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E-LEAD ELECTRONIC CO. LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED 31 DECEMBER 2025 AND 2024

Address: No. 37, Gongdong 1st Rd., Xidi Vil., Shengang Township, Changhua County 509004, Taiwan (R.O.C.)

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The reader is advised that the consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

Consolidated Financial Statements

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E-LEAD ELECTRONIC CO. LTD.

Declaration Statement

The entities that are required to be included in the consolidated statements of affiliates of E-LEAD ELECTRONIC CO., LTD. as at and for the year ended 31 December 2025 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 “Consolidated Financial Statements”. Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, E-LEAD ELECTRONIC CO., LTD. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Truly yours

E-LEAD ELECTRONIC CO., LTD.

Chairman: Hsi-Hsun Chen

11 March 2026

Independent Auditors' Report

To E-LEAD Electronic Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of E-LEAD Electronic Co., Ltd. (the "Company") and its subsidiaries as of 31 December 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2025 and 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2025 and 2024, and their consolidated financial performance and cash flows for the years ended 31 December 2025 and 2024, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the report(s) of the other auditors, 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 2025 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for losses on accounts receivable

As of 31 December 2025, the carrying amounts of accounts receivable and allowance for losses were NT$832,137 thousand and NT$11,242 thousand, respectively, and the net accounts receivable accounted for 19% of total assets, which was significant to the Group. As the allowance for losses is measured by the expected amount of credit losses over the life of the asset, the assumptions used in the measurement involve significant management judgement. We therefore determined this a key audit matter.

Our audit procedures include, but are not limited to, obtaining an understanding of, and testing the effectiveness of, the internal control system established by management over the collection of accounts receivable; Analyzing changes in accounts receivable and changes in turnover rates over the period and testing the collection of accounts receivable after the period to assess recoverability; Review the breakdown of accounts receivable at the end of the period and recalculate the reasonableness of the allowance for losses on accounts receivable based on the classification of individual credit groups and the expected loss rate as assessed by management. We have also considered the appropriateness of the disclosure of accounts receivable in Notes 5 and 6 to the consolidated financial statements

Evaluation of allowance for losses on decline in value of inventories and obsolescence of inventories

As of 31 December 2025, the net inventory of the Group was NT$891,685 thousand, representing 20% of total assets. Due to the uncertainty arising from rapid changes in product technology and market demand, the allowance for losses on decline in value and obsolescence of inventories involve significant management judgment, we therefore determined this a key audit matter.

Our audit procedures include, but are not limited to, obtaining an understanding of, and testing the effectiveness of, management's internal control over inventory, including obtaining an understanding of the reasonableness of management's policy for the allowance for losses on decline in value and obsolescence of inventories; assessing management's inventory planning, selecting significant inventory locations and conducting physical observations of inventory counts to confirm the quantity and condition of inventories; testing the adequacy of the allowance for losses on decline in value of inventories. This includes testing the reasonableness of the net realizable value of inventories by reviewing a sample of evidence relating to the purchase and sale of inventories, obtaining a sample of inventory ageing schedules to test the correctness of the ageing calculations and recalculating the reasonableness of the allowance for losses on obsolescence of inventories. We also considered the appropriateness of the disclosures in Notes 5 and 6 to the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2025 consolidated financial statements 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.

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended 31 December 2025 and 2024.

/s/ Lo, Wen Chen

/s/ Ke, Ya Ting

Ernst & Young, Taiwan

11 March 2026

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets			31 December 2025		31 December 2024	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4,6.1	$763,933	18	$764,340	16
1110	Financial assets at fair value through profit or loss - current	4,6.2	30,299	1	10,874	-
1150	Notes receivable, net	4	249,646	6	272,794	6
1170	Accounts receivable, net	4,6.3,7	820,895	19	1,120,966	24
1200	Other receivables	4,7	45,557	1	30,588	1
130x	Inventories	4,6.4	891,685	20	850,785	18
1410	Prepayments		26,040	1	32,177	1
1470	Other current assets	4,8	21,180	-	45,631	1
11xx	Total current assets		2,849,235	66	3,128,155	67
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	4,6.5	503	-	1,353	-
1550	Investments accounted for using the equity method	4,6.6	5,049	-	7,445	-
1600	Property, plant and equipment	4,6.7,8	1,198,987	27	1,226,402	26
1755	Right-of-use assets	4,6.17,7,8	8,601	-	12,518	-
1780	Intangible assets	4	33,722	1	32,388	1
1840	Deferred tax assets	4,6.21	213,659	5	202,246	4
1900	Other non-current assets	4,6.8, 8	29,504	1	110,459	2
15xx	Total non-current assets		1,490,025	34	1,592,811	33
1xxx	Total assets		$4,339,260	100	$4,720,966	100

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

Chairman: Hsi-Hsun Chen　　Manager: Hsi-Hsun Chen　　Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			31 December 2025		31 December 2024	
Code	Accounting Items	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4,6.9	$542,328	12	$550,078	12
2130	Contract liabilities - current	6.15	58,671	2	17,184	-
2150	Notes payable		82	-	162	-
2170	Accounts payable	7	750,520	17	586,994	12
2200	Other payables	6.10,7	247,498	6	313,634	8
2230	Current income tax liabilities	4,6.21	57,286	1	111,723	2
2321	Corporate bonds maturing within one year or exercisable for put options	6.11	-	-	297,476	6
2322	Current portion of long-term borrowings (maturing within one year)	6.12	66,667	2	-	-
2399	Other current liabilities	4,6.17,7	5,647	-	8,528	-
21xx	Total current liabilities		1,728,699	40	1,885,779	40
	Non-current liabilities					
2540	Long-term loans	6.12	133,333	3	200,000	4
2570	Deferred tax liabilities	4,6.21	68,674	2	60,837	2
2640	Net defined benefit obligation - non-current	4,6.13	52,692	1	58,075	1
2670	Other non-current liabilities	4,6.17,7	533	-	2,213	-
25xx	Total non-current liabilities		255,232	6	321,125	7
2xxx	Total liabilities		1,983,931	46	2,206,904	47
31xx	Equity attributable to owners of the parent company	4,6.14				
3100	Capital					
3110	Common stock		1,180,877	27	1,227,985	26
3130	Bond conversion entitlement certificates		-	-	12	-
3200	Additional Paid-in Capital		441,082	10	449,109	10
3300	Retained earnings					
3310	Legal reserve		288,796	7	250,303	5
3320	Special reserve		-	-	46,085	1
3350	Unappropriated retained earnings		396,442	9	521,937	11
	Subtotal		685,238	16	818,325	17
3400	Other component of equity					
3410	Exchange differences on translation of foreign operations		53,229	1	22,878	-
3420	Unrealized gains or losses measured at fair value through other comprehensive income		(5,097)	-	(4,247)	-
	Subtotal		48,132	1	18,631	-
3xxx	Total equity		2,355,329	54	2,514,062	53
	Total liabilities and equity		$4,339,260	100	$4,720,966	100

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

Chairman: Hsi-Hsun Chen   Manager: Hsi-Hsun Chen   Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Accounting Items	Notes	2025 Amount	2025 %	2024 Amount	2024 %
4000	Revenues	4,6.15,7	$4,467,308	100	$4,623,396	100
5000	Operating costs	6.18,7	(3,324,258)	(74)	(3,425,969)	(74)
5900	Gross profit		1,143,050	26	1,197,427	26
	Operating expenses	6.18,7				
6100	Sales and marketing expenses		(161,157)	(4)	(174,169)	(4)
6200	General and administrative expenses		(222,317)	(5)	(217,552)	(5)
6300	Research and development expenses		(324,715)	(7)	(346,795)	(7)
6450	Expected credit gains (losses)	4,6.16	13,150	-	(10,016)	-
6000	Subtotal		(695,039)	(16)	(748,532)	(16)
6900	Operating profit		448,011	10	448,895	10
	Non-operating income and expenses	6.19,7				
7100	Interest income		6,486	-	11,375	-
7010	Other income		36,941	1	27,025	1
7020	Other gains and losses		(68,589)	(2)	19,818	-
7050	Finance costs		(31,153)	(1)	(34,836)	(1)
7060	Share of profits or losses of associates and joint ventures recognized under the equity method	6.6	(2,396)	-	(2,997)	-
7000	Subtotal		(58,711)	(2)	20,385	-
7900	Income before tax		389,300	8	469,280	10
7950	Income tax expense	4,6.21	(102,051)	(2)	(89,778)	(2)
8200	Net income		287,249	6	379,502	8
8300	Other comprehensive income	6.20				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements on defined benefit plans		708	-	6,796	-
8316	Unrealized gain or loss on equity instruments measured at fair value through other comprehensive income		(850)	-	447	-
8349	Income tax related to items that will not be reclassified subsequently		(142)	-	(1,359)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		37,939	1	80,468	2
8399	Income tax related to items that may be reclassified subsequently		(7,588)	-	(16,199)	-
8300	Total other comprehensive income, net of tax		30,067	1	70,153	2
8500	Total comprehensive income		$317,316	7	$449,655	10
8600	Net income attributable to:					
8610	Owner of parent		$287,249		$379,502	
8620	Non-controlling interests		-		-	
			$287,249		$379,502	
8700	Comprehensive income attributable to:					
8710	Owner of parent		$317,316		$449,655	
8720	Non-controlling interests					
			$317,316		$449,655	
	Earnings per share (NT$)	6.22				
9750	Basic earnings per share		$2.37		$3.09	
9850	Diluted earnings per share		$2.36		$3.02	

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

Chairman: Hsi-Hsun Chen　　Manager: Hsi-Hsun Chen　　Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent company									
					Retained earnings			Other Component of equity			
	Items	Common stock	Bond conversion entitlement certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses measured at fair value through other comprehensive income	Treasury shares	Total Equity
Code		3110	3130	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance as at 1 January 2024	$1,227,985	$ -	$449,022	$227,281	$39,956	$288,947	$(41,391)	$(4,694)	$ -	$2,187,106
	Appropriation and distribution of earnings for 2023										
B1	Legal reserve				23,022		(23,022)				-
B3	Special reserve					6,129	(6,129)				-
B5	Common stock cash dividends						(122,798)				($122,798)
D1	Net income for 2024						379,502				379,502
D3	Other comprehensive income for 2024						5,437	64,269	447		70,153
D5	Total comprehensive income for 2024	-	-	-	-	-	384,939	64,269	447	-	449,655
I1	Conversion of convertible bonds		12	87							99
Z1	Balance as at 31 December 2024	$1,227,985	$12	$449,109	$250,303	$46,085	$521,937	$22,878	$(4,247)	$ -	$2,514,062
A1	Balance as at 1 January 2025	$1,227,985	$12	$449,109	$250,303	$46,085	$521,937	$22,878	$(4,247)	$ -	$2,514,062
	Appropriation and distribution of earnings for 2024										
B1	Legal reserve				38,493		(38,493)				-
B5	Common stock cash dividends						(245,599)				(245,599)
B17	Reversal of special reserve					(46,085)	46,085				-
D1	Net income for 2025						287,249				287,249
D3	Other comprehensive income for 2025						566	30,351	(850)		30,067
D5	Total comprehensive income for 2025	-	-	-	-	-	287,815	30,351	(850)	-	317,316
I3	Conversion of bond conversion rights	12	(12)								-
L1	Repurchase of treasury shares									(230,450)	(230,450)
L3	Cancellation of treasury shares	(47,120)		(8,027)			(175,303)			230,450	-
Z1	Balance as at 31 December 2025	$1,180,877	$ -	$441,082	$288,796	$ -	$396,442	$53,229	$(5,097)	$ -	$2,355,329

