GEM Terminal Ind. Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
GEM Terminal Ind. Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of GEM Terminal Ind. Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter identified in the Company's financial statements for the year ended December 31, 2025 is as follows:

<u>Occurrence of revenue from specific customers</u>

The Company's operating revenue from specific customers for the year growth December 31, 2025 was significantly higher than the overall customers in terms of the amounts and rates of growth. Therefore, in accordance with the Standards on Auditing, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 of the parent company only financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of revenue from specific customers were as follows:

1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.

2. We selected samples and verified the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked and confirmed that the payer is the same as the buyer.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 Company's internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

parent company only 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 to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen Wu and Tzu-Yuan Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

<u>*Notice to Readers*</u>

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

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

GEM TERMINAL IND. CO., LTD.

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

	December 31, 2025		December 31, 2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 112,074	4	$ 309,647	8
Financial assets at fair value through other comprehensive income-current (Notes 4 and 8)	38,591	1	36,173	1
Notes receivable (Notes 4 and 9)	26,731	1	19,944	1
Accounts receivable, net (Notes 4 and 9)	130,307	4	70,089	2
Accounts receivable - related parties (Notes 4, 9 and 26)	4,443	-	29,997	1
Other receivables	28	-	5,162	-
Other receivables - related parties (Note 26)	387	-	15,022	-
Current tax assets (Notes 4 and 21)	628	-	1,024	-
Inventories (Notes 4, 5 and 10)	107,939	3	111,645	3
Other financial assets - current (Note 27)	17,572	1	4,650	-
Other current assets	28,406	1	20,351	1
Total current assets	467,106	15	623,704	17
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	2,022,197	63	2,377,160	64
Property, plant and equipment (Notes 4, 12, 26 and 27)	602,904	19	591,460	16
Right-of-use assets (Notes 4, 13 and 27)	1,340	-	2,258	-
Deferred tax assets (Notes 4 and 21)	71,008	2	66,018	2
Prepayments for equipment	4,090	-	33,178	1
Net defined benefit assets (Notes 4 and 17)	18,816	1	9,936	-
Other financial assets - non-current	1,498	-	2,648	-
Other non-current assets	4,566	-	7,488	-
Total non-current assets	2,726,419	85	3,090,146	83
TOTAL	$ 3,193,525	100	$ 3,713,850	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 802,722	25	$ 414,329	11
Short-term bills payable (Note 16)	-	-	50,000	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	100	-	14	-
Notes payable (Note 14)	8,032	-	11,778	-
Accounts payable (Note 14)	4,921	-	4,148	-
Accounts payable - related parties (Notes 14 and 26)	76,485	3	97,393	3
Other payables (Note 15)	42,799	2	38,555	1
Other payables - related parties (Note 26)	867	-	8,587	-
Lease liabilities - current (Notes 4, 13 and 26)	1,019	-	841	-
Long-term borrowings - current portion (Note 16)	261,202	8	401,535	11
Other current liabilities (Note 4)	4,370	-	7,029	-
Total current liabilities	1,202,517	38	1,034,209	28
NONCURRENT LIABILITIES				
Long-term borrowings (Note 16)	469,998	15	698,200	19
Deferred tax liabilities (Notes 4 and 21)	11,161	-	9,648	-
Lease liabilities - non-current (Notes 4, 13 and 26)	551	-	1,571	-
Total non-current liabilities	481,710	15	709,419	19
Total liabilities	1,684,227	53	1,743,628	47
EQUITY (Note 18)				
Ordinary shares	1,692,000	53	1,692,000	45
Capital surplus	295,035	9	271,333	7
Retained earnings (Accumulated deficit)				
Legal reserve	364,825	11	364,825	10
Special reserve	46,576	2	97,816	3
Accumulated deficit	(808,216)	(25)	(366,117)	(10)
Total retained earnings (Accumulated deficit)	(396,815)	(12)	96,524	3
Other equity	(80,922)	(3)	(46,576)	(1)
Treasury shares	-	-	(43,059)	(1)
Total equity	1,509,298	47	1,970,222	53
TOTAL	$ 3,193,525	100	$ 3,713,850	100

The accompanying notes are an integral part of the parent company only financial statements.

GEM TERMINAL IND. CO., LTD.

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

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 19 and 26)	$ 590,059	100	$ 488,660	100
OPERATING COSTS (Notes 10, 20 and 26)	636,159	108	503,772	103
OPERATING GROSS LOSS	(46,100)	(8)	(15,112)	(3)
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 26)	(2,427)	-	(13,207)	(3)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 26)	13,207	2	13,835	3
REALIZED OPERATING GROSS LOSS	(35,320)	(6)	(14,484)	(3)
OPERATING EXPENSES (Notes 20 and 26)				
Marketing	17,620	3	15,735	3
General and administrative	89,182	15	82,114	17
Research and development	25,255	4	8,464	2
Expected credit impairment loss (reversal profit) (Note 9)	1,934	1	(241)	-
Total operating expenses	133,991	23	106,072	22
NET LOSS FROM OPERATIONS	(169,311)	(29)	(120,556)	(25)
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 26)				
Interest income	2,964	-	3,987	1
Other income	17,439	3	20,573	4
Other gains and losses	(7,650)	(1)	(1,191)	-
Finance costs	(37,040)	(6)	(33,758)	(7)
Share of loss of subsidiaries	(306,004)	(52)	(75,816)	(15)
Total non-operating income and expenses	(330,291)	(56)	(86,205)	(17)
LOSS BEFORE INCOME TAX	(499,602)	(85)	(206,761)	(42)
INCOME TAX EXPENSE (Notes 4 and 21)	(1,159)	-	(23,318)	(5)
NET LOSS	(500,761)	(85)	(230,079)	(47)

(Continued)

GEM TERMINAL IND. CO., LTD.

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

	2025		2024	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 17, 18 and 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 6,764	1	$ 3,137	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (loss)	(931)	-	7,206	1
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	-	-	6	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,353)	-	(627)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(37,421)	(6)	86,376	18
Income tax relating to items that may be reclassified subsequently to profit or loss	6,017	1	(1,742)	(1)
Other comprehensive income (loss) for the year, net of income tax	(26,924)	(4)	94,356	19
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (527,685)	(89)	$ (135,723)	(28)
LOSS PER SHARE (Note 22)				
Basic	$ (3.00)		$ (1.39)	
Diluted	$ (3.00)		$ (1.39)	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

GEM TERMINAL IND. CO., LTD.

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

			Retained Earnings (Accumulated Deficit)				Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated Deficit)	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Total	Treasury Stock	Total Equity
BALANCE ON JANUARY 1, 2024	$ 1,692,000	$ 271,315	$ 364,825	$ 97,816	$ (142,334)	$ 320,307	$ (149,664)	$ 7,649	$ 7,379	$ (134,636)	$ (43,059)	$ 2,105,927
Exercising the Company's call rights	-	18	-	-	-	-	-	-	-	-	-	18
Net loss for the year ended December 31, 2024	-	-	-	-	(230,079)	(230,079)	-	-	-	-	-	(230,079)
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	-	-	84,634	7,212	2,510	94,356	-	94,356
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(230,079)	(230,079)	84,634	7,212	2,510	94,356	-	(135,723)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	6,296	6,296	-	(6,296)	-	(6,296)	-	-
BALANCE ON DECEMBER 31, 2024	1,692,000	271,333	364,825	97,816	(366,117)	96,524	(65,030)	8,565	9,889	(46,576)	(43,059)	1,970,222
Appropriation of 2024 earnings Reversal of special reserve	-	-	-	(51,240)	51,240	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2025	-	-	-	-	(500,761)	(500,761)	-	-	-	-	-	(500,761)
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	-	(31,404)	(931)	5,411	(26,924)	-	(26,924)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	(500,761)	(500,761)	(31,404)	(931)	5,411	(26,924)	-	(527,685)
Share-based payment arrangements (Note18 and 23)	-	23,702	-	-	-	-	-	-	-	-	43,059	66,761
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	7,422	7,422	-	(7,422)	-	(7,422)	-	-
BALANCE ON DECEMBER 31, 2025	$ 1,692,000	$ 295,035	$ 364,825	$ 46,576	$ (808,216)	$ (396,815)	$ (96,434)	$ 212	$ 15,300	$ (80,922)	$ -	$ 1,509,298

The accompanying notes are an integral part of the parent company only financial statements.

