

SANYANG MOTOR CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Sanyang Motor Co., Ltd.:

Opinion

We have audited the financial statements of Sanyang Motor Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2025 and 2024, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matters section), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its 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 Auditing and Attestation of Financial Statements by 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 Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Refer to Note 4(17) “Revenue recognition” for the accounting principles on the recognition of revenue and Note 6(17) “Revenue from contracts with customers” for details of revenues.

Description of key audit matter:

The Company's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Company are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Company were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

- (a) Understand the Company's selling system, e.g., products, channels, sales customers.
- (b) Examine significant sales orders.
- (c) Test internal controls of the Company over shipment and revenues recognition procedures.

Relevant documents of internal controls aforementioned throughout the year of 2025 were examined selectively and cut-off tests of sales were conducted to verify the validity of revenue recognition.

2. Valuation of accounts receivable

Refer to Note 4(6) “Financial instruments” for the accounting policies on the valuation of accounts receivable, Note 5(1) for uncertainty deriving from the major sources of estimation and accounting assumptions of the valuation of accounts receivable, and Note 6(3) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Company is relatively significant, and the recoverability of accounts receivable involves subjective judgements by the Management. Therefore, the valuation of accounts receivable is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

- (a) Obtain the Management’s overdue aging analysis of accounts receivable, and then understand current market conditions, credit reliabilities and historical collection records of the customers to assess the reasonableness of estimates made by the Management.
- (b) Analyze and test the accuracy of accounts receivable aging report.
- (c) Perform the subsequent period collection of accounts receivable test.

Other Matters

We did not audit the financial statement of Taiwan Tea Corporation for the year 2024, which accounted for using the equity method by the subsidiary. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, is so far as it relates to the amounts included for Taiwan Tea Corporation, is based solely on the report of other auditors. The amount of Taiwan Tea Corporation which accounted for using the equity method were 8.30% of the total assets as of December 31, 2024, and for the years ended December 31, 2024, the share of profit (loss) of subsidiaries, associates and joint venture accounted for using the equity method were (0.90)% of the profit before income tax.

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 financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 the investment in other entities accounted for using the equity method to express an opinion on this 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chung Che Chen and Kuo Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2026

