented out factories to its related party in substance, Hsin Yuan Hsin Industrial Co., Ltd. The contract period was for 6 years. The monthly rent is NT\$920 thousand, and adjustments to the monthly rent for land and buildings will be made at the end of the third year.

The rent is determined based on the market rental levels of similar assets and is collected monthly in accordance with the lease agreements.

f. Endorsements and guarantees

Please refer to Table 1 for information of endorsements/guarantees by the Company for SunnyRich Multifunction Solar Power Co., Ltd.

g. Other transactions with related parties

Line Item	Related Party Name	For the Year Ended December 31	
		2025	2024
Donations	Hsin Kuang Steel Tian-Cheng Charity Foundation	\$ <u> 12,000</u>	\$ <u> 12,000</u>
Other expenses	MuSi Design Studio	\$ <u> 815</u>	\$ <u> 63</u>

h. Remuneration of key management personnel

The amount of the remuneration of directors and key management personnel were as follows:

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ <u> 112,770</u>	\$ <u> 113,654</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, construction contracts and rental guarantee deposits:

	December 31	
	2025	2024
Notes receivable	\$ 314,969	\$ 444,777
Pledged time deposits (classified as financial assets at amortized cost)	47,264	48,391
Restricted assets (classified as financial assets at amortized cost)	117,300	124,951
Investments accounted for using the equity method	902,694	877,684
Freehold land	2,756,381	2,779,741
Buildings, net	636,188	682,617
Investment properties - land	147,026	147,026
Investment properties - buildings	571,795	584,846
Machinery and equipment	<u>631,132</u>	<u>128,483</u>
	<u>\$ 6,124,749</u>	<u>\$ 5,818,516</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2025 and 2024 were as follows:

Significant Commitments

- a. As of December 31, 2025 and 2024, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2025	2024
NTD	\$ 337,779	\$ 390,469
USD	24,838	30,354
JPY	181,585	244,681

- b. Unrecognized commitments were as follows:

	December 31	
	2025	2024
Acquisition of property, plant and equipment	<u>\$ 418,830</u>	<u>\$ 373,762</u>

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,341	31.43 (USD:NTD)	\$ 104,986
EUR	262	36.77 (EUR:NTD)	9,644
JPY	279,802	0.20 (JPY:NTD)	<u>56,184</u>
			<u>\$ 170,848</u>
<u>Financial liabilities</u>			
Monetary items			
USD	93,384	31.43 (USD:NTD)	<u>\$ 2,935,049</u>

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,875	32.78 (USD:NTD)	\$ 94,247
EUR	262	34.14 (EUR:NTD)	8,931
JPY	352,219	0.21 (JPY:NTD)	<u>73,910</u>
			<u>\$ 177,088</u>
<u>Financial liabilities</u>			
Monetary items			
USD	42,725	32.78 (USD:NTD)	<u>\$ 1,400,744</u>

The significant (realized and unrealized) foreign exchange gains/(losses) were as follows:

	<u>For the Year Ended December 31</u>			
	<u>2025</u>		<u>2024</u>	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.43 (USD:NTD)	\$ 136,688	31.567 (USD:NTD)	\$ (5,622)

35. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
 - 1) Financing provided to others: (N/A)
 - 2) Endorsements/guarantees provided: (Table 1)
 - 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 3))
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 4)
 - 6) Other: Intercompany relationships and significant intercompany transactions (Table 5)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (N/A)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (N/A)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

36. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Steel:
 - Direct sales
 - Manufacturing sales
- Construction projects
- Leases