GEM TERMINAL IND. CO., LTD.

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (499,602)	$ (206,761)
Adjustments for:		
Depreciation expense	34,605	27,207
Amortization expense	4,777	4,618
Expected credit impairment loss (reversal profit)	1,934	(241)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(791)	8,161
Finance costs	37,040	33,758
Interest income	(2,964)	(3,987)
Dividend income	(198)	(1,326)
Compensation cost of employee share options	19,887	-
Share of loss of subsidiaries	306,004	75,816
Net gain on disposal of property, plant and equipment	(275)	(672)
Impairment loss (recovery pfofit) of inventories	(1,778)	69
Unrealized gain on transactions with subsidiaries	11,192	21,039
Realized gain on transactions with subsidiaries	(27,725)	(30,721)
Other non-cash items	(1,351)	1,710
Changes in operating assets and liabilities		
Notes receivable	(6,787)	(690)
Accounts receivable	(62,152)	145
Accounts receivable - related parties	25,554	(13,581)
Other receivables	4,922	(4,892)
Other receivables - related parties	14,635	(12,044)
Inventories	5,484	(41,009)
Other current assets	(8,055)	22,713
Notes payable	(3,746)	4,223
Accounts payable	773	(1,294)
Accounts payable - related parties	(20,908)	14,594
Other payables	6,051	617
Other payables - related parties	(7,720)	4,108
Other current liabilities	(999)	(245)
Net defined benefit assets	(2,116)	(1,873)
Cash used in operations	(174,309)	(100,558)
Interest received	3,176	3,771
Income tax received	424	82
Net cash used in operating activities	(170,709)	(96,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(74,614)	(54,570)
Proceeds from sale of financial assets at fair value through other comprehensive income	71,265	65,609
Purchase of financial assets at fair value through profit or loss	-	(7,900)

(Continued)

GEM TERMINAL IND. CO., LTD.

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

	2025	2024
Disposal of financial assets at fair value through profit or loss	$ -	$ 6,000
Payments for property, plant and equipment	(16,692)	(131,449)
Proceeds from disposal of property, plant and equipment	-	510
Decrease (increase) in other financial assets	(10,895)	3,327
Increase in other non-current assets	(1,855)	(3,381)
Dividend received	198	1,326
Cancellation of subsidiaries and recovery of capital and earnings	33,164	134,404
Net cash generated from investing activities	571	13,876
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,462,054	1,889,223
Decrease in short-term borrowings	(2,073,970)	(1,914,894)
Increase in short-term bills payable	200,000	130,000
Decrease in short-term bills payable	(250,000)	(130,000)
Increase in long-term borrowings	38,000	583,400
Repayment of long-term borrowings	(406,535)	(525,777)
Repayment of the principal portion of lease liabilities	(842)	(1,173)
Transfer of treasury share to employees	43,059	-
Interest paid	(39,201)	(37,356)
Exercising the Company's call rights	-	18
Net cash used in financing activities	(27,435)	(6,559)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(197,573)	(89,388)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	309,647	399,035
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 112,074	$ 309,647

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

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

1. GENERAL INFORMATION

GEM Terminal Ind. Co., Ltd. (the "Company") was incorporated in July 1993 under the laws of the Republic of China. The Company is primarily engaged in the manufacture and processing of precision electronic products and related components; electrical machinery; the trading of copper material, including raw and scrap copper; the provision of electroplating services; copper smelting and casting; and the import and export of all related products.

The Company's shares have been listed on the Taiwan Stock Exchange since September 2001.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on March 10, 2026.

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

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

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

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

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

   As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

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

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

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

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

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

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

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries. In order for the amount of net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to "investments accounted for using the equity method", "share of profit or loss of subsidiaries", "share of other comprehensive income (loss) of subsidiaries accounted for using the equity method" in the parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

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

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

For the purpose of presenting the parent company only financial statements, the functional currencies of the foreign operations (including subsidiaries operating in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories are stated at the lower of cost and net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method. Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company’s share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Unrealized profit or loss resulting from downstream transactions is eliminated in full in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

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

Freehold land is not depreciated.

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

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment, and right-of-use asset

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

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

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

ii Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

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

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

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

i Internal or external information shows that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 360 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

Subsequent measurement

Except for the following circumstances, the financial liabilities held by the Company are measured at amortized cost using the effective interest method.

Financial liabilities are classified as measured at FVTPL when such financial liabilities are held for trading, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 25.

Derecognition of financial liabilities

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

j. Provisions

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

Onerous contracts

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

k. Revenue recognition

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

Revenue from the sale of goods comes from sales of terminals. Sales of terminals are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

l. Leasing

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

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

Right-of-use assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

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

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Share-based payment arrangements

1) Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

2) Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and loss carryforwards can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of the economic environment on cash flow projections, discounts rates, and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	$ 424	$ 426
Checking accounts and demand deposits	111,650	227,271
Cash equivalents		
Time deposits with original maturities of 3 months or less	-	81,950
	$ 112,074	$ 309,647

a. The market interest rates of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2025	2024
Time deposits (%)	-	4.60-4.72

b. The Company transacted with a variety of financial institutions with sound credit ratings to disperse credit risk; hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2025	2024
Financial liabilities - current		
Held for trading		
Derivatives (not under hedge accounting)		
Copper futures	$ 100	$ 14

Outstanding copper futures not under hedge accounting at the end of the reporting period were as follows:

	Futures Month	Lots	Contract Amount (In thousands)
December 31, 2025			
Copper futures			
LME copper - Buy	2026.03	2	US$ 624
December 31, 2024			
Copper futures			
Refined copper - Buy	2025.03	3	US$ 302

8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	December 31	
	2025	2024
Investments in equity instruments at FVTOCI		
Domestic listed shares	$ 38,591	$ 36,173

These investments in equity instruments are not held for trading. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2025	2024
Notes receivable		
Notes receivable - operating	$ 26,731	$ 19,944

(Continued)

	December 31	
	2025	2024
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 132,467	$ 70,315
Less: Allowance for impairment loss	2,160	226
	$ 130,307	$ 70,089
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	$ 4,443	$ 29,997

(Concluded)

Notes and accounts receivable

The main credit period of sales of goods was 30-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for the notes receivable and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses are estimated using a provision matrix prepared by reference to the past default experience of the customers, the customer's current financial position as well as the industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2025

	Not Past Due	Past Due 1 to 90 Days	Total
Expected credit loss rate (%)	0-0.43	4.76	
Gross carrying amount	$ 126,918	$ 36,723	$ 163,641
Loss allowance (Lifetime ECLs)	(413)	(1,747)	(2,160)
Amortized cost	$ 126,505	$ 34,976	$ 161,481

December 31, 2024

	Not Past Due	Past Due 1 to 90 Days	Total
Expected credit loss rate (%)	0.0-0.2	4.81	
Gross carrying amount	$ 118,392	$ 1,864	$ 120,256
Loss allowance (Lifetime ECLs)	(136)	(90)	(226)
Amortized cost	$ 118,256	$ 1,774	$ 120,030

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

	For the Year Ended December 31	
	2025	2024
Balance at January 1	$ 226	$ 467
Loss allowance recognition (reversed)	1,934	(241)
Balance at December 31	$ 2,160	$ 226

10. INVENTORIES

	December 31	
	2025	2024
Merchandise	$ 18,359	$ 21,792
Raw materials	20,579	64,378
Supplies	9,817	7,801
Work in process	42,559	17,099
Finished goods	16,625	575
	$ 107,939	$ 111,645

All operating costs recognized in 2025 and 2024 were the cost of inventories, which included the following items:

	For the Year Ended December 31	
	2025	2024
Inventory impairment loss (recovery profit)	$ (1,778)	$ 69
Recognition (reversal) of provisions	(1,660)	1,710
Others	-	(8)
	$ (3,438)	$ 1,771

Inventory write-downs were reversed as a result of those write-down inventories have been sold.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2025		2024	
Investments in subsidiaries	Amount	% of Owner - ship	Amount	% of Owner - ship
Unlisted companies				
Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	$ 1,627,400	100	$ 1,936,501	100
GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	394,417	100	438,547	100
Genius Terminal Co., Ltd. (Genius)	380	100	2,112	100
	$ 2,022,197		$ 2,377,160	

As Genius is currently in the process of cancellation, the Company had recovered the share capital and profit of $2,715 thousand (US$92 thousand) and $134,404 thousand (US$4,150 thousand) in 2025 and 2024, respectively.