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SANYANG MOTOR CO., LTD.
Balance Sheets
December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Current assets:				
1100 Cash and cash equivalents (Note 6(1))	\$ 2,473,169	5	2,390,289	5
1170 Notes and accounts receivable, net (Notes 6(3) and (17))	1,024,393	2	1,429,086	3
1180 Accounts receivable from related parties, net (Notes 6(3), (17) and 7)	1,286,133	2	859,721	2
1310 Inventories (for manufacturing business) (Notes 6(4))	4,301,288	8	3,217,721	6
1476 Other current financial assets (Note 8)	29,745	-	45,956	-
1479 Other current assets, others (Notes 6(3) and 7)	86,457	-	310,416	1
	<u>9,201,185</u>	<u>17</u>	<u>8,253,189</u>	<u>17</u>
Non-current assets:				
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(2))	793,627	2	514,721	1
1550 Investments accounted for using equity method (Notes 6(5), (6) and 7)	33,196,058	63	31,079,758	63
1600 Property, plant and equipment (Notes 6(7), 7 and 8)	5,314,313	10	5,311,760	11
1755 Right-of-use assets (Note 7)	37,816	-	47,443	-
1760 Investment property (Notes 6(8), 7 and 8)	3,757,884	7	3,594,672	7
1840 Deferred income tax assets (Note 6(14))	500,974	1	510,696	1
1975 Net defined benefit asset, non-current (Notes 6(13))	37,909	-	-	-
1980 Other non-current financial assets (Note 6(1), 7 and 8)	115,020	-	68,050	-
1995 Other non-current assets, others	44,362	-	24,047	-
	<u>43,797,963</u>	<u>83</u>	<u>41,151,147</u>	<u>83</u>
Total assets	\$ <u>52,999,148</u>	<u>100</u>	<u>49,404,336</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SANYANG MOTOR CO., LTD.
Balance Sheets (Continued)
December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity				
Current liabilities:				
2100	\$ 5,564,922	11	4,999,354	10
2130	113,354	-	79,069	-
2170	2,567,424	5	2,476,097	5
2180	629,539	1	664,959	1
2200	2,102,348	4	2,169,544	4
2220	65,909	-	136,532	-
2230	305,263	1	422,692	1
2251	49,392	-	37,806	-
2252	554,255	1	519,047	1
2280	20,230	-	26,696	-
2322	405,000	1	760,000	2
2399	239,379	-	247,712	1
	12,617,015	24	12,539,508	25
Non-current liabilities:				
2540	12,162,000	23	9,617,000	19
2570	1,415,997	2	1,401,672	3
2580	17,068	-	21,693	-
2640	-	-	267,790	1
2645	366,380	1	368,639	1
2670	102,829	-	48,630	-
	14,064,274	26	11,725,424	24
	26,681,289	50	24,264,932	49
Total liabilities				
Equity (Note 6(6) and (15)):				
3100	7,836,756	15	7,974,896	16
3200	1,717,409	3	1,735,853	4
3300	17,902,162	34	16,547,004	33
3400	(1,005,652)	(2)	(985,533)	(2)
3500	(132,816)	-	(132,816)	-
	26,317,859	50	25,139,404	51
	\$ 52,999,148	100	49,404,336	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.**Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
4000 Operating revenue (Notes 6(17) and 7)	\$ 46,431,574	100	49,796,931	100
5000 Operating costs (Note 6(4) and 7)	40,497,003	87	43,569,239	87
	5,934,571	13	6,227,692	13
5910 Unrealized profit from sales	(18,163)	-	(8,100)	-
Gross profit from operations	5,916,408	13	6,219,592	13
Operating expenses (Notes 6(13), (18) and 7):				
6100 Selling expenses	919,962	2	881,629	2
6200 Administrative expenses	983,192	2	998,845	2
6300 Research and development expenses	1,048,867	2	1,015,112	2
6450 Expected credit loss (gain) (Note 6(3))	(725)	-	(1,422)	-
	2,951,296	6	2,894,164	6
Net operating income	2,965,112	7	3,325,428	7
Non-operating income and expenses:				
7010 Other income (Notes 6(19) and 7)	139,287	-	136,498	-
7020 Other gains and losses (Note 6(19) and 7)	212,622	-	150,283	-
7050 Finance costs (Note 6(19) and 7)	(299,745)	(1)	(233,546)	-
7070 Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note 6(5))	2,829,352	6	2,166,176	4
7670 Impairment loss (Notes 6(5) and (19))	(667,438)	(1)	-	-
	2,214,078	4	2,219,411	4
7900 Profit before income tax	5,179,190	11	5,544,839	11
7950 Less: Income tax expenses (Note 6(14))	645,901	1	774,442	1
8200 Profit for the period	4,533,289	10	4,770,397	10
8300 Other comprehensive income (loss):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	10,617	-	41,914	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(20,349)	-	(86,603)	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	15,968	-	(26,274)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,123)	-	(8,383)	-
Components of other comprehensive income that will not be reclassified to profit or loss	4,113	-	(79,346)	-
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(26,382)	-	495,409	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	(26,382)	-	495,409	1
8300 Other comprehensive income	(22,269)	-	416,063	1
8500 Comprehensive income	\$ 4,511,020	10	5,186,460	11
Earnings per share (Note 6(16))				
9750 Basic earnings per share (NT dollars)	\$ 5.78		6.02	
9850 Diluted earnings per share (NT dollars)	\$ 5.77		6.01	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	Retained earnings					Other equity					Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	
Balance at January 1, 2024	\$ 7,974,896	1,713,762	3,132,067	1,329,829	9,735,782	14,197,678	(1,521,506)	163,197	(1,358,309)	(132,816)	22,395,211
Profit for the year	-	-	-	-	4,770,397	4,770,397	-	-	-	-	4,770,397
Other comprehensive income for the year	-	-	-	-	40,109	40,109	495,409	(119,455)	375,954	-	416,063
Comprehensive income for the year	-	-	-	-	4,810,506	4,810,506	495,409	(119,455)	375,954	-	5,186,460
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	602,955	-	(602,955)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,480	(28,480)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(2,392,469)	(2,392,469)	-	-	-	-	(2,392,469)