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

Chairman: Hsi-Hsun Chen　　Manager: Hsi-Hsun Chen　　Accounting Supervisor: Pi-Huan Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Code	Item	2025	2024
AAAA	Cash flows from operating activities:		
A00010	Net profit before tax from continuing operation	$389,300	$469,280
A10000	Net income before tax for the period	389,300	469,280
A20000	Adjustment for:		
A20010	Income and expense items：		
A20100	Depreciation	147,234	140,197
A20200	Amortization	17,257	19,669
A20300	(Reversal) losses of expected credit gains	(13,150)	10,016
A20400	Loss (gain) on financial assets and liabilities at fair value through profit or loss	355	(2,142)
A20900	Interest expense	31,153	34,836
A21200	Interest income	(6,486)	(11,375)
A22300	Share of profits or losses of associates and joint ventures recognized under the equity method	2,396	2,997
A22500	Loss (gain) on disposal of property, plant and equipment	823	(3,235)
A22800	Loss on disposal of intangible assets	319	322
A22900	Loss on disposal of other assets	-	445
A23100	Gain on disposal of investments	(1,082)	-
A30000	Changes in assets/liabilities related to operating activities:		
A31130	Decrease (increase) in notes receivable	23,148	(173,354)
A31150	Decrease (increase) in accounts receivable	313,221	(206,374)
A31180	(Increase) decrease in other receivables	(14,526)	11,054
A31200	(Increase) decrease in inventories	(40,900)	220,648
A31230	Decrease (increase) in prepayments	6,137	(1,742)
A31240	Decrease (increase) in other current assets	21,848	(37,126)
A32125	Increase in contract liabilities	41,487	245
A32130	Decrease in notes payable	(80)	(1,396)
A32150	Increase in accounts payable	163,526	77,606
A32180	(Decrease) increase in other payables	(69,174)	32,909
A32230	Decrease in other current liabilities	(822)	(1,196)
A32240	Decrease in net defined benefit obligation	(4,912)	(8,732)
A33000	Cash provided by operations	1,007,072	573,552
A33100	Interest received	6,043	11,222
A33300	Interest paid	(28,979)	(29,679)
A33500	Income tax paid	(172,242)	(69,758)
AAAA	Net cash provided by operating activities	811,894	485,337
	(Continued)		

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

Chairman: Hsi-Hsun Chen　　Manager: Hsi-Hsun Chen　　Accounting Supervisor: Pi-Huan Chen

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

E-LEAD ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the years ended 31 December 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

Code	Item	2025	2024
	(Continued)		
BBBB	Cash flows from investing activities:		
B00100	Acquisition of financial assets measured at fair value through profit or loss	(24,322)	-
B00200	Proceeds from disposal of financial assets measured at fair value through profit or loss	4,760	-
B01800	Acquisition of investments accounted for using the equity method	-	(4,401)
B02700	Acquisition of property, plant and equipment	(98,936)	(243,214)
B02800	Proceeds from disposal of property, plant and equipment	1,083	7,118
B04500	Acquisition of intangible assets	(18,975)	(21,944)
B04600	Proceeds from disposal of intangible assets	-	1,396
B06700	Increase in other non-current assets	-	(55,814)
B06800	Decrease in other non-current assets	81,565	12,999
BBBB	Net cash used in investing activities	(54,825)	(303,860)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	1,965,968	1,471,328
C00200	Decrease in short-term loans	(1,975,608)	(1,674,486)
C01300	Repayment of corporate bonds	(299,900)	-
C01600	Proceeds from long-term loans	-	200,000
C01700	Repayment of long-term loans	-	(210,000)
C03000	Increase in deposits received	2	13
C04020	Repayment of leasehold principal	(3,889)	(4,207)
C04300	(Decrease) increase in other non-current liabilities	(1)	1
C04500	Distribution of cash dividends	(245,599)	(122,798)
C04900	Repurchase of treasury shares	(230,450)	-
CCCC	Net cash used in financing activities	(789,477)	(340,149)
DDDD	Effect of exchange rate changes on cash and cash equivalents	32,001	70,014
EEEE	Decrease in cash and cash equivalents	(407)	(88,658)
E00100	Cash and cash equivalents at beginning of period	764,340	852,998
E00200	Cash and cash equivalents at end of period	$763,933	$764,340

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

Chairman: Hsi-Hsun Chen　　Manager: Hsi-Hsun Chen　　Accounting Supervisor: Pi-Huan Chen

E-LEAD ELECTRONIC CO. LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended 31 December 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

E-LEAD Electronic Co., Ltd. (the "Company") was incorporated in Republic of China (R.O.C) on 22 June 1983. The Company mainly engaged in automotive electronics and its main products include head-up displays (WHUD,2D/3D ARHUD, 2D/3D digital electronic rear view mirror HUD), DMS, In-car audio/video navigation console, rear seat entertainment system, reversing camera, 2D/3D surround view system, blind spot detection system, electronic rear-view mirrors, advanced driver-assistance systems (ADAS), wired/wireless chargers for vehicles, automotive air purifier, car recorder, distance vision eye care products, video camera changeover tapes, etc.

The Company's shares were approved by the competent authority for trading on the Taiwan Stock Exchange in October 2001 and were officially listed on 4 February 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2025 and 2024 were authorized for issue by the Board of Directors on 11 March 2026.

3. Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from applying for the first-time certain standards and amendments

   The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new amendments had no material impact on the Group.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which have been endorsed by FSC, but not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
(2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
(3) Clarify the treatment of non-recourse assets and contractually linked instruments.
(4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1
(2) Amendments to IFRS 7
(3) Amendments to Guidance on implementing IFRS 7
(4) Amendments to IFRS 9
(5) Amendments to IFRS 10
(6) Amendments to IAS 7

(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

(1) Clarify the application of the ‘own-use’ requirements.
(2) Permit hedge accounting if these contracts are used as hedging instruments.
(3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Group.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Standards or interpretations issued, revised or amended, by IASB which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group's financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027 (Note)
c	Disclosure Initiative — Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
d	Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)	1 January 2027

Note: On 25 September 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)
IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures
IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements
IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This new standard and its amendment permit subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(d) Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 and IAS 29)

The amendments include:

(1) Clarify that when the entity's functional currency is that of a non hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the entity shall translate its results and financial position using the closing rate at the date of the most recent statement of financial position.
(2) In the above circumstances, when the presentation currency ceases to be hyperinflationary economy, the entity shall not retranslate amounts that arose before the beginning of the reporting period.
(3) When the entity's functional currency and presentation currency are the currency of a hyperinflationary economy, the entity shall apply the relevant accounting treatment in accordance with paragraph 34 of IAS 29.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (2), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission ("FSC").

2. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(1) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(2) exposure, or rights, to variable returns from its involvement with the investee, and
(3) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(1) the contractual arrangement with the other vote holders of the investee
(2) rights arising from other contractual arrangements
(3) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(1) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(2) derecognizes the carrying amount of any non-controlling interest;
(3) recognizes the fair value of the consideration received;
(4) recognizes the fair value of any investment retained;
(5) reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
(6) recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	31 December 2025	31 December 2024
The Company	E-LEAD TECHNOLOGY CO., LTD.(BVI) (E-LEAD (BVI) Co.)	Financial investment business	100%	100%
The Company	HUGE PROFIT CO., LTD. (Note 1)	Trading business	-	-
The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	In-car audio and video navigation, rear seat entertainment systems and other car electronic accessories.	100%	100%
The Company	FAR VISION TECHNOLOGY CO., LTD.	Far Vision eye protection product	100%	100%
The Company	E-LEAD ELECTRONIC (INDIA) PVT. LTD. (Note 2)	Trading business	100%	100%
E-LEAD (BVI) Co.	E-LEAD TECHNOLOGY (JIANGSU) CO., LTD.	Head-up displays and other automotive electronic accessories	100%	100%

Note 1: HUGE PROFIT CO., LTD. ceased operations in June 2024. The Company discontinued including the subsidiary’s income and expenses in the consolidated financial statements from the date it lost control.

Note 2: The Company established E-LEAD ELECTRONIC (INDIA) PVT. LTD. in August 2024. The income and expenses of the subsidiary have been consolidated into the Group's financial statements from the date control was obtained.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(1) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(2) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(3) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Current and non-current distinction

An asset is classified as current when:

(1) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(2) The Group holds the asset primarily for the purpose of trading
(3) The Group expects to realize the asset within twelve months after the reporting period
(4) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(1) The Group expects to settle the liability in its normal operating cycle.
(2) The Group holds the liability primarily for the purpose of trading.
(3) The liability is due to be settled within twelve months after the reporting period.
(4) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group’s business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; and
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or a purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under *IFRS 9 Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

10. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability, or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials	－	The weighted average method is used to calculate the actual cost of goods imported.
Working in progress, semi-finished products and finished products	－	Includes direct raw materials, direct labor, fixed manufacturing costs and variable manufacturing costs apportioned to normal production capacity, excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and is not within the scope of inventories.

12. Investments accounted for using the equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group’s percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Group’s interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

13. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Assets	Estimated lives
Buildings	5 to 55 years
Machinery and equipment	2 to 15 years
Transportation equipment	2 to 10 years
Office equipment	5 to 8 years
Other equipment	3 to 35 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of plant, property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

14. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses.

That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

15. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Trademarks	Patents	Computer software
Useful lives	1-5 years (finite)	1-5 years (finite)	1-10 years (finite)
Amortization method used	Straight-line basis	Straight-line basis	Straight-line basis
Internally generated or acquired	Acquired	Acquired	Acquired

16. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of the net fair value or value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

17. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

18. Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity.

Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

The Group’s revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

<u>Sale of goods</u>

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is automotive electronics and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from receipt of payment prior to shipment to 90 days at the end of the month. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the goods subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

21. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

22. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(1) the date of the plan amendment or curtailment, and
(2) the date that the Group recognizes restructuring-related costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

23. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting day.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(1) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(2) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(1) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(2) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment - Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(1) Post-employment benefit plan

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(3) Accounts receivable - estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(4) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Contents of significant accounts

1. Cash and cash equivalents

	As at	
	31 December 2025	31 December 2024
Cash on hand	$2,671	$4,987
Demand deposits and cheque deposits	709,852	618,273
Cash equivalents	51,410	141,080
Total	$763,933	$764,340

2. Financial assets at fair value through profit or loss - current

	As at	
	31 December 2025	31 December 2024
Mandatorily measured at fair value through profit or loss:		
Bonds	$16,652	$ -
Funds	7,213	7,100
Stocks	6,434	3,714
Redeemable bonds	-	60
Total	$30,299	$10,874

Financial assets at fair value through profit or loss - current were not pledged.

3. Accounts receivable, net

	As at	
	31 December 2025	31 December 2024
Accounts receivable (total carrying amount)	$832,137	$1,146,488
Less: loss allowance	(11,242)	(25,522)
Net accounts receivable	$820,895	$1,120,966

Accounts receivable were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's credit period to customers is normally from receipt of payment prior to shipment to 90 days at the end of the month. Please refer to Note 6.16 for more details on loss allowance of accounts receivable for the years ended 31 December 2025 and 2024. Please refer to Note 12 for more details on credit risk management.

For overdue accounts receivable that remained uncollectible after active collection efforts, the Group reclassified such receivables as receivables under collection proceedings and recognized a 100% loss allowance. The amounts reclassified as at 31 December 2025 and 2024 were NT$41,586 thousand and NT$41,420 thousand, respectively.

4. Inventories

	As at	
	31 December 2025	31 December 2024
Raw materials	$261,034	$184,236
Work in progress	122,257	137,191
Semi-finished products	106,781	174,182
Finished products	401,613	355,176
Total	$891,685	$850,785

The cost of inventories recognized in operating costs amounts to NT$3,324,258 thousand and NT$3,425,969 thousand for the years ended 31 December 2025 and 2024, respectively, including the reversals of inventory write-downs of NT$9,724 thousand and inventory write-downs of NT$41,510 thousand, respectively.

For the year ended 31 December 2025, the reversal of inventory write-downs resulted from the disposal and scrapping of certain inventories for which write-downs had been previously recognized.

The abovementioned inventories were not pledged.

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

	As at	
	31 December 2025	31 December 2024
Investments in equity instruments measured at fair value through other comprehensive income - non-current:		
Shares of companies not publicly listed	$503	$1,353

Financial assets measured at fair value through other comprehensive income - non-current were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Investments accounted for using the equity method

The following table lists the investments in associates of the Group:

	As at			
	31 December 2025		31 December 2024	
Investees	Amount	%	Amount	%
Investments in associates:				
KOSO E-LEAD TECHNOLOGY CO., LTD.	$2,759	49%	$3,862	49%
RUTER ELASTOMER CO., LTD.	2,290	19%	3,583	19%
Total	$5,049		$7,445	

The Group’s investments in RUTER ELASTOMER CO., LTD. and KOSO E-LEAD TECHNOLOGY CO., LTD. are not material. Long-term investments are measured and investment gains or losses recognized based on the unaudited financial information of the investee companies. The summarized financial information of the investees, based on the Group’s ownership interest, is presented as follows.

	For the years ended 31 December	
	2025	2024
Net (loss) profit from continuing operations for the period	$(2,396)	$(2,997)
Other comprehensive income (post tax)	-	-
Total comprehensive income	$(2,396)	$(2,997)

The associates had no contingent liabilities or capital commitments as at 31 December 2025 and 2024, and the investments in associates were not pledged.

The Group and its key management personnel collectively hold more than 20% of the equity interest in RUTER ELASTOMER CO., LTD., and therefore are deemed to have significant influence over the investee.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. Property, plant and equipment

	As at	
	31 December 2025	31 December 2024
Owner occupied property, plant and equipment	$1,198,987	$1,226,402
Property, plant and equipment leased out under operating leases	-	-
Total	$1,198,987	$1,226,402

There were no additions to or disposals of property, plant and equipment leased out under operating leases for the years ended 31 December 2025 and 2024. The consolidated amounts of owner-occupied property, plant and equipment and those leased out under operating leases are presented as follows:

	1 January 2025 to 31 December 2025					
	1 January 2025	Additions	Disposals	Other changes	Exchange differences	31 December 2025
Cost:						
Land and land improvements	$563,340	$ -	$ -	$ -	$7,419	$570,759
Buildings	647,366	12,688	(1,146)	3,413	9,042	671,363
Machinery and equipment	1,011,992	69,885	(38,940)	-	7,060	1,049,997
Transportation equipment	11,110	1,732	(1,357)	-	138	11,623
Office equipment	46,910	1,051	(425)	-	615	48,151
Other equipment	223,304	19,695	(1,642)	-	1,420	242,777
Construction in progress	592	4,365	-	(4,607)	24	374
Total	$2,504,614	$109,416	$(43,510)	$(1,194)	$25,718	$2,595,044
Depreciation and impairment:						
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -
Buildings	348,588	18,104	(1,146)	-	2,601	368,147
Machinery and equipment	716,148	110,073	(37,219)	-	12,166	801,168
Transportation equipment	7,634	943	(1,296)	-	106	7,387
Office equipment	36,260	3,025	(369)	-	487	39,403
Other equipment	169,582	11,115	(1,574)	-	829	179,952
Total	$1,278,212	$143,260	$(41,604)	$ -	$16,189	$1,396,057
Net carrying amount	$1,226,402					$1,198,987

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	1 January 2024 to 31 December 2024					
	1 January 2024	Additions	Disposals	Other changes	Exchange differences	31 December 2024
Cost:						
Land and land improvements	$451,853	$106,807	$ -	$ -	$4,680	$563,340
Buildings	555,469	8,622	-	71,627	11,648	647,366
Machinery and equipment	896,353	109,631	(9,595)	(7,035)	22,638	1,011,992
Transportation equipment	12,657	327	(2,221)	-	347	11,110
Office equipment	44,802	5,537	(4,643)	2	1,212	46,910
Other equipment	205,193	12,951	(615)	2,802	2,973	223,304
Construction in progress	59,561	11,750	-	(74,431)	3,712	592
Total	$2,225,888	$255,625	$(17,074)	$(7,035)	$47,210	$2,504,614
Depreciation and impairment:						
Land and land improvements	$ -	$ -	$ -	$ -	$ -	$ -
Buildings	327,973	14,508	-	-	6,107	348,588
Machinery and equipment	596,160	107,374	(5,767)	(121)	18,502	716,148
Transportation equipment	8,858	711	(2,221)	-	286	7,634
Office equipment	37,308	2,648	(4,594)	-	898	36,260
Other equipment	156,625	11,090	(609)	-	2,476	169,582
Total	$1,126,924	$136,331	$(13,191)	$(121)	$28,269	$1,278,212
Net carrying amount	$1,098,964					$1,226,402

No interest was capitalized in relation to the acquisition of property, plant and equipment for the years ended 31 December 2025 and 2024.

Components of building that have different useful lives are the main building, electrical and plumbing works and structural reinforcement construction, which are depreciated over the useful lives of 50 years, 10 years and 15 years respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

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8. Other non-current assets

Items	As at 31 December 2025	As at 31 December 2024
Advance payments in equipment	$27,524	$38,537
Guarantee deposits paid	1,895	70,930
Other non-current assets - other	85	992
Receivables under collection proceedings	41,586	41,420
Loss allowance - receivables under collection proceedings	(41,586)	(41,420)
Total	$29,504	$110,459

Please refer to Note 8 for more details on other non-current assets under pledge.

9. Short-term borrowings

Items	As at 31 December 2025	As at 31 December 2024
Unsecured bank loans	$149,000	$30,000
Secured bank loans	393,328	520,078
Total	$542,328	$550,078

	As at 31 December 2025	As at 31 December 2024
Unused short-term lines of credit	$1,210,710	$1,409,446

	2025	2024
Interest rate band	1.80%~3.00%	1.91%~3.40%

Please refer to Note 8 for more details on assets pledged as security for short-term borrowings.

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10. Other payables

Items	As at 31 December 2025	As at 31 December 2024
Salaries and bonuses payable	$147,435	$149,520
Other	100,063	164,114
Total	$247,498	$313,634

11. Bonds payable

	As at 31 December 2025	As at 31 December 2024
Liability component:		
Value of domestic convertible bonds payable	$ -	$299,900
Discount on domestic convertible bonds payable	-	(2,424)
Subtotal	-	297,476
Less: current portion	-	(297,476)
Net	$ -	$ -
Embedded derivative financial instrument	$ -	$(60)
Equity component	$ -	$26,922

The Company issued second domestic secured convertible bonds with a coupon rate of 0% on 7 July 2022. The convertible bonds, evaluated in accordance with the contractual terms, consist of a liability component, an embedded derivative financial instrument (an issuer call option), and an equity component (a holder’s option to convert into the Company’s ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$300,000 thousand, issued at 104.97% of par value and the total amount raised was NT$314,901 thousand.

Period of issue: 7 July 2022 to 7 July 2025

Important redemption clauses:

A. The Company may redeem the bonds, in whole or in part, from the day following the expiration of 3 months after issuance (8 October 2022) to 40 days prior to the maturity date (28 May 2025), at the principal amount of the bonds (the “early redemption price”) if the closing price of the Company’s ordinary shares for a period of 30 consecutive trading days exceeds the then current conversion price by 30% or more.

B. The Company may redeem the bonds from the day following the expiration of 3 months after issuance (8 October 2022) to 40 days prior to the maturity date (28 May 2025), in whole, at the early redemption price if the outstanding balance of the convertible bonds is less than 10% of the original issue amount.

C. If the bondholder does not reply in writing to the Company's stock affairs agent by the bond redemption reference date set out in the "Bond Redemption Notice" (effective upon delivery; if mailed, the postmark date shall prevail), the Company shall redeem the convertible bonds in cash at their face value within 5 business days after the bond redemption reference date.

Terms of Exchange:

A. Underlying Securities: Common shares of the Company.

B. Exchange Period: The bondholders may request conversion into common shares of the Company from 8 October 2022 until 7 July 2025 in lieu of cash repayment from the Company.