Refer to Tables 6 and 7 for information on investees and investments in mainland China.

12. PROPERTY, PLANT AND EQUIPMENT

a. Movements of cost and accumulated depreciation were as follows:

For the year ended December 31, 2025

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance on January 1, 2025	$ 245,920	$ 232,027	$ 351,977	$ 51,373	$ 50,493	$ 931,790
Additions	-	1,290	47,954	2,030	(5,140)	46,134
Disposal	-	(498)	(59,926)	(7,473)	-	(67,897)
Balance on December 31, 2025	$ 245,920	$ 232,819	$ 340,005	$ 45,930	$ 45,353	$ 910,027
Accumulated depreciation						
Balance on January 1, 2025	$ -	$ (133,837)	$ (175,781)	$ (30,712)	$ -	$ (340,330)
Depreciation expenses	-	(4,619)	(23,083)	(5,985)	-	(33,687)
Disposal	-	473	59,270	7,151	-	66,894
Balance on December 31, 2025	$ -	$ (137,983)	$ (139,594)	$ (29,546)	$ -	$ (307,123)
Carrying amounts on December 31, 2025	$ 245,920	$ 94,836	$ 200,411	$ 16,384	$ 45,353	$ 602,904

For the year ended December 31, 2024

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance on January 1, 2024	$ 245,920	$ 155,487	$ 256,073	$ 57,283	$ 132,019	$ 846,782
Additions	-	77,099	102,423	4,804	(81,526)	102,800
Disposal	-	(559)	(6,519)	(10,714)	-	(17,792)
Balance on December 31, 2024	$ 245,920	$ 232,027	$ 351,977	$ 51,373	$ 50,493	$ 931,790
Accumulated depreciation						
Balance on January 1, 2024	$ -	$ (131,405)	$ (165,055)	$ (34,721)	$ -	$ (331,181)
Depreciation expenses	-	(2,964)	(16,932)	(6,144)	-	(26,040)
Disposal	-	532	6,206	10,153	-	16,891
Balance on December 31, 2024	$ -	$ (133,837)	$ (175,781)	$ (30,712)	$ -	$ (340,330)
Carrying amounts on December 31, 2024	$ 245,920	$ 98,190	$ 176,196	$ 20,661	$ 50,493	$ 591,460

b. The Company purchased agricultural land of $7,908 thousand that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of related party, Su Chung-Hong. The land is mortgaged to the Company and the agreement stipulated unconditional conveyance of the land to the Company.

c. Property, plant and equipment were recognized on a straight-line basis over the following useful lives:

Buildings	
Factory facilities	10-20 years
Building facilities	10-20 years
Main building of the factory	20-50 years
Main building of the office	55 years
Machinery and equipment	5-10 years
Others	5-10 years

d. Refer to Note 27 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

e. Reconciliations of the additions and the cash paid stated in the statements of cash flows were as follows:

	For the Year Ended December 31	
	2025	2024
Additions to property, plant and equipment	$ 46,134	$ 102,800
Increase (decrease) in prepayments for equipment	(29,088)	14,166
Decrease in payables for purchase of equipment	1,797	17,941
Capitalized interest	(2,151)	(3,458)
Cash paid	$ 16,692	$ 131,449

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	Transportation Equipment	Total
For the year ended December 31, 2025			
Cost			
Balance on January 1, 2025 and December 31, 2025	$ 348	$ 4,727	$ 5,075
Accumulated depreciation			
Balance on January 1, 2025	$ (146)	$ (2,671)	$ (2,817)
Depreciation expenses	(67)	(851)	(918)
Balance on December 31, 2025	$ (213)	$ (3,522)	$ (3,735)
Carrying amounts on December 31, 2025	$ 135	$ 1,205	$ 1,340
For the year ended December 31, 2024			
Cost			
Balance on January 1, 2024	$ 348	$ 2,175	$ 2,523
Additions	-	2,552	2,552
Balance on December 31, 2024	$ 348	$ 4,727	$ 5,075
Accumulated depreciation			
Balance on January 1, 2024	$ (79)	$ (1,571)	$ (1,650)
Depreciation expenses	(67)	(1,100)	(1,167)
Balance on December 31, 2024	$ (146)	$ (2,671)	$ (2,817)
Carrying amounts on December 31, 2024	$ 202	$ 2,056	$ 2,258

b. Lease liabilities

	December 31	
	2025	2024
Carrying amount		
Current	$ 1,019	$ 841
Non-current	$ 551	$ 1,571
Range of discount rates for lease liabilities (%)		
Land	2.07	2.07
Transportation equipment	1.57	1.57

c. Material leasing activities and terms

The Company leases land for use as a parking lot with a lease term that will expire in December 2027, and also leases transportation equipment with a lease term that will expire in June 2027. The Company does not have bargain purchase options to acquire the leasehold land and transportation equipment or extension options at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	$ 1,163	$ 1,163
Expenses relating to low-value asset leases	$ 77	$ 76
Total cash outflow for leases	$ 2,480	$ 2,808

The Company has elected to apply the recognition exemption for the leases of certain subject qualifying as short-term or low-value asset lease, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Company's notes payable and accounts payable (including those to related parties) were generated from operating activities and were not secured by collateral.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms, and therefore, no interest was charged on the outstanding accounts payable.

15. OTHER PAYABLES

	December 31	
	2025	2024
Payable for salaries and bonuses	$ 13,341	$ 12,104
Payable for purchase on behalf of subsidiaries	7,439	7,832
Payable for purchase of equipment	6,076	7,873
Payable for business tax	5,462	-
Payable for service fees	3,309	3,284
Others	7,172	6,382
	$ 42,799	$ 38,555

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Bank loans		
Unsecured bank loans	$ 485,000	$ 340,000
Secured bank loans (Note 27)	317,722	74,329
	$ 802,722	$ 414,329

(Continued)

	December 31	
	2025	2024
Unsecured bank loans annual interest rates (%)	2.33-2.75	2.18-2.48
Secured bank loans annual interest rates (%)	2.44-5.02	2.44

(Concluded)

b. Short-term bills payable

	December 31	
	2025	2024
Commercial papers		
China Bills Finance Corporation	$ -	$ 50,000
Annual interest rates (%)	-	2.04

c. Long-term borrowings

	December 31	
	2025	2024
Bank loans		
Unsecured bank loans	$ 342,312	$ 599,735
Secured bank loans (Note 27)	388,888	500,000
	731,200	1,099,735
Less: Current portion	261,202	401,535
	$ 469,998	$ 698,200
Unsecured bank loans annual interest rates (%)	1.62-2.85	2.00-2.85
Secured bank loans annual interest rates (%)	2.44	2.44
Unsecured bank loans expiration period	2026.03-2032.11	2025.01-2029.07
Secured bank loans expiration period	2029.03	2029.03

Under loan agreements with certain banks, the Company should maintain certain financial ratios base on the audited annual consolidated financial statemenets.

The Company was not in compliance with the times interest earned ratio and loan ratio requirement under certain bank borrowings as of December 31, 2024. As a result, the banks may adjust the interest rates on the non-compliant loans; nontheless, the Company has obtained a waiver from the financing bank.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2025	**2024**
Present value of defined benefit obligation	$ 59,485	$ 62,110
Fair value of plan assets	(78,301)	(72,046)
Net defined benefit assets	$ (18,816)	$ (9,936)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance on January 1, 2024	$ 63,266	$ (68,192)	$ (4,926)
Service cost			
Current service cost	119	-	119
Net interest expense (income)	791	(863)	(72)
Recognized in profit or loss	910	(863)	47
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,069)	(6,069)
Actuarial gain - change in financial assumptions	(333)	-	(333)
Actuarial loss - experience adjustments	3,265	-	3,265
Recognized in other comprehensive loss (income)	2,932	(6,069)	(3,137)
Contributions from the employer	-	(1,920)	(1,920)
Benefit payment			
Plan assets	(4,998)	4,998	-
Balance on December 31, 2024	62,110	(72,046)	(9,936)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	$ 89	$ -	$ 89
Net interest expense (income)	932	(1,095)	(163)
Recognized in profit or loss	1,021	(1,095)	(74)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,180)	(5,180)
Actuarial gain - change in financial assumptions	203	-	203
Actuarial loss - experience adjustments	(1,787)	-	(1,787)
Recognized in other comprehensive loss (income)	(1,584)	(5,180)	(6,764)
Contributions from the employer	-	(2,042)	(2,042)
Benefit payment			
Plan assets	(2,062)	2,062	-
Balance on December 31, 2025	$ 59,485	$ (78,301)	$ (18,816)