Changes in equity of associates and joint ventures accounted for using equity method	-	5,477	-	-	-	-	-	-	-	-	5,477
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	15,997	-	-	-	-	-	-	-	-	15,997
Changes in ownership interests in subsidiaries	-	617	-	-	(71,889)	(71,889)	-	-	-	-	(71,272)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,178	3,178	-	(3,178)	(3,178)	-	-
Balance at December 31, 2024	<u>7,974,896</u>	<u>1,735,853</u>	<u>3,735,022</u>	<u>1,358,309</u>	<u>11,453,673</u>	<u>16,547,004</u>	<u>(1,026,097)</u>	<u>40,564</u>	<u>(985,533)</u>	<u>(132,816)</u>	<u>25,139,404</u>
Profit for the year	-	-	-	-	4,533,289	4,533,289	-	-	-	-	4,533,289
Other comprehensive income for the year	-	-	-	-	11,031	11,031	(26,382)	(6,918)	(33,300)	-	(22,269)
Comprehensive income for the year	-	-	-	-	4,544,320	4,544,320	(26,382)	(6,918)	(33,300)	-	4,511,020
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	474,179	-	(474,179)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(34,971)	34,971	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(2,392,469)	(2,392,469)	-	-	-	-	(2,392,469)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(904,862)	(904,862)
Retirement of treasury share	(138,140)	(33,972)	-	-	(732,750)	(732,750)	-	-	-	904,862	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	16,145	-	-	-	-	-	-	-	-	16,145
Changes in ownership interests in subsidiaries	-	(617)	-	-	(50,762)	(50,762)	-	-	-	-	(51,379)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(13,181)	(13,181)	-	13,181	13,181	-	-
Balance at December 31, 2025	<u>\$ 7,836,756</u>	<u>1,717,409</u>	<u>4,209,201</u>	<u>1,323,338</u>	<u>12,369,623</u>	<u>17,902,162</u>	<u>(1,052,479)</u>	<u>46,827</u>	<u>(1,005,652)</u>	<u>(132,816)</u>	<u>26,317,859</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.**Statements of Cash Flows****For the years ended December 31, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the years ended December 31	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 5,179,190	5,544,839
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	614,182	500,261
Amortization expense	17,045	12,878
Expected credit loss (gain)	(725)	(1,422)
Interest expense	299,745	233,546
Interest revenue	(28,007)	(28,031)
Dividend revenue	(43,046)	(42,873)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,829,352)	(2,166,176)
Gain on disposal of property, plant and equipment	(10,786)	(4,912)
Reversal of impairment loss on property, plant and equipment	-	(1,768)
Impairment loss on non-financial assets	667,438	-
Unrealized profit from sales	18,163	8,100
Others	-	(31,794)
Total adjustments to reconcile profit (loss)	<u>(1,295,343)</u>	<u>(1,522,191)</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	346,018	(320,283)
Accounts receivable from related parties	(426,412)	(483,328)
Inventories	(1,109,966)	1,783,283
Other current assets	51,394	7,774
Net defined benefit asset	(27,292)	-
Contract liabilities	34,285	45,630
Accounts payable	91,327	(343,143)
Accounts payable to related parties	(35,420)	(17,619)
Provisions for employee benefits	11,586	(31,847)
Other payables (including related parties)	28,154	(296,884)
Short-term provisions for warranties	35,208	79,646
Other current liabilities	(8,334)	(47,611)
Net defined benefit liabilities	<u>(267,790)</u>	<u>(209,746)</u>
Total adjustments	<u>(2,572,585)</u>	<u>(1,356,319)</u>
Cash inflow generated from operations	2,606,605	4,188,520
Interest received	88,440	58,425
Interest paid	(299,603)	(233,275)
Income taxes paid	<u>(741,074)</u>	<u>(986,276)</u>
Net cash flows from operating activities	<u>1,654,368</u>	<u>3,027,394</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.**Statements of Cash Flows (Continued)****For the years ended December 31, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the years ended December 31	
	2025	2024
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (299,255)	(89,744)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	8,328
Acquisition of investments accounted for using equity method	(500,000)	(606,000)
Acquisition of property, plant and equipment	(537,143)	(790,701)
Proceeds from disposal of property, plant and equipment	17,990	9,395
Increase in receipts in advance due to disposal of assets	58,071	1,039
Acquisition of investment properties	(188,232)	(737,149)
Decrease (increase) in other current financial assets	16,211	(14,498)
(Increase) decrease in other non-current financial assets	(46,970)	11,488
Increase in other non-current assets	(37,360)	(8,075)
(Decrease) increase in other non-current liabilities	(3,873)	27,857
Dividends received	524,849	445,282
Net cash flows used in investing activities	(995,712)	(1,742,778)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	29,023,135	31,279,932
Decrease in short-term borrowings	(28,457,567)	(30,680,578)
Proceeds from long-term borrowings	17,897,000	14,462,000
Repayments of long-term borrowings	(15,707,000)	(13,535,000)
(Decrease) increase in guarantee deposits received	(2,259)	6,256
Payments of lease liabilities	(31,754)	(26,295)
Cash dividends paid	(2,392,469)	(2,392,469)
Payments to acquire treasury shares	(904,862)	-
Net cash flows used in financing activities	(575,776)	(886,154)
Net increase in cash and cash equivalents	82,880	398,462
Cash and cash equivalents at beginning of period	2,390,289	1,991,827
Cash and cash equivalents at end of period	\$ 2,473,169	2,390,289