C. Exchange Price and Adjustment: The exchange price was originally NT$85 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The exchange price as of 7 July 2025 was NT$82.4 per share.

D. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The Company assessed the aforementioned financial instruments in accordance with IFRS 9 regarding compound financial instruments. Accordingly, the repurchase price was allocated between the liability component and the equity component. The allocation was made by deducting the separately measured liability component from the fair value of the compound financial instrument, with the residual amount allocated to the equity component. The difference between the amount allocated to the liability component and its carrying amount was recognized in profit or loss for the period, while the difference between the amount allocated to the equity component and its carrying amount was recognized as "capital surplus – share options."

As at 31 December 2025 and 2024, the amount of the Company's bonds converted both amounted to NT$100 thousand. Any unconverted bonds outstanding as at 31 December

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2025 were fully redeemed at face value.

12. Long-term borrowings

(1) As at 31 December 2025:

Lenders	Loan type	Maturity date and terms of repayment	Amount
Mega International Commercial Bank	Secured loans	Repayment in installments from 23 December 2024 to 23 December 2028. The first year is a grace period, during which interest is payable monthly based on the outstanding principal. Upon the expiry of the grace period, principal repayments will commence in monthly installments over a total of 36 periods.	$200,000
Less: current portion			(66,667)
Total			$133,333
Interest rate band			2.13%

(2) As at 31 December 2024:

Lenders	Loan type	Maturity date and terms of repayment	Amount
Mega International Commercial Bank	Secured loans	Repayment in installments from 23 December 2024 to 23 December 2028. The first year is a grace period, during which interest is payable monthly based on the outstanding principal. Upon the expiry of the grace period, principal repayments will commence in monthly installments over a total of 36 periods.	$200,000
Less: current portion			-
Total			$200,000
Interest rate band			2.13%

Certain land and buildings are pledged as first priority security for secured bank loans, please refer to Note 8 for more details.

13. Post-employment benefits

Defined contribution plan

The Group adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries in China are required by the local government to contribute a certain percentage of employees' total salaries to the pension insurance fund, which is paid to the relevant government departments and kept in the employees' individual pension accounts.

Pension expenses under the defined contribution plan for the years ended 31 December 2025 and 2024 were NT$18,554 thousand and NT$19,023 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15 years. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount based on actuarial reports on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on active and passive investment strategies for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$841 thousand to its defined benefit plan during the 12 months beginning after 31 December 2025.

As at 31 December 2025, the Company's defined benefit plans are expected to expire after 8 years.

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Pension costs under defined benefit plans recognized in profit or loss are as follows:

	As at	
	31 December 2025	31 December 2024
Current period service costs	$1,835	$1,428
Net interest on net defined benefit liability (asset)	1,112	1,030
Total	$2,947	$2,458

Reconciliation of the present value of the defined benefit obligation to the fair value of plan assets is as follows:

	As at		
	31 December 2025	31 December 2024	1 January 2024
Present value of defined benefit obligation	$119,006	$113,394	$117,686
Plan assets at fair value	(66,314)	(55,319)	(44,337)
Net defined benefit liabilities - non-current	$52,692	$58,075	$73,349

Reconciliation of liability (asset) of the defined benefit plan:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As at 1 January 2024	$117,686	$(44,337)	$73,349
Current period service costs	1,428	-	1,428
Interest expense (income)	1,562	(532)	1,030
Subtotal	120,676	(44,869)	75,807
Remeasurements of the net defined benefit liability/ asset:			
Actuarial gains and losses arising from changes in financial assumptions	(3,257)	-	(3,257)
Experience adjustments	488	(4,027)	(3,539)
Subtotal	117,907	(48,896)	69,011
Payments from the plan	(4,767)	4,620	(147)
Contributions by employer	-	(11,043)	(11,043)
Effect of changes in foreign exchange rates	254	-	254
As at 31 December 2024	113,394	(55,319)	58,075
Current period service costs	1,835	-	1,835
Interest expense (income)	1,997	(885)	1,112
Subtotal	117,226	(56,204)	61,022

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the net defined benefit liability/ asset:			
Actuarial gains and losses arising from changes in financial assumptions	$2,233	$ -	$2,233
Experience adjustments	841	(3,782)	(2,941)
Subtotal	120,300	(59,986)	60,314
Payments from the plan	(1,531)	1,374	(157)
Contributions by employer	-	(7,702)	(7,702)
Effect of changes in foreign exchange rates	237	-	237
As at 31 December 2025	$119,006	$(66,314)	$52,692

The following key assumptions are used to determine the defined benefit plan of the Group:

A. Domestic entities of the Group:

	As at	
	31 December 2025	31 December 2024
Discount rate	1.30%	1.60%
Expected rate of salary increases	2.50%	2.50%

B. Foreign entities of the Group:

	As at	
	31 December 2025	31 December 2024
Discount rate	3.58%	3.58%
Expected rate of salary increases	5.52%	5.52%

A sensitivity analysis for each significant assumption:

	Effect on the defined benefit obligation			
	2025		2024	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.25%	$ -	$(2,076)	$ -	$(2,106)
Discount rate decreases by 0.25%	2,169	-	2,196	-
Future salary increases by 0.25%	1,956	-	1,964	-
Future salary decreases by 0.25%	-	(1,874)	-	(1,891)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

14. Equity

(1) Common stock

	As at	
	31 December 2025	31 December 2024
Number of shares (in thousands)	200,000	200,000
Authorized share capital	$2,000,000	$2,000,000
Number of shares issued and received in full (in thousands)	118,087	122,798
Share capital issued	$1,180,877	$1,227,985

The Company's issued capital was at a par value of NT$10. Each share has one voting right and a right to receive dividends.

During the year ended 31 December 2024, holders of the Company's convertible bonds applied to convert bonds amounting to NT$12 thousand into 1 thousand common shares. The change of registration for the conversion was approved by the competent authority and completed on 13 March 2025.

On 10 November 2025, the Board of Directors resolved to cancel 4,712 thousand treasury shares with 20 November 2025 as the record date for capital reduction. The cancellation was approved by the competent authority and the change of registration was completed accordingly.

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(2) Additional paid-in capital

	As at	
	31 December 2025	31 December 2024
Issue premium	$201,148	$209,175
Conversion premium on conversion of corporate bonds	207,493	207,493
Convertible bonds - stock options	-	26,922
Cash capital increase - Employee stock options	5,304	5,304
Expired stock options	26,922	-
Gain on disposal of assets	215	215
Total	$441,082	$449,109

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury Shares

To maintain the Company’s financial integrity and protect shareholders’ interests, the Board of Directors resolved on 11 August 2025 to repurchase the Company’s shares. The repurchase period was from 12 August to 9 October 2025, with an intended repurchase volume of 12,200 thousand shares and a price range between NT$29.12 and NT$60.08 per share. The Company repurchased 4,712 thousand shares at an average price of NT$48.91 per share, for a total repurchase amount of NT$230,450 thousand.

On 10 November 2025, the Board of Directors resolved to cancel all 4,712 thousand treasury shares repurchased in this program, with 20 November 2025 designated as the record date for capital reduction. As of 31 December 2025, the Company held no treasury shares.

(4) Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if the Company has a surplus after the annual final accounts, the Company shall, in addition to paying income tax, first make up for the deficit of previous years and then set aside 10% of the remaining amount as a legal reserve and set aside or reverse a special reserve in accordance with the law, and the Board of Directors shall prepare a proposal for the distribution of the remaining amount together with the accumulated undistributed earnings at the beginning of the period and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. The total amount of dividends distributed shall not be less than 10% of the distributable earnings for the year. However, dividends may be withheld if the accumulated distributable earnings are less than 10% of the total paid-in capital. Additionally, the proportion of cash dividends distributed shall not be less than 10% of the total shareholder bonus.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. The Company has not made any first-time adoption that would require a provision for special reserve and therefore this letter order has no impact on the Company.

Details of the 2025 and 2024 earnings distribution and dividends per share as approved and resolved by the board of directors’ meeting and shareholders’ meeting on 11 March 2026 and 11 June 2025, respectively, are as follows:

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	Appropriation of earnings		Dividend per share (NT$)	
	2025	2024	2025	2024
Legal reserve	$11,251	$38,493		
Reversal of special reserve	-	46,085		
Common stock -cash dividend	261,775	245,599	$2	$2

Please refer to Note 6.18 for details on employees' compensation and remuneration to directors.

15. Operating revenue

	For the years ended 31 December	
	2025	2024
Revenue from contracts with customers		
Sale of goods	$4,372,592	$4,531,860
Other operating income	94,716	91,536
Total	$4,467,308	$4,623,396

Analysis of revenue from contracts with customers during the years ended 31 December 2025 and 2024 are as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2025:

	E-LEAD Taiwan	Far Vision Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Total
Sale of goods	$960,519	$1,566	$1,855,474	$1,555,033	$4,372,592
Other operating income	56,261	-	31,633	6,822	94,716
Total	$1,016,780	$1,566	$1,887,107	$1,561,855	$4,467,308

For the year ended 31 December 2024:

	E-LEAD Taiwan	Far Vision Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Total
Sale of goods	$901,484	$1,497	$2,004,379	$1,624,500	$4,531,860
Other operating income	43,684	1	45,620	2,231	91,536
Total	$945,168	$1,498	$2,049,999	$1,626,731	$4,623,396

Revenue from contracts with customers is recognized at a point in time.

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(2) Contract balances

A. Contract assets - current

The Group has no contract assets as at 31 December 2025 and 2024.

B. Contract liabilities - current

	As at		
	31 December 2025	31 December 2024	1 January 2024
Sale of goods	$58,671	$17,184	$16,939

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December	
	2025	2024
The opening balance transferred to revenue	$(1,098)	$(786)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	42,585	1,031

(3) Transaction price allocated to unsatisfied performance obligations

As the Group's contracts with customers for the sale of goods are less than 1 year as at 31 December 2025 and 2024, information on unsatisfied performance obligations is not required.

(4) Assets recognized from costs to fulfil a contract

None.