(Concluded)

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

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2025	2024
Discount rate (%)	1.30	1.50
Expected rate of salary increase (%)	2.00	2.00

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

	December 31	
	2025	2024
Discount rate		
0.25% increase	$ (254)	$ (326)
0.25% decrease	$ 260	$ 333
Expected rate of salary increase		
1% increase	$ 1,050	$ 1,351
1% decrease	$ (991)	$ (1,274)

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

	December 31	
	2025	2024
The expected contributions to the plan for the next year	$ 2,032	$ 1,873
The average duration of the defined benefit obligation	3.8 years	4.6 years

18. EQUITY

a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands)	221,000	221,000
Shares authorized	$ 2,210,000	$ 2,210,000
Number of shares issued and fully paid (in thousands)	169,200	169,200
Shares issued	$ 1,692,000	$ 1,692,000

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 266,411	$ 266,411
Treasury share transactions	28,606	4,904
May only be used to offset a deficit		
Exercising the Company's call rights	18	18
	$ 295,035	$ 271,333

Note: The above capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to ordinary shares (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of share dividends and bonuses to shareholders.

The Articles also explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from the prior period, the sum of net profit for the current period and items other than the net profit that is included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings are not sufficient.

In addition, as stipulated in the Articles, the board of directors is authorized, under Article 240 of the Company Act, to resolve the distribution of dividends and bonuses in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, or under Article 241 of the Company Act, to resolve the distribution of the dividends and bonuses in whole or in part of the legal reserve and capital surplus, and a report of such distribution shall be submitted to the shareholders in their meeting.

The Company's dividend policy is in line with the Company's operating scale and research and development needs in order to maintain sound management and promote shareholders' long-term interests. Thus, the Company adopted residual dividend policy as its shareholder dividends' policy. The Company's profit may be distributed in the form of cash and/or shares. However, distribution of profits should preferably be in the form of cash dividends. Cash dividends should be at least 10% of the total dividends distributed. However, if the amount of cash dividends per share is less than $0.2, the Company may choose to distribute share dividends instead.

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

The statements of deficit compensation for 2024 and 2023, and the reversal of special surplus reserve of $51,240 thousand for 2024, were approved by the shareholders in their meeting held on June 25, 2025 and June 13, 2024, respectively.

The offsetting of the deficit for 2025, which was proposed by the Company's board of directors on March 10, 2026 was as follows:

Offset deficit with legal reserve	$ 364,825
Offset deficit with special reserve	$ 46,576
Offset deficit with capital surplus	$ 295,035

The above offsetting of the deficit will be submitted for resolution by the shareholders at their meeting to be held in June, 2026.

d. Other equity items

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

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ (65,030)	$ (149,664)
Recognized for the year		
Share of profit (loss) of subsidiaries accounted for using the equity method	(37,421)	86,376
Income tax effects	6,017	(1,742)
Balance on December 31	$ (96,434)	$ (65,030)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2025	2024
Balance on January 1	$ 8,565	$ 7,649
Recognized for the year		
Unrealized gain - equity instruments	(931)	7,206
Share of profit (loss) of subsidiaries accounted for using the equity method	-	6
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal		
Equity instruments	(7,422)	(6,287)
Share of (loss) profit of subsidiaries accounted for using the equity method	-	(9)
Balance on December 31	$ 212	$ 8,565

e. Treasury shares

Purpose of Buy-back	For the Nine Months Ended September 30 2025	2024
Shares Transferred to Employees		
Number of shares on January 1	3,301	3,301
Transferred during the year	(3,301)	-
Number of shares on December 31	-	3,301

The Company repurchased shares for NT$43,059 thousand. Subsequently, the Company's Board of Directors resolved to transfer all treasury shares to employees on August 12, 2025. Please refer to Note 23 for further details.

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

19. OPERATING REVENUE

	For the Year Ended December 31 2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	$ 590,059	$ 488,660

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	$ 26,731	$ 19,944	$ 19,254
Accounts receivable, net (including those from related parties)	134,750	100,086	86,409
	$ 161,481	$ 120,030	$ 105,663

b. Disaggregation of revenue

	For the Year Ended December 31 2025	2024
Special new type same material products	$ 265,307	$ 14,198
Terminals	253,471	368,525
Raw materials and supplies	69,209	104,228
Others	2,072	1,709
	$ 590,059	$ 488,660

20. LOSS BEFORE INCOME TAX

Loss before income tax included following items:

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	$ 2,941	$ 3,960
Interest on security deposits	23	27
	$ 2,964	$ 3,987

b. Other income

	For the Year Ended December 31	
	2025	2024
Dividends	$ 198	$ 1,326
Income from purchased equipment on behalf of subsidiaries	14,517	16,887
Others	2,724	2,360
	$ 17,439	$ 20,573

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Foreign exchange gain (loss), net	$ (8,054)	$ 6,319
Gain on disposal of property, plant and equipment, net	275	672
Gain (loss) on financial instruments at FVTPL, net	791	(8,161)
Others	(662)	(21)
	$ (7,650)	$ (1,191)

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest expense of borrowings	$ 38,793	$ 36,820
Interest on lease liabilities	398	396
Less: Amounts included in the cost of qualifying assets	2,151	3,458
	$ 37,040	$ 33,758
Capitalization rate (%)	2.12-3.06	2.11-2.46

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	$ 33,687	$ 26,040
Right-of-use assets	918	1,167
Other assets-non-current	4,777	4,618
	$ 39,382	$ 31,825
An analysis of depreciation by function		
Operating costs	$ 24,470	$ 16,113
Operating expenses	10,135	11,094
	$ 34,605	$ 27,207
An analysis of amortization by function		
Operating costs	$ 272	$ 230
Operating expenses	4,505	4,388
	$ 4,777	$ 4,618

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	$ 108,591	$ 99,936
Post-employment benefits (Note 17)		
Defined contribution plans	3,969	3,652
Defined benefit plans	(74)	47
	3,895	3,699
Employee share option expense (Note 23)	19,887	-
	$ 132,373	$ 103,635
An analysis by function		
Operating costs	$ 44,206	$ 35,188
Operating expenses	88,167	68,447
	$ 132,373	$ 103,635

g. Employees' compensation and remuneration of directors

According to the Article, the Company accrued compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their regular meeting in June 2025. The amendments explicitly stipulate the allocation of no less than 20% of the annual employee compensation as distributions to non-executive employees. For the years ended December 31, 2025 and 2024, the Company incurred a net loss; hence, no employees' compensation (including compensation for non-executive employees) or remuneration of directors was accrued for those years.

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

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

21. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of income tax expense are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	$ -	$ (101)
Adjustments for prior years	28	426
	28	325
Deferred tax		
In respect of the current year	(1,187)	(10,928)
Adjustments for prior years	-	(12,715)
	(1,187)	(23,643)
	$ (1,159)	$ (23,318)

A reconciliation of accounting loss and income tax expense was as follows:

	For the Year Ended December 31	
	2025	2024
Net loss before income tax	$ (499,602)	$ (206,761)
Income tax benefit calculated at the statutory rate	$ 99,920	$ 41,352
Income and expenses adjusted for tax purpose	(176)	(33)
Tax-exempt income	119	254
Subsidiary's repatriated earnings	(6,695)	(22,225)
Unrecognized loss carryforwards and deductible temporary differences	(94,355)	(30,277)
Adjustments for prior years	28	(12,289)
Other	-	(100)
	$ (1,159)	$ (23,318)

b. Income tax benefit (expense) recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 6,017	$ (1,742)
Remeasurement of defined benefit plans	(1,353)	(627)
	$ 4,664	$ (2,369)

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	$ 628	$ 1,024

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2025

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized deferred profit	$ 17,353	$ (3,562)	$ -	$ 13,791
Subsidiaries accounted for using the equity method	24,424	3,129	6,017	33,570
Others	1,915	(594)	-	1,321
	43,692	(1,027)	6,017	48,682
Loss carryforwards	18,236	-	-	18,236
Investment credits	4,090	-	-	4,090
	$ 66,018	$ (1,027)	$ 6,017	$ 71,008
Deferred Tax Liabilities				
Temporary differences				
Defined benefit obligations	$ 1,987	$ 423	$ 1,353	$ 3,763
Land value increment tax	7,398	-	-	7,398
Others	263	(263)	-	-
	$ 9,648	$ 160	$ 1,353	$ 11,161