See accompanying notes to parent company only financial statements.

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

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

SANYANG MOTOR CO., LTD. (the “Company”) was incorporated in September of 1961, and relocated to Hsinchu Industrial Park to accomplish the integration of its factories and offices together, the registered office is located at No. 3, Chung Hua Road, Hukou, Hsinchu, Taiwan (R.O.C.).

The Company entered China and Vietnam’s scooter market in 2000.

The major business activities of the Company are manufacturing and sale of automobiles, scooters and their parts and providing related technical and consulting services.

2. Approval date and procedures of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 13, 2026.

3. New standards, amendments and interpretations adopted

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its Parent Company only financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its Parent Company only financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to its Parent Company only, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC.

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: <ul style="list-style-type: none"> under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): <ul style="list-style-type: none"> the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards . • Greater disaggregation of information : <ul style="list-style-type: none"> the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	<p>January 1, 2027</p> <p>note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The Company is evaluating the impact on its Parent Company only financial statements upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards , which have yet to be endorsed by the FSC , to have a significant impact on its Parent Company only financial statements :

- Amendments to IFRS 10 and IAS 28 " Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19
- Amendments to IAS 21 " Translation to a Hyperinflationary Presentation Currency"

4. Summary of significant accounting policies

The significant accounting policies presented in the Parent Company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the Parent Company only financial statements.

(1) Statement of compliance

These Parent Company only financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(2) Basis of preparation

(i) Basis of measurement

The Parent Company only financial statements have been prepared on the historical cost basis except for the following significant accounts:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial instruments at fair value through other comprehensive income are measured at fair value; and
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Parent Company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in New Taiwan Dollar (NTD) has been rounded to the nearest thousand.

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

(3) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), the monetary items denominated in foreign currencies are translated into the functional currencies using exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) Qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollar at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its subsidiaries that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(4) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(6) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) –equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI (e.g. financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

Bank deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

(9) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

The Parent Company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) Investment in Subsidiaries

The Company accounts for its investments using the equity method when it has control over them. Under the equity method, the profit or loss and other comprehensive income stated in the statement of comprehensive income will be identical to the profit or loss and other comprehensive income attributable to the owners of parent company stated in the consolidated statement of comprehensive income, and the equity as shown in the balance sheet will be the same as the equity attributable to owners of parent company as shown in the consolidated balance sheet.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The Company regards the changes in ownership in the subsidiaries as equity transactions with other shareholders under the circumstances the controllability still exists.