16. Expected credit losses (reversal)

	For the years ended 31 December	
	2025	2024
Operating expenses - expected credit losses (reversal)		
Accounts receivable	$(13,150)	$10,016

Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group’s notes receivable and accounts receivable are both measured as an allowance for loss using the lifetime expected credit losses, considering the credit rating of the counterparties and other factors, and using an allowance matrix to measure the allowance for loss. The assessment of the loss allowance as at 31 December 2025 and 2024 is as follows:

As at 31 December 2025		Past due					
	Undue	<30 days	31-60 days	61-90 days	91-180 days	> 181 days	Total
Gross carrying amount	$1,064,433	$6,705	$1,609	$490	$6	$8,540	$1,081,783
Loss rate	0.17%	4.18%	16.97%	63.47%	100%	100%	
Lifetime expected credit losses	(1,832)	(280)	(273)	(311)	(6)	(8,540)	(11,242)
Total	$1,062,601	$6,425	$1,336	$179	$ -	$ -	$1,070,541

As at 31 December 2024		Past due					
	Undue	<30 days	31-60 days	61-90 days	91-180 days	> 181 days	Total
Gross carrying amount	$1,402,739	$6,237	$2,393	$484	$4,000	$3,429	$1,419,282
Loss rate	0.95%	36.38%	83.99%	91.53%	100%	100%	
Lifetime expected credit losses	(13,371)	(2,269)	(2,010)	(443)	(4,000)	(3,429)	(25,522)
Total	$1,389,368	$3,968	$383	$41	$ -	$ -	$1,393,760

The movement in the provision for impairment of accounts receivable during the years ended 31 December 2025 and 2024 is as follows:

	Accounts receivable	Receivables under collection proceedings
As at 1 January 2025	$25,522	$41,420
Reversal for the current period	(13,150)	-
Exchange rate difference	(1,130)	166
As at 31 December 2025	$11,242	$41,586
As at 1 January 2024	$50,999	$9,921
Addition for the current period	10,016	-
Write-offs due to uncollectibility	-	(6,485)
Transfer of accounts receivable to receivables under collection proceedings	(37,642)	37,642
Exchange rate difference	2,149	342
As at 31 December 2024	$25,522	$41,420

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17. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land, buildings and transportation equipment. The lease terms range from 2 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 December 2025	31 December 2024
Land	$6,821	$8,169
Buildings	844	2,109
Transportation equipment	936	2,240
Total	$8,601	$12,518

During the years ended 31 December 2025 and 2024, the Group's additions to right-of-use assets amounting to NT$0 thousand and NT$1,785 thousand, respectively.

Please refer to Note 8 for details on right-of-use assets pledged as collateral.

(b) Lease liabilities

	As at	
	31 December 2025	31 December 2024
Lease liabilities		
Current	$1,720	$3,779
Non-current	83	1,765
Total	$1,803	$5,544

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Please refer to Note 6.19(4) for the interest on lease liabilities recognized during the years ended 31 December 2025 and 2024 and refer to Note 12.5 Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2025	2024
Land	$1,366	$1,373
Buildings	1,266	1,266
Transportation equipment	1,342	1,227
Total	$3,974	$3,866

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2025	2024
The expenses relating to short-term leases	$3,262	$2,799

D. Cash outflow relating to leasing activities

During the years ended 31 December 2025 and 2024, the Group's total cash outflows for leases amounting to NT$7,151 thousand and NT$7,006 thousand, respectively.

(2) Company as a lessor

Leases of property, plant and equipment are classified as operating leases by the Group as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended 31 December	
	2025	2024
Lease income for operating leases		
Income relating to fixed lease payments	$5,666	$2,533

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For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years are as follow:

	As at	
	31 December 2025	31 December 2024
Not later than one year	$5,392	$2,396
Later than one year but not later than two years	5,236	1,897
Later than two years but not later than three years	828	426
Later than three years but not later than four years	98	419
Later than four years but not later than five years	-	96
Total	$11,554	$5,234

18. Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Expense type	For the years ended 31 December					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$341,859	$353,607	$695,466	$348,748	$365,161	$713,909
Labor and health insurance	25,261	30,011	55,272	26,316	29,766	56,082
Pension	8,254	13,247	21,501	8,200	13,281	21,481
Other employee benefits expense	15,334	9,653	24,987	15,935	10,732	26,667
Depreciation	132,860	14,374	147,234	127,411	12,786	140,197
Amortization	960	16,297	17,257	996	18,673	19,669

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation (of which no less than 0.5% is allocated to non-managerial employees) and no higher than 5% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

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Based on the profit for the years ended 31 December 2025 and 2024, the Company estimated employees' compensation and remuneration to directors at 3% and 1.5%, respectively, which were recognized as employee benefits expense. A resolution was passed at a Board of Directors meeting held on 11 March 2026 to distribute NT$10,862 thousand and NT$5,431 thousand in cash as employees' compensation and remuneration to directors, respectively, for the year ended 31 December 2025. A resolution was passed at a Board of Directors meeting held on 10 March 2025 to distribute NT$14,778 thousand and NT$7,389 thousand in cash as employees' compensation and remuneration to directors, respectively, for the year ended 31 December 2024. There were no material differences between the estimated and actual amounts of employee compensation and remuneration to directors for the year ended 31 December 2024.

19. Non-operating income and expenses

(1) Interest income

	For the years ended 31 December	
	2025	2024
Financial assets measured at amortized cost	$6,486	$11,375

(2) Other income

	For the years ended 31 December	
	2025	2024
Rental income	$5,666	$2,533
Government grant income	1,023	1,564
Other income	30,252	22,928
Total	$36,941	$27,025

(3) Other gains and losses

	For the years ended 31 December	
	2025	2024
Gain on disposal of investments	$1,082	$ -
Foreign exchange (loss) gain, net	(48,963)	57,767
(loss) Gain on disposal of property, plant and equipment	(823)	3,235
(loss) Gain on financial assets measured at fair value through profit or loss	(355)	2,142
Loss on disposal of intangible assets	(319)	(322)
Miscellaneous expenses	(19,211)	(43,004)
Total	$(68,589)	$19,818

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Finance costs

	For the years ended 31 December	
	2025	2024
Interest on borrowings from bank	$(28,672)	$(29,594)
Interest on bonds payable	(2,424)	(4,745)
Interest on other short-term borrowings	-	(400)
Interest on lease liabilities	(57)	(97)
Total	$(31,153)	$(34,836)

20. Components of other comprehensive income

(1) For the year ended 31 December 2025:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax expense	Other comprehensive income, post tax
Not to be reclassified to profit or loss :					
Remeasurements of defined benefit plans	$708	$ -	$708	$(142)	$566
Unrealized gain or loss from equity instruments investments measured at fair value through other comprehensive income	(850)	-	(850)	-	(850)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	37,939	-	37,939	(7,588)	30,351
Total	$37,797	$ -	$37,797	$(7,730)	$30,067

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) For the year ended 31 December 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax expense	Other comprehensive income, post tax
Not to be reclassified to profit or loss :					
Remeasurements of defined benefit plans	$6,796	$ -	$6,796	$(1,359)	$5,437
Unrealized gain or loss from equity instruments investments measured at fair value through other comprehensive income	447	-	447	-	447
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	80,468	-	80,468	(16,199)	64,269
Total	$87,711	$ -	$87,711	$(17,558)	$70,153

21. Income tax

The major components of income tax expense (income) for the year ended 31 December 2025 and 2024 are as follows:

(A) Income tax recognized in profit or loss

	For the years ended 31 December	
	2025	2024
Current income tax expense (income):		
Current income tax charge	$115,069	$175,093
Adjustments in respect of current income tax of prior periods	(2,941)	(2,115)
Deferred tax expense (income):		
Deferred tax income relating to origination and reversal of temporary differences	26,078	(22,344)
Deferred tax (income) expense relating to origination and reversal of tax loss and tax credit	(36,155)	(60,856)
Total income tax expense	$102,051	$89,778

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Income tax recognized in other comprehensive income

	For the years ended 31 December	
	2025	2024
Deferred tax expense:		
Exchange differences resulting from translating the financial statements of a foreign operation	$7,588	$16,199
Remeasurements of defined benefit plans	142	1,359
Income tax relating to components of other comprehensive income	$7,730	$17,558

(C) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2025	2024
Accounting profit before tax from continuing operations, net	$389,300	$469,280
Tax calculated at the parent 's statutory rate	$77,860	$93,856
Tax effect of revenues exempt from taxation	(16,301)	(5,358)
Tax effect of expenses not deductible for tax purposes	6,654	12,280
Tax effect of deferred tax assets/liabilities	(2,774)	(3,960)
Undistributed earnings subject to 5% income tax	5,762	2,936
Tax effect of different tax rates for entities operating in other tax jurisdictions	33,791	(7,861)
Adjustments in respect of current income tax of prior periods	(2,941)	(2,115)
Total income tax expense recognized in profit or loss	$102,051	$89,778

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(D) Deferred tax assets (liabilities) relate to the following:

(1) For the year ended 31 December 2025

Item	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gain or loss on foreign exchange	$(1,419)	$(4,596)	$ -	$ -	$(6,015)
Loss allowance	16,684	(3,860)	-	81	12,905
Loss on allowance for write-down of inventories	51,439	(3,658)	-	318	48,099
Share of profit or loss of subsidiaries using the equity method	(42,916)	4,327	-	10	(38,579)
Unrealised intra-group transactions	38,707	(18,668)	-	-	20,039
Valuation of financial assets	(12)	12	-	-	-
Valuation of financial liabilities	(51)	(2)	-	-	(53)
Net defined benefit liabilities - non-current	4,641	367	-	70	5,078
Remeasurement of defined benefit plans	8,859	-	(142)	-	8,717
Translation of the financial statements of a foreign operation	(16,439)	-	(7,588)	-	(24,027)
Accrued year-end bonus	1,108	-	-	-	1,108
Unused tax losses	80,808	36,155	-	750	117,713
Deferred tax (expense)/ income		$10,077	$(7,730)	$1,229	
Net deferred tax assets/(liabilities)	$141,409				$144,985
Reflected in balance sheet as follows:					
Deferred tax assets	$202,246				$213,659
Deferred tax liabilities	$(60,837)				$(68,674)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) For the year ended 31 December 2024

Item	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Unrealized gain or loss on foreign exchange	$3,108	$(4,527)	$ -	$ -	$(1,419)
Loss allowance	14,919	1,238	-	527	16,684
Loss on allowance for write-down of inventories	40,642	9,431	-	1,366	51,439
Share of profit or loss of subsidiaries using the equity method	(64,396)	21,489	-	(9)	(42,916)
Unrealised intra-group transactions	45,363	(6,656)	-	-	38,707
Valuation of financial assets	(6)	(6)	-	-	(12)
Valuation of financial liabilities	(26)	(25)	-	-	(51)
Net defined benefit liabilities - non-current	4,299	292	-	50	4,641
Remeasurement of defined benefit plans	10,218	-	(1,359)	-	8,859
Translation of the financial statements of a foreign operation	(240)	-	(16,199)	-	(16,439)
Accrued year-end bonus	-	1,108	-	-	1,108
Unused tax losses	18,727	60,856	-	1,225	80,808
Deferred tax (expense)/ income		$83,200	$(17,558)	$3,159	
Net deferred tax assets/(liabilities)	$72,608				$141,409
Reflected in balance sheet as follows:					
Deferred tax assets	$137,307				$202,246
Deferred tax liabilities	$(64,699)				$(60,837)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) The following table contains information of the unused tax losses of the Group:

		Unused tax losses as at		
	Year	31 December 2025	31 December 2024	Expiration year
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO. LTD.	2023-2025	$470,852	$323,232	2028-2030
		$470,852	$323,232	

(4) Unrecognized deferred tax assets

None.