For the year ended December 31, 2024

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized deferred profit	$ 19,502	$ (2,149)	$ -	$ 17,353
Subsidiaries accounted for using the equity method	44,057	(17,891)	(1,742)	24,424
Others	1,791	124	-	1,915
	65,350	(19,916)	(1,742)	43,692
Loss carryforwards	25,596	(7,360)	-	18,236
Investment credits	-	4,090	-	4,090
	$ 90,946	$ (23,186)	$ (1,742)	$ 66,018
Deferred Tax Liabilities				
Temporary differences				
Defined benefit obligations	$ 985	$ 375	$ 627	$ 1,987
Land value increment tax	7,398	-	-	7,398
Others	181	82	-	263
	$ 8,564	$ 457	$ 627	$ 9,648

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

	December 31 2025	December 31 2024
Loss carryforwards		
Expiry in 2034	$ 31,828	$ 31,828
Expiry in 2035	182,252	-
	$ 214,080	$ 31,828

f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2025 and 2024, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $465,289 thousand and $785,057 thousand, respectively.

g. Information about unused loss carryforwards as December 31, 2025 comprised:

Unused Amount	Expiry Year
$ 39,552	2031
51,631	2033
31,828	2034
182,252	2035
$ 305,263	

h. Income tax assessments

The income tax returns of the Company through 2023 have been assessed by the tax authorities.

22. NET LOSS PER SHARE

Due to the net loss on December 31, 2025 and 2024, there was no dilutive effect on the computation of diluted loss per share.

The loss and weighted average number of ordinary shares outstanding used in the computation of loss per share were as follows:

Net loss for the year - attributable to owners of the Company

	For the Year Ended December 31	
	2025	**2024**
Net loss used in the computation of basic net loss per share	$ (500,761)	$ (230,079)

Weighted average number of ordinary shares outstanding (in thousands)

	For the Year Ended December 31	
	2025	**2024**
Weighted average number of ordinary shares used in computation of basic loss per share	166,975	165,899

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

23. SHARE-BASED PAYMENT ARRANGEMENTS

Pursuant to the Company's regulations regarding the transfer of shares to employees, employees are entitled to the right to subscribe for shares. In August 2025, the Board of Directors approved that employees may subscribe to 2,115 thousand shares from the third tranche of repurchased treasury shares at a subscription price of NT$12.11 per share, and 1,186 thousand shares from the fourth tranche of repurchased treasury shares at a subscription price of NT$14.71 per share, respectively. Eligible employees are those who meet certain criteria specified by the Company.

The employee share subscription rights granted by the Company through the transfer of treasury shares are valued using the Black-Scholes option pricing model. The valuation assumptions to the model are as follows:

Grant-date share price ($)	20.25
Exercise price ($)	
Third repurchase	12.11
Fourth repurchase	14.71
Expected volatility (%)	47.37
Expected life (in days)	31
Risk-free interest rate (%)	1.24

Employee share options	Unit ($)
Fair value of employee share options granted during the period	
Third repurchase	$ 8.15
Fourth repurchase	$ 5.56

Expected volatility is based on the historical volatility of the Company's share price.

For the share-based payment transactions granted on the grant date, the fair value of the share options is estimated based on the difference between the closing price on the grant date and the exercise price. Compensation cost and capital surplus arising from treasury share transactions were recognized in the amount of NT$19,887 thousand and NT$23,702 thousand, respectively.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt and equity of the Company. The Company is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements for the year 2024 (refer to Note 16).

Key management personnel of the Company review the capital structure on a quarterly basis. The capital structure comprises the consideration of costs and risks. The Company balances the overall capital structure based on recommendations of the key management personnel.

25. FINANCIAL INSTRUMENTS

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

The Company's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 38,591	$ -	$ -	$ 38,591
Financial liabilities at FVTPL				
Copper futures	$ 100	$ -	$ -	$ 100

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 36,173	$ -	$ -	$ 36,173
Financial liabilities at FVTPL				
Copper futures	$ 14	$ -	$ -	$ 14

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

c. Categories of financial instruments

	December 31	
	2025	2024
Financial assets		
Measured at amortized cost (Note 1)	$ 293,040	$ 457,159
Financial assets at FVTOCI		
Equity instruments	38,591	36,173
Financial liabilities		
Measured at amortized cost (Note 2)	1,667,026	1,724,525
Financial assets at FVTPL		
Held for trading	100	14

Note 1: The balances comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and other financial assets.

Note 2: The balances comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

The Company's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through analyzing exposures to risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks as follows:

a) Foreign currency risk

The Company had foreign currency-denominated trades, which exposed the Company to foreign currency risk. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items at the end of the reporting period. The amount below indicates an increase (decrease) in pre-tax profit for a 1% weakening of the functional currency against the relevant foreign currency.

	For the Year Ended December 31	
	2025	**2024**
USD	$ (809)	$ 1,401

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2025	**2024**
Fair value interest rate risk		
Financial assets	$ 10,000	$ 81,950
Financial liabilities	201,571	202,412
Cash flow interest rate risk		
Financial assets	111,452	227,077
Financial liabilities	1,333,921	1,364,064

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax loss for the years ended December 31, 2025 and 2024 would increase/ decrease by $12,225 thousand and $11,370 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to equity price risk at the end of the reporting period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by $386 thousand and $362 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to counterparties' failure to discharge an obligation is the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company's concentration of credit risk exists are significantly concentrated with a few customers, most of whom are engaged in similar business activities and have similar economic characteristics, such that their ability to fulfill their contractual obligations is also similarly affected by economic or other conditions. The total amount of account receivables from customers with a significant concentration of credit risk is as follows:

	December 31	
	2025	**2024**
Company A	$ 32,884	$ -
Company B	20,964	-
Group C	14,863	39,619
	$ 68,711	$ 39,619
Percentage of total trade receivables (%)	50	39

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities, continuously monitoring cash flows as well as matching the maturity profiles of financial assets and liabilities.

As of December 31, 2025, the Company's current liabilities exceeded its current assets by $735,411 thousand, the Group's current liabilities exceeded its current assets by $109,993 thousand. However, as of the same date, the Group still had approximately NT$918,452 thousand of unused bank credit facilities. The Company's management continues to monitor the Group's use and allocation of funds to maintain a sufficient level of cash and equivalents to support the Group's operations and ensure the repayment of borrowings.

Liquidity risk tables for non-derivative financial liabilities

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

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

	On Demand or Less than 1 Month	1 to 3 Months	4 Months to 1 Year	1 to 5 Years	Over 5 Years
December 31, 2025					
Fixed interest rate liabilities	$ 200,414	$ -	$ -	$ -	$ -
Variable interest rate liabilities	55,770	466,558	360,589	465,026	18,112
Lease liabilities	103	207	930	587	-
Non-interest bearing	39,489	65,649	27,966	-	-
	$ 295,776	$ 532,414	$ 389,485	$ 465,613	$ 18,112
December 31, 2024					
Fixed interest rate liabilities	$ 150,347	$ 162	$ 50,104	$ -	$ -
Variable interest rate liabilities	67,719	228,525	394,382	722,110	-
Lease liabilities	103	207	930	1,827	-
Non-interest bearing	43,224	93,330	23,907	-	-
	$ 261,393	$ 322,224	$ 469,323	$ 723,937	$ -

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

26. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in note 12, transactions between the Company and its related parties were as follows:

a. Related party name and its relationship with the Company

Related Party Name	Relationship with the Company
Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Subsidiary
Dongguan Gem Electronic and Metal Co., Ltd (GEM Dongguan)	Subsidiary
Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Subsidiary
Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Subsidiary
Genius Terminal (HK) Ltd. (Genius HK)	Subsidiary
Su, Tun-Li	Key management personnel
Su, Chung-Hong	Key management personnel
Guu, Herng-Chang	Key management personnel
Su, Hong-Yue-Chi	Other related party
Su, Tun-Yi	Other related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2025	2024
Subsidiaries		
GEM VN	$ 12,192	$ 37,662
GEM Suzhou	29,474	46,552
Global HK	13,570	14,649
Others	110	9,553
	$ 55,346	$ 108,416

The accumulated unrealized gains on the transactions with the subsidiaries as of December 31, 2025 and 2024 was $2,427 thousand and $13,207 thousand, respectively.