(11) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(12) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods of property, plant and equipment are as follows:

(1)Buildings	3~55 years
(2)Machinery equipment	2~15 years
(3)Utilities and vehicles	3~15 years
(4)Office equipment and others	3~10 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(13) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment of lease period on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset and recognize in profit or loss.

The Company presents right-of-use assets and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received as rental income under operating leases on a straight-line basis over the lease term.

(14) Intangible assets

(i) Recognition and measurement

The goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software	1~3 years
2) Royalty	1~5 years
3) Others	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(15) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For the assets expect for goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements****(16) Provisions****(i) Warranties**

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Carbon fee

Carbon fee levied under the Climate Change Response Act and the subordinate legislation thereof of the Republic of China, is recognized when annual greenhouse gas emissions are likely to exceed the applicable threshold. The provision for this liability is measured based on the volume of greenhouse gas emissions exceeding the levy threshold during the reporting period, using the expected applicable rate.

(17) Revenue recognition**(i) Revenue from contracts with customers**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods-automobiles, scooters and their parts

The Company manufactures and sells automobiles, scooters and their parts. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the location according to the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

The Company's obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

2) Service Revenue

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion, which is of the costs incurred to date as a proportion of the total estimated costs of the transaction, at the reporting date. If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

3) Technical support and consulting services

Including consulting services, assisting foreign operators to develop new types of scooter, and technical remuneration determined based on the sales volume of foreign operators. The revenue from technical remuneration is recognized when the sales actually occur.

4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(18) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expenses in the periods during which services are rendered by the employees. The prepaid provision will be recognized as an asset to the extent of potential cash refunds or reductions in future payments.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(19) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company determines that interest or penalties related to income tax (including uncertain tax treatments) do not meet the definition of income taxes, and IAS 37 is adopted.

The Company has determined that the global minimum top-up tax—which it is required to pay under Pillar Two legislation—is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (a) affects neither accounting nor taxable profits (losses) and (b) does not give rise to equal taxable and deductible temporary difference.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

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SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(21) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(22) Operating segments

Please refer to the consolidated financial report of the Company for the years ended December 31, 2025 and 2024 for information on operating segments information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing the Company financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(3).

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(4) for further description of the valuation of inventories.

Assessment

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. The Company periodically adjusts valuation models, conducts back-testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third-party (e.g. agencies or pricing intuitions), the Company evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Company strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, please refer to Note 6(20).

The assumptions used in measuring fair value please refer to the following notes:

- (i) Note 6(8) Investment property
- (ii) Note 6(20) Financial instruments

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash	\$ 245	245
Bank deposits	2,472,924	1,341,487
Time deposits	-	400,000
Cash equivalents	-	648,557
Cash and cash equivalents	\$ 2,473,169	2,390,289

- (i) The Company's deposits in segregated trust accounts, which are restricted for withdrawal, are classified as other non-current financial assets. As of December 31, 2025, and 2024, the balance of such deposits were \$76,944 thousand and \$17,271 thousand, respectively.
- (ii) Please refer to note 6(20) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(2) Financial assets at fair value through other comprehensive income

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Equity investments at fair value through other comprehensive income:		
Common shares of domestic listed companies	\$ 595,429	305,971
Common shares of domestic unlisted companies	198,198	208,750
Total	<u>\$ 793,627</u>	<u>514,721</u>

- (i) The Company designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Company intends to hold these investments for long-term strategic purposes.
- (ii) For the years ended December 31, 2025 and 2024, dividend revenues of \$43,046 thousand and \$42,873 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized.
- (iii) The information on sale of equity instruments at fair value through other comprehensive income in consideration of investing strategy was as follows:

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Fair value of disposal	\$ -	<u>8,328</u>
Gain or loss on disposal transferred to retained earnings	\$ -	<u>1,191</u>

- (iv) Please refer to Note 6(20) for credit risk and market risk.
- (v) As of December 31, 2025 and 2024, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals.