(E) The assessment of income tax returns

As at 31 December 2025, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
E-LEAD ELECTRONIC CO., LTD.	Assessed up to 2023
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO. LTD.	Filed up to 2024
E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Filed up to 2024
FAR VISION TECHNOLOGY CO., LTD.	Assessed up to 2023

22. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible bonds) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2025	2024
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$287,249	$379,502
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,346	122,799
Basic earnings per share (NT$)	$2.37	$3.09
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$287,249	$379,502
Add: Interest expense from convertible bonds (in thousand NT$)	-	3,796
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$287,249	$383,298
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	121,346	122,799
Effect of dilution:		
Employee compensation (in thousands)	255	280
Convertible bonds (in thousands)	-	3,641
Weighted average number of ordinary shares outstanding after dilution (in thousands)	121,601	126,720
Diluted earnings per share (NT$)	$2.36	$3.02

There have been no material transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Names and relationships of related parties

Name of the related parties	Relationship with the Group
OKAY ENTERPRISE CO., LTD.	The person in charge is the Chairman of the Company
SUZHOU FAR HORIZON TRADING CO., LTD.	The Chairman of the Company is first-degree relative of the person in charge of the Company
KOSO E-LEAD TECHNOLOGY CO., LTD.	Associate accounted for using the equity method
Hsi-Hsun Chen	Chairman of the Company
Hsi-Tsang Chen	Deputy Chairman of the Company

Significant transactions with the related parties:

1. Sales

	For the years ended 31 December	
	2025	2024
SUZHOU FAR HORIZON TRADING CO., LTD.	$180,005	$133,774
KOSO E-LEAD TECHNOLOGY CO., LTD.	16,119	814
OKAY ENTERPRISE CO., LTD.	13	56
Total	$196,137	$134,644

The sales price to the related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was based on normal sales terms.

2. Purchases

	For the years ended 31 December	
	2025	2024
OKAY ENTERPRISE CO., LTD.	$106,302	$105,276

The purchase price to the above related party was determined through mutual agreement based on the market rates. The payment terms from the related party supplier are comparable with third party suppliers and are 90 days after month-end.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Accounts receivable

	For the years ended 31 December	
	2025	2024
SUZHOU FAR HORIZON TRADING CO., LTD.	$98,301	$93,315
KOSO E-LEAD TECHNOLOGY CO., LTD.	8,837	874
OKAY ENTERPRISE CO., LTD.	-	9
Total	$107,138	$94,198

4. Other receivables

	As at	
	31 December 2025	31 December 2024
OKAY ENTERPRISE CO., LTD.	$1,928	$1,541

5. Account payables

	As at	
	31 December 2025	31 December 2024
OKAY ENTERPRISE CO., LTD.	$30,184	$25,926

6. Other payables

	As at	
	31 December 2025	31 December 2024
OKAY ENTERPRISE CO., LTD.	$519	$1,293

7. The details of the lease transactions between the Group and its related parties are as follows:

		For the years ended 31 December	
Related parties	Type	2025	2024
OKAY ENTERPRISE CO., LTD.	Rental income	$4,797	$1,191
SUZHOU FAR HORIZON TRADING CO., LTD.	Rental income	253	772

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		For the years ended 31 December	
Related parties	Type	2025	2024
Hsi-Hsun Chen and Hsi-Tsang Chen	Depreciation expense	$514	$514
Hsi-Hsun Chen and Hsi-Tsang Chen	Interest expense	5	13

		For the years ended 31 December	
Related parties	Type	2025	2024
Hsi-Hsun Chen and Hsi-Tsang Chen	Right-of-use asset	$ -	$514
Hsi-Hsun Chen and Hsi-Tsang Chen	Lease liability	-	538

The rentals are determined and collected based on the general market conditions.

8. Property transaction

For the year ended 31 December 2025:

Acquisition of assets

Related parties	Intangible assets	Total transaction price	Outstanding receivable amount
SUZHOU FAR HORIZON TRADING CO., LTD.	Software	$4,158	$ -

Disposal of assets

Related parties	Fixed assets	Total transaction price	Outstanding receivable amount
OKAY ENTERPRISE CO., LTD.	Machinery and equipment	$804	$ -

For the year ended 31 December 2024:

Disposal of assets

Related parties	Fixed assets	Total transaction price	Outstanding receivable amount
OKAY ENTERPRISE CO., LTD.	Transportation equipment	$95	$ -

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

9. Other

The details of other significant transactions with related parties for the years ended 31 December 2025 and 2024 are as follows:

		For the years ended 31 December	
Related parties	Type	2025	2024
OKAY ENTERPRISE CO., LTD.	Miscellaneous income	$20,173	$19,257
	Research materials expenses	7,898	10,714
SUZHOU FAR HORIZON TRADING CO., LTD.	Miscellaneous income	53	-

10. Remuneration for key management of the Group

	For the years ended 31 December	
	2025	2024
Short-term employee benefits	$23,481	$25,013

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount as at		
Items	31 December 2025	31 December 2024	Secured liabilities
Property, plant and equipment - land	$413,235	$412,130	Long-term and short-term borrowings
Property, plant and equipment - buildings (Gross book value)	182,475	191,534	Long-term and short-term borrowings
Right-of-use assets	6,821	7,055	Short-term borrowings
Other current assets - restricted assets	20,437	42,384	Property preservation (Refer to Note 9)
Other non-current assets - guarantee deposits paid	-	69,409	Security deposits for business operations
Total	$622,968	$722,512	

9. Significant contingencies and unrecognized contractual commitments

On 9 April 2025, SUZHOU ZHISHUO MACHINERY TECHNOLOGY CO., LTD. filed a civil lawsuit against the Group's subsidiary, E-LEAD TECHNOLOGY (JIANGSU) CO., LTD., in connection with a dispute over property damage compensation. The plaintiff applied to the court for a property preservation order to freeze bank deposits of RMB 4,546 thousand, which was recorded under restricted assets.

The aforementioned lawsuit is still under legal proceedings. As of the date the consolidated financial statements were authorized for issuance, the ultimate outcome of these matters could not be reasonably estimated.

10. Losses due to major disasters

None.

11. Significant subsequent events

1. To broaden the Company's business scope, strengthen its market competitiveness, and achieve strategic synergies, the Board of Directors resolved on 30 December 2025 to acquire 100% of the equity interest of TONG YAH ELECTRONIC TECHNOLOGY CO., LTD. The acquisition was subsequently settled on 11 February 2026.

2. To enhance operating capital and strengthen the Company's financial structure, an extraordinary shareholders' meeting resolved on 30 December 2025 to conduct a private placement of new shares.

12. Other

1. Categories of financial instruments

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial assets

	As at	
	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$30,299	$10,874
Financial assets at fair value through other comprehensive income	503	1,353
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	761,262	759,353
Notes and accounts receivable	1,070,541	1,393,760
Other receivables	45,557	30,588
Other current assets - restricted assets	20,437	42,384
Guarantee deposits paid	1,895	70,930
Subtotal	1,899,692	2,297,015
Total	$1,930,494	$2,309,242

Financial liabilities

	As at	
	31 December 2025	31 December 2024
Financial liabilities at amortized cost		
Short-term borrowings	$542,328	$550,078
Payables	750,602	587,156
Other payables	247,498	313,634
Bonds payable (including current portion with maturity less than 1 year)	-	297,476
Long-term borrowings (including current portion with maturity less than 1 year)	200,000	200,000
Lease liabilities	1,803	5,544
Total	$1,742,231	$1,953,888

2. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, and there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are

for strategic purposes, they are not hedged by the Group.
The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for RMB, USD and THB. The information of the sensitivity analysis is as follows:

(1) When NTD strengthens/weakens against RMB by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT$(865) thousand and NT$1,795 thousand, respectively.
(2) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT$3,972 thousand and NT$3,850 thousand, respectively.
(3) When NTD strengthens/weakens against THB by 1%, the profit for the years ended 31 December 2025 and 2024 is decreased/increased by NT$2,088 thousand and NT$2,730 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on variable interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2025 and 2024 to decrease/increase by NT$742 thousand and NT$750 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of

Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the years ended 31 December 2025 and 2024 by NT$64 thousand and NT$37 thousand, respectively.

Please refer to Note 12.8 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic conditions and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 31 December 2025, and 31 December 2024, accounts receivable from top ten customers represent 66% and 71% of the total accounts receivable of the Group, respectively. The credit concentration risk of accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	< 1 year	2 - 3 years	4 - 5 years	> 5 years	Total
As at 31 December 2025					
Borrowings	$614,601	$136,299	$ -	$ -	$750,900
Payables	750,602	-	-	-	750,602
Lease liabilities	1,677	210	-	-	1,887
Other payables	247,498	-	-	-	247,498
As at 31 December 2024					
Borrowings	$564,081	$139,131	$67,442	$ -	$770,654
Payables	587,156	-	-	-	587,156
Convertible bonds	299,900	-	-	-	299,900
Lease liabilities	3,816	1,846	-	-	5,662
Other payables	313,634	-	-	-	313,634

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2025:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
As at 1 January 2025	$550,078	$200,000	$297,476	$5,544	$1,053,098
Cash flows	(9,640)	-	(299,900)	(3,889)	(313,429)
Non-cash changes	-	-	2,424	58	2,482
Foreign exchange movement	1,890	-	-	90	1,980
As at 31 December 2025	$542,328	$200,000	$ -	$1,803	$744,131

Reconciliation of liabilities for the year ended 31 December 2024:

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liabilities	Total liabilities from financing activities
As at 1 January 2024	$738,155	$210,000	$292,830	$7,741	$1,248,726
Cash flows	(203,158)	(10,000)	-	(4,207)	(217,365)
Non-cash changes	-	-	4,646	1,882	6,528
Foreign exchange movement	15,081	-	-	128	15,209
As at 31 December 2024	$550,078	$200,000	$297,476	$5,544	$1,053,098

7. Fair values of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The carrying amounts of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Group.

8. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2025:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Bonds	$16,652	$ -	$ -	$16,652
Funds	7,213	-	-	7,213
Stocks	6,434	-	-	6,434
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	503	503

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 December 2024:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Funds	$7,100	$ -	$ -	$7,100
Stocks	3,714	-	-	3,714
Redeemable bonds	-	60	-	60
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	-	-	1,353	1,353

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
As at 1 January 2025	$1,353
Total gains (losses) recognized for the year ended 31 December 2025:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(850)
As at 31 December 2025	$503

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Assets
	At fair value through other comprehensive income
	Stocks
As at 1 January 2024	$906
Total gains (losses) recognized for the year ended 31 December 2024:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	447
As at 31 December 2024	$1,353

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

For the years ended 31 December 2025:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks and other	Asset-based approach	Discount for lack of marketability and minority shareholdings	30%	The higher the discount for lack of marketability and minority shareholdings, the lower the fair value estimate.	10% increase (decrease) in the discount for lack of marketability and minority shareholdings would result in decrease/increase in the Group’s equity by NT$50 thousand.

For the years ended 31 December 2024:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks and other	Asset-based approach	Discount for lack of marketability and minority shareholdings	30%	The higher the discount for lack of marketability and minority shareholdings, the lower the fair value estimate.	10% increase (decrease) in the discount for lack of marketability and minority shareholdings would result in decrease/increase in the Group's equity by NT$135 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(3) Fair value measurement hierarchy not measured at fair value but for which the fair value is disclosed

None.

9. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at 31 December 2025			As at 31 December 2024		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items						
USD	$19,454	31.4200	$611,237	$16,728	32.7800	$548,334
RMB	157,405	4.4960	707,691	212,605	4.4780	952,047
THB	225,046	0.9980	224,596	304,858	0.9580	292,054
Financial liabilities						
Monetary items						
USD	$6,813	31.4200	$214,058	$4,984	32.7800	$163,392
RMB	176,638	4.4960	794,163	172,526	4.4780	772,572
THB	15,818	0.9980	15,786	19,843	0.9580	19,010

Due to the variety of the Group's functional currencies, disclosure of information on exchange gains and losses on monetary financial assets and financial liabilities by each significant foreign currency would not be possible. The Group recognized (loss) gain on foreign currency exchange of NT$(48,963) thousand and NT$57,767 thousand for the years ended 31 December 2025 and 2024, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

10. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. Other disclosure

1. Information on significant transactions

(1) Loaning of funds to others:

No. (Note 1)	Lender	Loan recipients	Financial statement account	Related Party	Cumulative highest balance through the month	Ending balance	Actual amount provided	Interest rate band	Loan type	Amount of transaction	Reason for short-term financing	Allowance for doubtful debts	Collateral		Limit on the amount of funds to be lent to individual recipients (Note 2)	Total Limits (Note 3)
													Item	Value		
0	The Company	E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	Other receivables	Y	$449,600	$449,600	$269,760	-	Short-term financing funds	$ -	Operating needs	$ -	-	$ -	$942,132	$942,132

Note 1: The description of the numbered column is as follows:

(1) Enter 0 for issuer.

(2) The investee companies are numbered sequentially by company, starting with the Arabic numeral 1.

Note 2: In accordance with the Company's capital lending procedures, loans to a single enterprise are limited to a maximum of 40% of the Company's latest net financial statements.

Note 3: In accordance with the Company's procedures for the loaning of funds, the maximum loaning of funds is limited to a maximum of 40% of the most recent net financial statements.

(2) Endorsement/Guarantee provided to others:

No. (Note 1)	Guarantor (company name)	Recipient		Ceilings of guarantee/ endorsement provided to a single entity (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of assets pledged for endorsements and guarantees	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Ceilings of total guarantee/ endorsement (Note 4)	Guarantee/ Endorsement provided by parent to subsidiaries	Guarantee/ endorsement provided by subsidiaries to parent	Guarantee/ endorsement in China
		Company name	Relation (Note 2)										
0	The Company	E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	2	$2,355,329	$420,714	$373,168	$148,368	$ -	15.84%	$2,355,329	Y	N	Y

Note 1: The description of the numbered column is as follows:

(1) Enter 0 for issuer.

(2) The investee companies are numbered sequentially by company, starting with the Arabic numeral 1.

Note 2: There are seven types of relations between the endorser and the person to whom the guarantee/ endorsement is made, as indicated by the following types:

(1) A company with which it does business.

(2) A company in which the public Company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50% of the voting shares in the public company.

(4) A company in which the public Company directly and indirectly holds more than 90% of the voting shares.

(5) A company guaranteed by all contributing shareholders in proportion to their shareholding by virtue of a joint investment relationship.

(6) A company that provides mutual guarantees with another company in the same industry or with joint builders in accordance with contractual requirements for the needs of undertaking a construction project.

(7) Inter-operators are bound by the Consumer Protection Act to guarantee the performance of contracts for the sale of pre-sale properties.

Note 3: In accordance with the Company's endorsement and guarantee procedures, the ceiling for endorsements and guarantees provided to any single entity shall not exceed an amount equal to the Company's net worth as stated in the most recent financial statements.

Note 4: In accordance with the Company's endorsement and guarantee procedures, the overall ceiling for endorsements and guarantees shall not exceed an amount equal to the Company's net worth as stated in the most recent financial statements.

(3) Material securities held at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture):

Company	Types and names of marketable securities	Relation with the issuer of marketable securities	Financial statement account	Period end				Note
				Units/ shares	Carrying amount	%	Fair value	
The Company	Funds Yuanta 0-2 Year Investment Grade Corporate Bond Fund	-	Financial assets at fair value through profit or loss - current	10,000.00 units	$3,535	-	$3,535	
The Company	Bonds Saudi Arabia USD-denominated Government Bonds	-	Financial assets at fair value through profit or loss - current	300.00units	8,788	-	8,788	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company	Types and names of marketable securities	Relation with the issuer of marketable securities	Financial statement account	Period end				Note
				Units/ shares	Carrying amount	%	Fair value	
The Company	Bonds Berkshire Hathaway Finance Corporation USD-denominated bonds	-	Financial assets at fair value through profit or loss - current	300.00units	7,864	-	7,864	
E-LEAD TECHNOLOGY CO., LTD. (BVI)	Funds PineBridge Quantitative Diversified Income Fund A USD	-	Financial assets at fair value through profit or loss - current	70,000.00 units	3,059	-	3,059	
E-LEAD TECHNOLOGY CO., LTD. (BVI)	Funds PineBridge Global ESG Quantitative Bond Fund B USD	-	Financial assets at fair value through profit or loss - current	20,393.60 units	619	-	619	
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	Stocks Lifan Technology(Group)Co., Ltd.	-	Financial assets at fair value through profit or loss - current	134,627 shares	6,434	-	6,434	
The Company	Stocks NURO TECHNOLOGY INC.	-	Financial assets at fair value through other comprehensive income - non-current	859,950 shares	503	5.98%	503	

(4) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company name	Counterparty name	Relation	Intercompany transactions				Circumstances under which the terms of the transaction differ from those of a normal transaction and the reasons		Notes and accounts receivable (payables)		Note
			Purchases (sales)	Amount	Percentage of total purchase (Sales)	Terms	Unit price	Description	Balance	Percentage of total accounts and notes payables (receivables)	
The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Parent and subsidiary	Sales	$315,684	16.17%	Within 60 days	Same as general trading condition	Same as general trading condition	$13,545	2.17%	
The Company	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	Parent and subsidiary	Sales	421,483	21.59%	Within 120 days	Same as general trading condition	The Company's 100% indirectly wholly-owned subsidiary required a longer period of time to develop the automotive electronics market in China; therefore, a more lenient collection policy was granted.	453,312	72.75%	
E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	SUZHOU FAR HORIZON TRADING CO., LTD.	First-degree relative of the Company’s chairman	Sales	179,500	8.21%	Within 60 days	Same as general trading condition	Same as general trading condition	98,301	11.71%	
The Company	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	Parent and subsidiary	Purchases	254,640	22.81%	Within 75 days	Same as general trading condition	Same as general trading condition	20,859	9.86%	
The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	Parent and subsidiary	Purchases	112,795	10.10%	Within 60 days	Same as general trading condition	Same as general trading condition	797	0.38%	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company name	Counterparty name	Relation	Intercompany transactions				Circumstances under which the terms of the transaction differ from those of a normal transaction and the reasons		Notes and accounts receivable (payables)		Note
			Purchases (sales)	Amount	Percentage of total purchase (Sales)	Terms	Unit price	Description	Balance	Percentage of total accounts and notes payables (receivables)	
The Company	OKAY ENTERPRISE CO., LTD.	The responsible person is the Company's chairman	Purchases	106,302	9.52%	Within 90 days	Same as general trading condition	Same as general trading condition	30,184	14.26%	

(5) Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Company name	Counterparty name	Relation	Balance of receivables from related parties	Turnover rate	Receivables under collection proceedings from related parties		Recovery of amounts due from related parties in subsequent period	Allowance for doubtful debts
					Amount	Handling method		
The Company	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	Parent and subsidiary	$453,312	0.86 times	$307,134	Coordinate payment arrangements and subsequently recover partial payments	$112,051	-

(6) Intercompany relationships and significant intercompany transactions

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No. (Note 1)	Company name	Counterparty	Relations (Note 2)	Intercompany transactions			
				Financial statement account	Amount	Terms	Proportion to consolidated total operating revenue or total assets (Note 3)
0	The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	1	Sales and technical services income	$481,654	Note 4	10.78%
0	The Company	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	1	Sales	421,483	Same as general trading condition	9.43%
0	The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	1	Accounts receivable	29,659	Within 60 days	0.68%
0	The Company	E-LEAD ELECTRONIC TECHNOLOGY(JIANGSU) CO., LTD.	1	Accounts receivable	453,312	Within 120 days	10.45%

Note 1: The description of the numbered column is as follows:

1. Enter 0 for parent.
2. The investee companies are numbered sequentially by company, starting with the Arabic numeral 1.

Note 2: There are three types of relations between the parent and subsidiaries, as indicated by the following types:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: The proportion of transaction amounts to consolidated total operating revenues or total assets is calculated as the closing balance to consolidated total assets for assets and liabilities, or as the cumulative amount to consolidated total operating revenues for profit and loss accounts.

Note 4: Technical service income consists of royalties calculated at a certain percentage of the sales amount of specific products sold by E-LEAD ELECTRONIC (THAILAND) CO., LTD., and income derived from technical service contracts.