The goods sold to related parties listed above were mainly raw materials. The payment collection period was about 4 months. The terms of the sales to related parties were not comparable with those sold to third parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2025	2024
Subsidiaries		
Global HK	$ 154,956	$ 259,006
GEM VN	72,551	83,997
Others	538	1,029
	$ 228,045	$ 344,032

The goods purchased were mainly semi-finished goods, finished goods and merchandises, which were different from those sold to the related parties by the Company. The payment period was about 4 months or earlier depending on the related parties' working capital. The terms of the purchases from related parties were not comparable.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2025	2024
Accounts receivable - related parties	Subsidiaries		
	Global HK	$ 203	$ 13,782
	GEM VN	3,761	9,467
	GEM Suzhou	479	4,009
	GEM Dongguan	-	2,739
		$ 4,443	$ 29,997
Other receivables - related parties	Subsidiaries		
	GEM VN	$ 387	$ 9,351
	Global HK	-	5,671
		$ 387	$ 15,022

The other receivables were receivables for equipment purchases on behalf of subsidiaries.

The outstanding receivables from related parties were unsecured and no impairment loss was recognized.

e. Payables from related parties (excluding borrowings to related parties)

Line Item	Related Party Category/Name	December 31 2025	December 31 2024
Accounts payable - related parties	Subsidiaries		
	Global HK	$ 46,633	$ 72,682
	GEM VN	29,806	24,699
	Others	46	12
		$ 76,485	$ 97,393
Other payables - related parties	Subsidiaries		
	Global HK	$ 867	$ 6,807
	Key management personnel		
	Su, Tun-Li	-	1,780
		$ 867	$ 8,587

The above other payables were the balance of the payment for goods collected on behalf of the Company, the payment for equipment purchased by related parties on behalf of the Company and rents payable.

The outstanding payables to related parties were unsecured.

f. Acquisitions of property, plant and equipment

Related Party Category/Name	Price For the Year Ended December 31 2025	Price For the Year Ended December 31 2024
Subsidiaries		
Global HK	$ 1,365	$ 10,602
GEM Suzhou	233	-
	$ 1,598	$ 10,602

The payment period with subsidiaries was about 4 months. Since there was no similar transaction with third parties, the terms of the acquisitions were not comparable.

g. Disposals of property, plant and equipment

1) Property, plant and equipment

Related Party Category/Name	For the Year Ended December 31 2025 Price	2025 Gain on Disposal	2024 Price	2024 Gain on Disposal
Subsidiaries				
Global HK	$ -	$ -	$ 483	$ 272

As of December 31, 2025 and 2024, the accumulated unrealized gains on the intercompany property transactions with subsidiaries amounted to $5,107 thousand and $6,386 thousand, respectively, which were recorded as reduction of investments accounted for using the equity method. The unrealized gains are amortized on a straight-line basis over 10 years and recognized under gain on disposal of property, plant and equipment.

2) Equipment purchased on behalf of subsidiaries

Related Party Category/Name	For the Year Ended December 31 2025 Price	2025 Gain on Disposal	2024 Price	2024 Gain on Disposal
Subsidiaries				
Global HK	$ 6,096	$ 3,127	$ 11,205	$ 4,938
GEM Suzhou	12,797	3,939	7,841	1,875
GEM VN	2,486	1,698	14,897	1,019
	$ 21,379	$ 8,764	$ 33,943	$ 7,832

As of December 31, 2025 and 2024, the accumulative unrealized gains on the intercompany property transactions for purchases on behalf of subsidiaries amounted to $61,420 thousand and $67,172 thousand, respectively, which were recorded as reduction of investments accounted for using the equity method. The unrealized gains amortized on a straight-line basis over 10 years and recognized under other income.

The payment collection period was about 4 months. Since there was no similar transaction with third parties, the terms of the disposals were not comparable with those to third parties.

h. Service fees

Subsidiaries, other related parties and key management personnel provided consulting services to the Company and the service fees of $2,844 thousand and $2,544 thousand was recognized as operating expenses and paid for the years ended December 31, 2025 and 2024, respectively.

i. Lease arrangements

Line Item	Related Party Category/Name	December 31 2025	2024
Lease liabilities	Key management personnel		
	Su, Chung-Hong	$ 187	$ 252

Line Item	Related Party Category/Name	For the Year Ended December 31 2025	2024
Finance costs	Key management personnel		
	Su, Chung-Hong	$ 56	$ 69
Rental expenses	Key management personnel		
	Su, Tun-Li	$ 890	$ 890

The rental was determined based on negotiations between the Company and the related parties and paid according to the general payment terms.

j. Guarantees

Details of the guarantees provided by the Company's related parties for the loans of the Company were as follows:

Guarantor	December 31 2025	2024
Su, Tun-Li	$ 879,711	$ 883,882
Su, Chung-Hong	654,211	680,182
	$ 1,533,922	$ 1,564,064

k. Remuneration of key management personnel

	For the Year Ended December 31 2025	2024
Short-term employee benefits	$ 6,467	$ 5,508
Share-based payments	5,958	-
Post-employment benefits	262	261
	$ 12,687	$ 5,769

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL

The Company provided the following assets as collateral for the borrowings:

	For the Year Ended December 31 2025	2024
Property, plant and equipment	$ 327,212	$ 330,914
Pledged as collateral time deposits (other financial assets)	10,000	-
	$ 337,212	$ 330,914

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

At the balance sheet date, the Company's significant contingent liabilities and unrecognized commitments were as follows:

	December 31	
	2025	2024
Purchases of property, plant, and equipment	$ 14,810	$ 41,796
Purchases of raw materials	$ 44,854	$ 32,150
Purchases of raw material for the unused letters of credit	$ -	$ 464

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
December 31, 2025				
Financial assets				
Monetary items				
USD	$ 1,185	31.435	(USD:NTD)	$ 37,258
Non-monetary items				
Investments in subsidiaries accounted for using the equity method				
USD	66,431	31.435	(USD:NTD)	$ 2,088,270
Monetary items				
USD	3,757	31.435	(USD:NTD)	$ 118,191
December 31, 2024				
Financial assets				
Monetary items				
USD	7,442	32.78	(USD:NTD)	$ 243,952
Non-monetary items				
Investments in subsidiaries accounted for using the equity method				
USD	75,052	32.78	(USD:NTD)	$ 2,460,205
Monetary items				
USD	3,169	32.78	(USD:NTD)	$ 103,879

The significant unrealized foreign exchange gain (loss) were as follows:

	For the Year Ended December 31			
	2025		2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	31.435 (USD:NTD)	$ (908)	32.78 (USD:NTD)	$ 1,138

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: Table 2.

3) Significant marketable securities held (excluding investment in subsidiaries): Table 3.

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

b. Information on investees: Table 6.

c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 8.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 8.

3) The amount of property transactions and the amount of the resultant gains or losses: Table 8.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.

6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Please refer to Table 9 in Consolidated Financial Statements.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance (Note 2)	Actual Amount Borrowed (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Vibo	GEM VN	Other receivables - related parties	Yes	$ 33,200	$ 31,435	$ -	-	Short-term financing	$ -	Business development	$ -	-	$ -	$ 331,032	$ 662,065	Note 1
2	GEM Dongguan	GEM Suzhou	Other receivables - related parties	Yes	160,020	112,463	112,463	2.3-2.4	Short-term financing	-	Business development	-	-	-	131,497	262,994	Note 1

Note 1: Under the Company's "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the total amount of these financings shall not exceed 40% of the Company's shareholders' equity, and individual financing shall not exceed 20% of the Company's shareholders' equity.

Note 2: The exchange rate was US$1: NT$31.435.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed for the Year	Outstanding Endorsement/ Guarantee at the Ending Balance	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	GEM Dongguan	The Company	Subsidiaries	$ 1,643,709	$ 157,448	$ 157,448	$ 120,000	$ 157,448	23.95	$ 1,643,709	N	Y	N	

Note 1: The total amount of endorsements and guarantees provided by GEM Dongguan to external parties shall not exceed 250% of GEM Dongguan's net worth, based on the most recent financial statements verified or audited by independent auditors. The endorsement and guarantee limit for a single company shall not exceed 250% of the Company's net worth.