(3) Notes and accounts receivable (including related parties) and other receivables

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Notes receivable from operating activities	\$ 306,747	353,813
Accounts receivable — measured at amortized cost	717,646	1,075,998
Accounts receivable from related parties — measured at amortized cost	1,286,133	859,721
Subtotal	<u>2,310,526</u>	<u>2,289,532</u>
Other receivables — current (Recognized as Other current assets)	13,681	195,822
Total	<u>2,324,207</u>	<u>2,485,354</u>
Less: Loss allowance	-	(725)
Net Value	<u>\$ 2,324,207</u>	<u>2,484,629</u>
Current	\$ 2,324,207	2,484,629
Non-current	-	-
Total	<u>\$ 2,324,207</u>	<u>2,484,629</u>

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

- (i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

Expected credit losses for notes and accounts receivable were determined as follows:

December 31, 2025				
Credit rating	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ <u>2,310,526</u>	0%	<u>-</u>	No
December 31, 2024				
Credit rating	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision	Credit impaired
Low risk	\$ 2,288,807	0%	-	No
Medium risk	725	100%	725	Yes
Total	\$ <u>2,289,532</u>		<u>725</u>	

The aging analyses of notes and accounts receivable were determined as follows:

	December 31, 2025	December 31, 2024
Current	\$ 2,164,394	2,205,349
Overdue 1 to 90 days	146,132	83,458
Overdue 180 days	-	725
	\$ <u>2,310,526</u>	<u>2,289,532</u>

For the credit risk of other receivables as of December 31, 2025 and 2024, please refer to note 6(20).

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SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31	
	2025	2024
Balance at January 1	\$ 725	2,147
Recovery of accounts receivable impaired	(725)	(1,422)
Balance at December 31	<u>\$ -</u>	<u>725</u>

(ii) In 2023, the Company sold 12 pieces of land numbered 259, located at the Ronhua Section, Xinfeng Township, Hsinchu County and the building on it. As of December 31, 2025 and 2024 an outstanding amount of zero and \$170,000 thousand, respectively, and were recognized as “other current assets, others”.

(iii) As of December 31, 2025 and 2024, the Company did not provide any notes and accounts receivable as collaterals.

For further credit risk information, please refer to note 6(20).

(4) Inventories

	December 31, 2025	December 31, 2024
Raw materials and consumables	\$ 1,610,634	1,140,549
Work in process	27,978	37,733
Finished goods	1,569,830	976,956
Inventories in transit	1,092,846	1,062,483
	<u>\$ 4,301,288</u>	<u>3,217,721</u>

(i) For the years ended December 31, 2025 and 2024, the details of the cost of sales were as follows:

	For the years ended December 31	
	2025	2024
Cost of goods sold	\$ 40,530,670	43,634,147
Revenue from sale of scraps	(47,372)	(75,029)
Gain on physical inventory	(104)	(51)
Loss on disposal of inventory	10,383	9,343
Loss on inventory market price decline and obsolescence	3,426	829
	<u>\$ 40,497,003</u>	<u>43,569,239</u>

(ii) As of December 31, 2025, and 2024, the Company did not provide any inventories as collaterals.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(5) Investments accounted for using equity method

A summary of the Company's financial information on investments accounted for using equity method is as follows:

	December 31, 2025	December 31, 2024
Subsidiaries	\$ 33,196,058	31,079,758

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2025.

(ii) The detail of substantial control over each investee company and impairment evaluation for goodwill, please refer to the consolidated financial statements for the year 2025. Impairment losses on investment accounted for using equity method for the year ended 2025, please refer to note 6(19).

(iii) Collateral

As of December 31, 2025 and 2024, the Company did not provide any investment accounted for using the equity method as collaterals.