a. Segment revenue and results

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

	Steel - Direct Sales	Steel - Manufacturing Sales	Construction Projects	Other income	Leases	Total
For the year ended <u>December 31, 2025</u>						
Revenue from external customers	\$ 8,624,272	\$ 5,784,636	\$ 2,009,108	\$ 20,467	\$ 359,608	\$ 16,798,091
Inter-segment revenue	<u>372,677</u>	<u>50,241</u>	<u>71,586</u>	-	<u>87,913</u>	<u>582,417</u>
Segment revenue	8,996,949	5,834,877	2,080,694	20,467	447,521	17,380,508
Eliminations	<u>(372,677)</u>	<u>(50,241)</u>	<u>(71,586)</u>	-	<u>(87,913)</u>	<u>(582,417)</u>
Consolidated revenue	<u>\$ 8,624,272</u>	<u>\$ 5,784,636</u>	<u>\$ 2,009,108</u>	<u>\$ 20,467</u>	<u>\$ 359,608</u>	<u>\$ 16,798,091</u>
Segment income	<u>\$ 578,337</u>	<u>\$ 330,886</u>	<u>\$ 319,110</u>	<u>\$ 9,901</u>	<u>\$ 253,503</u>	<u>\$ 1,491,737</u>
Share of profits/(losses) of associates accounted for using the equity method						\$ 31,847
Interest income						6,516
Other income						28,371
Gain on disposal of property, plant and equipment						31
Net foreign exchange gains						138,842
Gain on valuation of financial instruments						495,011
Allocation of headquarter administration costs and directors' remunerations						(586,439)
Finance costs						(423,049)
Dividend income						133,931
Gain from bargain purchase						<u>2,484</u>
Profit before tax						<u>\$ 1,319,282</u>

	Steel - Direct Sales	Steel - Manufacturing Sales	Construction Projects	Leases	Total
<u>For the year ended December 31, 2024</u>					
Revenue from external customers	\$ 6,898,158	\$ 6,452,521	\$ 886,656	\$ 354,903	\$ 14,592,238
Inter-segment revenue	<u>187,370</u>	<u>73,989</u>	<u>167,598</u>	<u>80,197</u>	<u>509,154</u>
Segment revenue	7,085,528	6,526,510	1,054,254	435,100	15,101,392
Eliminations	<u>(187,370)</u>	<u>(73,989)</u>	<u>(167,598)</u>	<u>(80,197)</u>	<u>(509,154)</u>
Consolidated revenue	<u>\$ 6,898,158</u>	<u>\$ 6,452,521</u>	<u>\$ 886,656</u>	<u>\$ 354,903</u>	<u>\$ 14,592,238</u>
Segment income	<u>\$ 408,358</u>	<u>\$ 287,198</u>	<u>\$ 241,690</u>	<u>\$ 232,757</u>	<u>\$ 1,170,003</u>
Share of profits/(losses) of associates accounted for using the equity method					\$ 51,564
Interest income					5,339
Other income					19,822
Gain on disposal of property, plant and equipment					69
Net foreign exchange losses					(5,875)
Gain on valuation of financial instruments					1,232,193
Allocation of headquarter administration costs and directors' remunerations					(577,445)
Finance costs					(399,741)
Dividend income					97,636
Other losses					<u>(27)</u>
Profit before tax					<u>\$ 1,593,538</u>

Segment profit represents the profit before tax earned by each segment without allocation of headquarter administration costs and directors' remunerations, share of profits/(losses) of associates accounted for using the equity method, gains or losses recognized on disposal of interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of investments, foreign exchange gains/(losses), re-valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	<u>December 31</u>	
	2025	2024
<u>Segment assets</u>		
From continuing operations		
Steel - direct sales	\$ 8,354,155	\$ 7,827,816
Steel - manufacturing sales	6,731,587	8,886,888
Construction projects	343,742	280,935
Leases	<u>3,468,690</u>	<u>3,509,716</u>
Total segment assets	18,898,174	20,505,355
Unallocated	<u>9,820,007</u>	<u>9,046,062</u>
Consolidated total assets	<u>\$ 28,718,181</u>	<u>\$ 29,551,417</u>

(Continued)

	December 31	
	2025	2024
<u>Segment liabilities</u>		
From continuing operations		
Steel - direct sales	\$ 4,338,244	\$ 4,191,630
Steel - manufacturing sales	3,596,466	4,985,575
Construction projects	132,911	824,379
Leases	<u>3,591</u>	<u>6,417</u>
Total segment liabilities	8,071,212	10,008,001
Unallocated	<u>8,190,095</u>	<u>7,194,634</u>
Consolidated total liabilities	<u>\$ 16,261,307</u>	<u>\$ 17,202,635</u>
		(Concluded)

For the purpose of monitoring segment performance and allocating resources between segments:

- 1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and
 - 2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.
- c. Revenue from major products and services: Refer to Note 23.
- d. Geographical information

The Group has no revenue-generating unit that operates outside of the ROC; therefore, it is not necessary to disclose information that distinguishes revenue from external customers and non-current assets by location of assets.

- e. Information on major customers

No single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2025 and 2024.