Note 2: The exchange rate was RMB$1: NT$4.4985.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Stock							
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	40,000	$ 3,360	-	$ 3,360	
	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at FVTOCI - current	1,000	1,550	-	1,550	
	Inventec Corporation	-	Financial assets at FVTOCI - current	200,000	8,580	-	8,580	
	Aerospace Industrial Development Corporation	-	Financial assets at FVTOCI - current	20,000	1,012	-	1,012	
	Wistron Information Technology Co., Ltd.	-	Financial assets at FVTOCI - current	80,000	12,040	-	12,040	
	Innolux Corporation	-	Financial assets at FVTOCI - current	75,000	1,279	-	1,279	
	PEGATRON CORPORATION	-	Financial assets at FVTOCI - current	157,000	10,770	-	10,770	
					$ 38,591		$ 38,591	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
GEM Dongguan	GEM Suzhou	Affiliate	Sales	$ 193,358	100	120 days after monthly closing	Note 1	Note 2	$ 109,259	100	Note 3
GEM Suzhou	Global HK	Affiliate	Sales	441,056	15	120 days after monthly closing	Note 1	Note 2	154,104	14	Note 3
GEM VN	Global HK	Affiliate	Sales	1,324,337	88	120 days after monthly closing	Note 1	Note 2	362,820	84	Note 3
Global HK	The Company	Subsidiary	Sales	154,956	9	120 days after monthly closing	Note 1	Note 2	46,633	11	Note 3
	GEM Suzhou	Affiliate	Sales	1,354,559	75	120 days after monthly closing	Note 1	Note 2	258,144	61	Note 3
	GEM VN	Affiliate	Sales	112,482	6	120 days after monthly closing	Note 1	Note 2	54,879	13	Note 3

Note 1: The sales price of finished goods was not significantly different from those to third parties, except for the stated sales price of finished goods, there were no comparable transactions with third parties.

Note 2: The sales payment terms of intercompany sales are not significantly different from those to third parties.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
GEM Suzhou	Global HK	Affiliate	$ 159,024	1.96	$ -	-	$ 119,662	$ -
	GEM Dongguan	Affiliate	101,008	1.74	-	-	24,341	-
GEM Dongguan	GEM Suzhou	Affiliate	227,958	2.10	-	-	53,107	-
GEM VN	Global HK	Affiliate	362,820	4.78	-	-	297,919	-
Global HK	GEM Suzhou	Affiliate	258,144	5.04	-	-	258,144	-

Note 1: It included accounts receivable and other receivables.

Note 2: The computation of turnover rate did not include other receivables.

Note 3: It was eliminated on consolidation.

TABLE 6

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Shares/Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	$ 1,295,208	$ 1,295,208	40,137,184	100	$ 1,627,400	$ (289,318)	$ (290,157)	Note 3
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	573,029	573,029	18,598,333	100	394,417	(15,640)	(15,640)	Note 3
	Genius	British Virgin Islands	International investment and trading	-	-	-	-	(380)	(207)	(207)	Note 1
Genius	Genius HK	Hong Kong	International investment	-	278	-	-	-	(80)	(74)	Note 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	1,655,161	(290,064)	(290,064)	Note 3
	Global HK	Hong Kong	International investment	3,747	3,747	1,000,000	100	10,145	875	457	Note 3
GEM Cayman	GEM VN	Vietnam	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production; production and processing of copper cores, copper alloys and copper bars	567,140	567,140	-	100	404,179	(41,664)	(15,358)	Note 3

Note 1: Genius are currently in the process of deregistration. As of December 31, 2025, the deregistration procedures have not yet been completed.

Note 2: Genius HK has completed the deregistration in November 2026.

Note 3: Unrealized profit or losses on sales have been eliminated.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

Investee Company	Main Business and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Notes 1 and 3)	Carrying Amount as of December 31, 2025 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2025	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	$ 762,365	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	$ 452,130	$ -	$ -	$ 452,130	$ (160,459)	100	$ (141,075)	$ 654,366	$ 81,641	
GEM Suzhou	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	1,127,708	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	741,320	-	-	741,320	(156,429)	100	(149,554)	995,156	753,650	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	$ 1,193,450	$ 1,782,365 (US$56,700 thousand)	$ 905,579

Note 1: The amount was recognized based on the audited financial statements.

Note 2: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the maximum amount that can be invested in companies located in mainland China is 60% of the Company's net value.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Type	Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	$ 29,474	120 days after monthly closing	No significant difference with those to third parties	$ 479	-	$ 2,224	
Global HK	GEM Suzhou	Sales	1,354,559	120 days after monthly closing	No significant difference with those to third parties	258,144	5	(11,787)	
		Purchase	441,056	120 days after monthly closing	No significant difference with those to third parties	(154,104)	3	432	
		Purchase of property plant, and equipment	9,866	120 days after monthly closing	No comparable transactions with those in the market	4,920	-	889	

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

GEM TERMINAL IND. CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Client Name	Amount
Cash on hand	$ 424
Cash in banks	
New Taiwan dollars deposits	
Demand deposits	105,315
Checking accounts	198
Foreign currency demand deposits (Notes 1 and 2)	6,137
	$ 112,074

Note 1: Foreign currency deposits included the amounts of US$111 thousand, HKD15 thousand, JPY173 thousand, GBP18 thousand, CA$30 thousand, CNY197 thousand, CHF3 thousand, EUR3 thousand.

Note 2: Exchange rates of USD, HKD, JPY, GBP, CAD, CNY, CHF and EUR were USD1=NTD31.435, HKD1=NTD4.039, JPY1=NTD0.2008, GBP1=NTD42.324, CAD1=NTD22.936, CNY1=NTD4.4985, CHF1=NTD39,633 and EUR1=NTD36.902.

STATEMENT 2

GEM TERMINAL IND. CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Remark
Non-related parties			
Company A	Sale of goods	$ 8,976	Not overdue
Company B	Sale of goods	3,060	Not overdue
Company C	Sale of goods	2,001	Not overdue
Company D	Sale of goods	1,567	Not overdue
Company E	Sale of goods	1,393	Not overdue
Others (Note)	Sale of goods	9,734	Not overdue
		$ 26,731	

Note: The amount of individual client included in others did not exceed 5% of the account balance.

STATEMENT 3

GEM TERMINAL IND. CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Remark
Non-related parties		
Company A	$ 32,884	Sale of goods
Company B	20,964	Sale of goods
Group C	14,863	Sale of goods
Company D	8,582	Sale of goods
Company E	8,471	Sale of goods
Others (Note)	46,703	Sale of goods
	132,467	
Less: Allowance for impairment loss	2,160	
	130,307	
Related parties		
GEM VN	3,761	Sale of goods
Global HK	203	Sale of goods
GEM Suzhou	479	Sale of goods
	4,443	
	$ 134,750	

Note: The amount of individual client included in others did not exceed 5% of the account balance.

STATEMENT 4

GEM TERMINAL IND. CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Net Realizable Value (Note)**
Merchandise	$ 18,359	$ 21,996
Raw materials	20,579	27,950
Supplies	9,817	9,819
Work in process	42,559	50,385
Finished goods	16,625	20,780
	$ 107,939	$ 130,930

Note: Refer to Note 4 for information on accounting policies.

GEM TERMINAL IND. CO., LTD.

OTHER FINANCIAL ASSETS - CURRENT STATEMENT
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Interest Rate (%)	Contract Period	Amount
Time deposit pledge	0.655	2025.09.17-2026.03.17	$ 10,000
Refundable deposits - Futures			7,572
			$ 17,572

STATEMENT 6

GEM TERMINAL IND. CO., LTD.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount
Overpaid sales tax	$ 9,264
Temporary payments	7,999
Prepaid rents	1,666
Others (Note)	9,477
	$ 28,406

Note: The amount of individual item included in others did not exceed 5% of the account balance.

GEM TERMINAL IND. CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollar, Unless Stated Otherwise)

	Balance, January 1, 2025		Increase in Investment (Note 1)		Decrease in Investment (Note 2)		Balance, DECEMBER 31, 2025			Market Value or Net Asset Value		
Investees	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	% of Ownership	Amount	Unit Price	Total Amount	Collateral
Global Cayman	40,137,184	$ 1,936,501	-	$ 17,642	-	$ 326,743	40,137,184	100	$ 1,627,400	$41.91	$ 1,682,150	None
GEM Cayman	18,598,333	438,547	-	1,601	-	45,731	18,598,333	100	394,417	21.82	405,740	None
Genius	-	2,112	-	1,544	-	3,276	-	100	380	-	380	None
		$ 2,377,160		$ 20,787		$ 375,750			$ 2,022,197		$ 2,088,270	

Note 1: The increase included transferred the repurchased treasury stock to subsidiary employees and unrealized gain or loss resulting from downstream transactions.