Note 5: The amounts of each of these transactions are eliminated in full in the preparation of the consolidated financial statements.

2.Information on investments

Names, locations, main business activities, amount of original investment, shareholding as at the end of the period, profit or loss for the period and recognized gains or losses on investment, etc. of investees over which the company exercises significant influence (excluding information on investment in China)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company name	Investee company	Location	Main business activities	Amount of original investment		Shareholding at the end of the period			Profit (loss) of investee companies for the period	Investment income (loss) recognized by the Company	Note
				Ending balance	Beginning balance	Number of shares	%	Carrying amount			
The Company	E-LEAD TECHNOLOGY CO., LTD. (BVI)	3rd Floor,Yamraj Building, Market Square, Road Town, Tortola,British Virgin Islands.	Financial investment business	$773,628	$773,628	23,938,736 shares	100%	$295,811	$(68,405)	$(86,556)	Subsidiary (Note 1) (Note 2) (Note 3)
The Company	E-LEAD ELECTRONIC (THAILAND) CO., LTD.	888/3-5, Mu 7 Sukhumvit Road, Bang Pu Mai Sub-district, Mueang Samut Prakan District, Samut Prakan Province Thailand	In-car audio and video navigation, rear seat entertainment systems and other car electronic accessories.	370,901	370,901	4,000,000 shares	100%	1,112,199	277,476	278,370	Subsidiary (Note 2) (Note 3)
The Company	FAR VISION TECHNOLOGY CO., LTD.	4F.-9, No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City	Far Vision eye protection product	50,000	50,000	5,000,000 shares	100%	46,691	8,320	12,612	Subsidiary (Note 2) (Note 3)
The Company	E-LEAD ELECTRONIC (INDIA) PVT. LTD.	Kohinoor World Towers, 9Flr, Unit 906, Tower-2, Pimpri P F,Pune City, Pune-411018, Maharashtra	Trading operations	3,888	3,888	1,000,000 shares	100%	758	(2,749)	(2,749)	Subsidiary (Note 3)
The Company	RUTER ELASTOMER CO., LTD.	2/F, No. 262, Sec. 2, Jianguo N. Road, Zhongshan District, Taipei City	Manufacturing and wholesaling of electronic materials, hardware and moulds	14,359	14,359	190,000 shares	19%	2,290	(6,803)	(1,293)	Investee accounted for using the equity method
The Company	KOSO E-LEAD TECHNOLOGY CO., LTD.	55/54 Mu 6, Sukhumvit Road, Bang Pu Mai Sub-district, Mueang Samut Prakan District, Samut Prakan Province	Trading operations	4,401	4,401	49,000 shares	49%	2,759	(2,252)	(1,103)	Investee accounted for using the equity method

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company name	Investee company	Location	Main business activities	Amount of original investment		Shareholding at the end of the period			Profit (loss) of investee companies for the period	Investment income (loss) recognized by the Company	Note
				Ending balance	Beginning balance	Number of shares	%	Carrying amount			
		Thailand									
The Company	NURO TECHNOLOGY INC.	4F., No. 28, Chenggong 12th St., Zhubei City, Hsinchu County	Wholesale of electronic equipment and electronic devices	906	906	859,950 shares	5.98%	503	-	(850)	Equity instrument measured at fair value through other comprehensive income

Note 1: The profit or loss of the investee company is included in the recognized investment income of the investee company, E-LEAD TECHNOLOGY CO., LTD.(BVI).

Note 2: The investment income (loss) recognized in the current period includes the effect of downstream and upstream transactions between related companies.

Note 3: Excluded from the consolidated financial statements.

3.Information on investment in China

(1) The information on the Company's investment in China through E-LEAD TECHNOLOGY CO., (BVI) is as follow:

Investee company name	Main business activities	Paid-in capital	Method of investment	Beginning balance of the accumulated outflow of investment from Taiwan	Investment Flows		Closing balance of the accumulated outflow of Investment from Taiwan	Net income (loss) of investee company	Percentage of the Company's shareholding in direct or indirect investments	Gains or losses on investments recognized during the period (Note)	Carrying value of the ending balance	Investment income remitted for the period
					Outflow	Inflow						
E-LEAD ELECTRONIC TECHNOLOGY (JIANGSU) CO., LTD.	Head-up displays and other automotive electronic accessories	$722,660 (USD 23 million)	Investment in China through remittance from a subsidiary in third region, E-LEAD	$722,660 (USD 23 million)	$ -	$ -	$722,660 (USD 23 million)	$(68,839)	100%	$(68,415)	$334,609	$ -

			TECHNOLOGY CO,LTD(BVI).									

Note: The financial statements have been audited by a CPA of the parent company in Taiwan.

Cumulative amount of remittances from Taiwan to China at the end of the period	Amount of investment approved by the Investment Commission of the Ministry of Economic Affairs	Investment quota in China in accordance with the Investment Commission of the Ministry of Economic Affairs
$731,615 (USD 23.285 million)	$751,849 (USD 23.929 million)	$1,413,197 (Note 2)

Note 1: The above amounts in foreign currencies are translated into NTD using the exchange rate as at the balance sheet date.

Note 2: The ceiling for the Company's investment in China is 60% of the net worth.

Note 3: The investment gains and losses recognized in this period are based on the financial statements of the Parent Company audited by the CPA for the corresponding period.

(2) Significant transactions with China investees occurred directly or indirectly through third regions: Please refer to Note 13(1).

14. Segment information

For management purposes, the Group is divided into operating units based on different products and services and is divided into four reportable operating segments as follows:

1. E-LEAD Taiwan Operations Segment: The segment is responsible for sales activities of automotive electronics in Southeast Asia and markets outside of China.

2. Far Vision Taiwan Operations Segment: This segment is responsible for the sales operations of the eye-care product line.

3. E-LEAD Jiangsu Operations Segment: The segment is responsible for sales activities of automotive electronics in the Chinese market.

4. E-LEAD Thailand Operations Segment: The segment is responsible for sales of automotive electronics in the Southeast Asian market.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The aforementioned reportable operating segments have not been consolidated into more than one operating segment.

The management individually monitors the results of its business units' operations in order to make decisions on resource allocation and performance evaluation. Segment performance is evaluated on the basis of operating profit or loss before tax and is measured in a manner consistent with operating profit or loss in the consolidated financial statements. However, income taxes in the consolidated financial statements are prepared on a group basis and are not apportioned to the operating segments.

Transfer pricing between operating segments is based on regular transactions with external third parties.

1. Reportable information on segment profit and loss, assets and liabilities

(1) For the year ended 31 December 2025

	E-LEAD Taiwan	Far Vision Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Subtotal	Other	Reconciliation and deduction	Total
Revenue								
Revenue from external customers	$1,016,780	$1,566	$1,887,107	$1,561,855	$4,467,308	$ -	$ -	$4,467,308
Intersegmental revenue	935,487	63,516	299,020	116,870	1,414,893	-	(1,414,893) [1]	-
Total revenue	$1,952,267	$65,082	$2,186,127	$1,678,725	$5,882,201	$ -	$(1,414,893) [1]	$4,467,308
Interest expense	12,004	24	23,538	23	35,589	-	(4,436) [1]	31,153
Depreciation and amortization	68,252	7,419	43,394	56,655	175,719	-	(11,229) [1]	164,491
Segmental profit or loss	$345,775	$10,274	$(93,416)	$324,892	$587,525	$(2,749)	$(195,476) [1]	$389,300
Assets								
Investments accounted for under the equity method	$1,460,508	$ -	$ -	$ -	$1,460,508	$ -	$(1,455,459) [1]	$5,049
Segment assets	$3,471,299	$70,923	$1,781,655	$1,338,693	$6,662,570	$1,100	$(2,324,410) [1]	$4,339,260
Segment liabilities	$1,115,971	$11,879	$1,446,546	$213,255	$2,787,651	$342	$(804,062) [1]	$1,983,931

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) For the year ended 31 December 2024

	E-LEAD Taiwan	Far Vision Taiwan	E-LEAD Jiangsu	E-LEAD Thailand	Subtotal	Other	Reconciliation and deduction	Total
Revenue								
Revenue from external customers	$945,168	$1,498	$2,049,999	$1,626,731	$4,623,396	$ -	$ -	$4,623,396
Intersegmental revenue	1,244,470	85,966	294,485	68,395	1,693,316	-	(1,693,316) [1]	-
Total revenue	$2,189,638	$87,464	$2,344,484	$1,695,126	$6,316,712	$ -	$(1,693,316) [1]	$4,623,396
Interest expense	13,702	44	24,916	25	38,687	-	(3,851) [1]	34,836
Depreciation and amortization	68,676	3,516	48,455	47,151	167,798	-	(7,932) [1]	159,866
Segmental profit or loss	$470,442	$10,687	$(294,150)	$316,533	$503,512	$34	$(34,266) [1]	$469,280
Assets								
Investments accounted for under the equity method	$1,378,833	$ -	$ -	$ -	$1,378,833	$ -	$(1,371,388) [1]	$7,445
Segment assets	$3,662,785	$79,665	$2,129,076	$1,276,360	$7,147,886	$ -	$(2,426,920) [1]	$4,720,966
Segment liabilities	$1,148,723	$24,942	$1,726,488	$238,560	$3,138,713	$ -	$(931,809) [1]	$2,206,904

[1]Inter-segment revenue is excluded from consolidation and is reflected under “Reconciliation and deduction”.

2. There is no reconciliation of revenue, profit and loss, assets, liabilities and other significant items that should be reported by the segments.

3. Regional information

Revenue from external customers:

	For the years ended 31 December	
	2025	2024
China	$1,894,621	$2,050,123
Indonesia	1,074,642	1,209,437
Singapore	589,041	586,841
Thailand	569,609	518,751
Taiwan	197,274	174,791
Others	142,121	83,453
Total	$4,467,308	$4,623,396

Revenue is categorized based on the country in which the customers are located.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-current assets:

	As at	
	31 December 2025	31 December 2024
Taiwan	$659,720	$689,347
Thailand	467,466	455,863
China	143,558	236,557
India	70	-
Total	$1,270,814	$1,381,767

4.Information on important customers

The details of customers whose sales to the Group accounted for more than 10% of total revenue for the years ended 31 December 2025 and 2024 are as follows:

	For the years ended 31 December			
	2025		2024	
Customer name	Amount of sales	%	Amount of sales	%
A	$640,558	14%	$538,774	12%
B	589,592	13%	585,399	13%
C	422,024	9%	500,967	11%
D	124,709	3%	511,905	11%