(6) Changes in equity interest of subsidiary

Acquisition of non-controlling interests

- (i) In March 2025 and June 2024, the Company acquired shares of APh through a cash capital of \$500,000 thousand and \$600,000 thousand, respectively, which was not in proportion to its existing ownership interest percentage, resulting in an increase in its shareholding percentage to 74.18% and 71.20%, respectively. The effective date of capital increase were on April 1, 2025 and July 1, 2024, respectively.

The impact of the changes in equity interest in APh upon the equity attributable to the Company's shareholders were as follows:

	For the years ended December 31	
	2025	2024
Capital surplus	\$ (617)	-
Retained earnings	(50,762)	(71,889)
Total	\$ (51,379)	(71,889)

- (ii) On August 14, 2024, the Company's subsidiary, Nanyang, acquired shares of Nanyang Insurance Agency through a cash capital of \$23,393 thousand, which was not in proportion to its existing ownership interest percentage. The resulting change in ownership interests in subsidiaries had the following impact on the equity attributable to owners of the parent.

	For the years ended December 31, 2024
Capital surplus	\$ 134

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(7) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2025 and 2024, were as follows:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:								
Balance at January 1, 2025	\$ 2,998,045	2,702,082	9,084,151	670,169	598,548	131,373	-	16,184,368
Additions	-	17,189	260,739	30,439	23,404	205,372	-	537,143
Disposals	-	-	(677,606)	(64,091)	(36,337)	-	-	(778,034)
Transfer from inventories	-	-	-	-	26,399	-	-	26,399
Transfer from (to) construction in progress	-	5,086	215,699	6,817	11,044	(238,646)	-	-
Balance at December 31, 2025	<u>\$ 2,998,045</u>	<u>2,724,357</u>	<u>8,882,983</u>	<u>643,334</u>	<u>623,058</u>	<u>98,099</u>	<u>-</u>	<u>15,969,876</u>
Balance at January 1, 2024	2,998,045	2,621,439	8,964,547	823,788	606,379	284,024	-	16,298,222
Additions	-	33,931	306,864	19,705	14,262	415,939	-	790,701
Disposals	-	(102)	(687,484)	(189,230)	(46,432)	-	-	(923,248)
Transfer from inventories	-	-	-	-	24,339	-	-	24,339
Transfer from (to) construction in progress	-	46,814	500,224	15,906	-	(562,944)	-	-
Reclassifications	-	-	-	-	-	(5,646)	-	(5,646)
Balance at December 31, 2024	<u>\$ 2,998,045</u>	<u>2,702,082</u>	<u>9,084,151</u>	<u>670,169</u>	<u>598,548</u>	<u>131,373</u>	<u>-</u>	<u>16,184,368</u>
Accumulated depreciation and impairment loss :								
Balance at January 1, 2025	-	2,162,464	7,651,067	549,045	465,690	-	44,342	10,872,608
Depreciation for the year	-	58,030	432,187	19,916	43,652	-	-	553,785
Disposals	-	-	(674,977)	(64,062)	(31,791)	-	-	(770,830)
Balance at December 31, 2025	<u>\$ -</u>	<u>2,220,494</u>	<u>7,408,277</u>	<u>504,899</u>	<u>477,551</u>	<u>-</u>	<u>44,342</u>	<u>10,655,563</u>
Balance at January 1, 2024	\$ -	2,109,147	8,000,347	721,170	463,019	-	46,110	11,339,793
Depreciation for the year	-	53,414	337,979	16,997	44,958	-	-	453,348
Reversal of impairment loss	-	-	-	-	-	-	(1,768)	(1,768)
Disposals	-	(97)	(687,259)	(189,122)	(42,287)	-	-	(918,765)
Balance at December 31, 2024	<u>\$ -</u>	<u>2,162,464</u>	<u>7,651,067</u>	<u>549,045</u>	<u>465,690</u>	<u>-</u>	<u>44,342</u>	<u>10,872,608</u>
Carrying amount:								
Balance at December 31, 2025	<u>\$ 2,998,045</u>	<u>503,863</u>	<u>1,474,706</u>	<u>138,435</u>	<u>145,507</u>	<u>98,099</u>	<u>(44,342)</u>	<u>5,314,313</u>
Balance at January 1, 2024	<u>\$ 2,998,045</u>	<u>512,292</u>	<u>964,200</u>	<u>102,618</u>	<u>143,360</u>	<u>284,024</u>	<u>(46,110)</u>	<u>4,958,429</u>
Balance at December 31, 2024	<u>\$ 2,998,045</u>	<u>539,618</u>	<u>1,433,084</u>	<u>121,124</u>	<u>132,858</u>	<u>131,373</u>	<u>(44,342)</u>	<u>5,311,760</u>