Note 2: The decrease included remittance of ordinary shares and earnings , share of loss of subsidiaries accounted for using the equity method, and share of other comprehensive income (loss) of subsidiaries accounted for using the equity method.

GEM TERMINAL IND. CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Type/Bank Name	Balance, December 31,2025	Contract Period	Interest Rate (%)	Loan Commitments	Collateral
Unsecured Borrowings					
Taiwan Cooperative Bank	$ 100,000	2025.07.05-2026.07.05	2.33	$ 100,000	None
Taishin Bank	150,000	2025.11.14-2026.01.14	2.38	150,000	None
CTBC Bank	85,000	2025.12.24-2026.03.24	2.50	100,000	None
Taipei Fubon Bank	50,000	2025.09.18-2026.03.17	2.36	Note 1	None
Taipei Fubon Bank	50,000	2025.09.19-2026.03.18	2.36	Note 1	None
O-Bank	50,000	2025.12.26-2026.01.26	2.75	100,000	None
	485,000				
Secured borrowings					
Mega Bank	50,000	2025.07.08-2026.01.04	2.44	Note 2	Land and building
Mega Bank	50,000	2025.11.03-2026.05.02	2.44	Note 2	Land and building
Mega Bank	33,651	2025.10.22-2026.04.20	2.44	Note 2	Land and building
Mega Bank	26,883	2025.11.11-2026.03.23	2.44	Note 2	Land and building
Mega Bank	31,435	2025.12.10-2026.06.08	5.02	Note 2	Land and building
Mega Bank	5,753	2025.12.22-2026.06.20	4.99	Note 2	Land and building
CTBC Bank	120,000	2025.08.18-2026.02.06	2.50	120,000	Time deposit pledged by a subsidiary
	317,722				
	$ 802,722				

Note 1: The amount of NT$100,000 thousand was shared.

Note 2: The combined total credit line for short-term and medium- to long-term borrowings from Mega Bank is 1,000,000 thousand units.

GEM TERMINAL IND. CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Bank Name	Contract Period and Repayment Terms	Interest Rate (%)	Balance, DECEMBER 31, 2025			Collateral
			Current	Noncurrent	Total	
Unsecured borrowing						
The Export-lmport Bank of Roc	Repayable semiannually, from January 2025 to July 2028	2.4	$ 25,000	$ 50,000	$ 75,000	None
Chang Hwa Bank	Repayable monthly, from March 2024 to March 2029	2.2	1,000	2,250	3,250	None
Chang Hwa Bank	Repayable monthly, from June 2024 to June 2029	2.2	5,200	13,000	18,200	None
Chang Hwa Bank	Repayable monthly, from July 2023 to July 2029	2.2	480	1,240	1,720	None
Hua Nan Bank	Repayable monthly, from June 2023 to June 2028	2.63	6,560	9,840	16,400	None
Hua Nan Bank	Repayable monthly, from June 2023 to June 2028	2.63	1,640	2,460	4,100	None
The Shanghai Commercial & Savings Bank	Repayable quarterly, from March 2024 to June 2026	2.63	12,000	-	12,000	None
The Shanghai Commercial & Savings Bank	Repayable quarterly, from August 2025 to November 2027	2.8	20,000	15,000	35,000	None
Mega Bank	Repayable semiannually, from August 2023 to August 2027	2.44	44,460	44,390	88,850	None
Mega Bank	Repayable monthly, from November 2028 to November 2032	1.62	-	38,000	38,000	None
Bank of Taiwan	Repayable monthly, from November 2024 to November 2029	2.2	8,750	16,042	24,792	None
Taichung Bank	Repayable semiannually, from September 2023 to March 2026	2.85	25,000	-	25,000	None
			150,090	192,222	342,312	
Secured borrowings						
Mega Bank	Repayable semiannually, from March 2025 to March 2029	2.44	111,112	277,776	388,888	Land and plant
			$ 261,202	$ 469,998	$ 731,200	

STATEMENT 10

GEM TERMINAL IND. CO., LTD.

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Quantities (In Thousands)	Amount
Terminals	362,283	$ 253,471
Special new type same material products		265,307
Raw materials and supplies		69,209
Others (Note)		2,072
		$ 590,059

Note: The amount of individual item included in others did not exceed 10% of the account balance.

STATEMENT 11

GEM TERMINAL IND CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Item	Amount
Production cost	
Direct materials	
Raw materials, beginning of year	$ 64,378
Raw materials purchased	273,140
Raw materials, end of year	(20,579)
Raw materials sold	(25,966)
Others	(4,161)
Raw materials used	286,812
Direct labor	18,057
Manufacturing expenses	97,620
Manufacturing cost	402,489
Add: Work in process, beginning of year	17,099
Work in process purchased	1,791
Less: Work in process, end of year	(42,559)
Others	(42)
Cost of finished goods	378,778
Add: Finished goods, beginning of year	575
Finished goods purchased	207
Less: Finished goods, end of year	(16,625)
Others	(350)
	362,585
Cost of merchandise	
Merchandise, beginning of year	21,792
Merchandise purchased	223,894
Less: Merchandise, end of year	(18,359)
Others	(98)
	227,229
Cost of goods sold	589,814
Raw materials and supplies sold	48,005
Other operating costs	(1,660)
	$ 636,159

GEM TERMINAL IND CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Marketing Expense	General and Administrative Expense	Research and Development Expense	Total
Employee benefits	$ 8,002	$ 50,989	$ 29,176	$ 88,167
Professional service fees	1,148	12,700	952	14,800
Depreciation	678	4,559	4,898	10,135
Others (Note)	7,792	20,934	(9,771)	18,955
	$ 17,620	$ 89,182	$ 25,255	132,057
Expected credit loss				1,934
				$ 133,991

Note: The amount of each individual item included in others did not exceed 5% of the account balance. The negative amount of others in research and development expenses resulted from the allocation to self-made equipment or parts.

GEM TERMINAL IND CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2025			2024		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit						
Salaries	$ 37,563	$ 73,619	$ 111,182	$ 29,249	$ 55,118	$ 84,367
Labor and health insurance	3,867	6,358	10,225	3,367	5,920	9,287
Pension	1,111	2,784	3,895	983	2,716	3,699
Remuneration of directors	-	1,080	1,080	-	1,080	1,080
Others	1,665	4,326	5,991	1,589	3,613	5,202
	$ 44,206	$ 88,167	$ 132,373	$ 35,188	$ 68,447	$ 103,635
Depreciation	$ 24,470	$ 10,135	$ 34,605	$ 16,113	$ 11,094	$ 27,207
Amortization	$ 272	$ 4,505	$ 4,777	$ 230	$ 4,388	$ 4,618

Note 1: In 2025 and 2024, the average number of the Company’s employees was 143 and 137, respectively, including 4 non-employee directors, of which the calculation basis was consistent with employee benefits.

Note 2: The average employee benefits and salaries of the Company were as follows:

1) The average employee benefits for the years ended December 31, 2025 and 2024 were $945 thousand and $771 thousand, respectively.

2) The average salaries for the years ended December 31, 2025 and 2024 were $800 thousand and $634 thousand, respectively.

3) The average salary increases by 26% year-over-year.

4) An audit committee was set up and the Company had.

5) The Company’s salary and compensation policies (including directors, supervisors, executive officers and employees) are as follows:

A. The Company’s directors’ remuneration is based on the remuneration payment method for directors and members of each functional committee. Where the Company makes a profit in a fiscal year, the remuneration of directors shall be accrued at a rate no higher than 5% of net profit before income tax, and regardless of financial performance, the Company pays salaries to independent directors of $360 thousand per person annually.

(Continued)

B. According to the Company's compensation policies, the salaries and bonuses paid to the executive officers are determined based on their job responsibilities, profitability of the Company and market trends; such salaries and bonuses are reviewed and resolved by the compensation committee and the board of directors.

C. Compensation of employees includes a monthly salary and bonuses. According to the Company's compensation policies, the salaries and bonuses of employees are determined based on each employee's job responsibilities, individual performance and the overall level of the department's (to which the employees belong) contribution to the Company.

(Concluded)