As of December 31, 2025 and 2024, the property, plant and equipment of the Company were pledged as collaterals; please refer to note 8.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(8) Investment property

The movements of investment property of the Company were as follows:

	Owned property			Total
	Land and improvements	Buildings	Construction in progress	
Cost or deemed cost:				
Balance at January 1, 2025	\$ 2,449,073	864,285	471,030	3,784,388
Additions	24	45,265	148,028	193,317
Transfer from (to) construction in progress	-	65,716	(65,716)	-
Balance at December 31, 2025	<u>\$ 2,449,097</u>	<u>975,266</u>	<u>553,342</u>	<u>3,977,705</u>
Balance at January 1, 2024	\$ 1,933,660	591,297	15,317	2,540,274
Additions	515,413	272,988	455,713	1,244,114
Balance at December 31, 2024	<u>\$ 2,449,073</u>	<u>864,285</u>	<u>471,030</u>	<u>3,784,388</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2025	\$ -	189,716	-	189,716
Depreciation for the year	-	30,105	-	30,105
Balance at December 31, 2025	<u>\$ -</u>	<u>219,821</u>	<u>-</u>	<u>219,821</u>
Balance at January 1, 2024	\$ -	168,799	-	168,799
Depreciation for the year	-	20,917	-	20,917
Balance at December 31, 2024	<u>\$ -</u>	<u>189,716</u>	<u>-</u>	<u>189,716</u>
Carrying amount:				
Balance at December 31, 2025	<u>\$ 2,449,097</u>	<u>755,445</u>	<u>553,342</u>	<u>3,757,884</u>
Balance at January 1, 2024	<u>\$ 1,933,660</u>	<u>422,498</u>	<u>15,317</u>	<u>2,371,475</u>
Balance at December 31, 2024	<u>\$ 2,449,073</u>	<u>674,569</u>	<u>471,030</u>	<u>3,594,672</u>
Fair value:				
Balance at December 31, 2025				<u>\$ 9,415,998</u>
Balance at December 31, 2024				<u>\$ 9,072,261</u>

(i) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser or the Company, using comparative method (reference to the website of Department of Land Administration for the registered actual selling price or real-estate agency's website for the average transaction price in similar district). The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

(ii) As of December 31, 2025 and 2024, the investment property of the Company were pledged as collaterals; please refer to note 8.

(9) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2025	December 31, 2024
Letters of credit	\$ 164,922	379,354
Unsecured bank loans	1,900,000	600,000
Secured bank loans	3,500,000	4,020,000
Total	<u>\$ 5,564,922</u>	<u>4,999,354</u>
Unused short-term credit lines	<u>\$ 7,451,699</u>	<u>7,317,780</u>
Range of interest rates	<u>1.735%~1.80%</u>	<u>1.74%~1.81%</u>

For the collaterals for short-term borrowings, please refer to Note 7 and 8.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(10) Accounts payable (including related parties)

Accounts payable (including related parties) were summarized as follows:

	December 31, 2025	December 31, 2024
Accounts payables to suppliers	\$ 3,196,963	3,141,056

(11) Long-term borrowings

The long-term borrowings were summarized as follows:

December 31, 2025			
Currency	Range of interest rates	Expiry date	Amount
Unsecured bank loans	NTD	1.8055%~1.8930%	2026~2027
Secured bank loans	NTD	1.7700%~1.8900%	2026~2030
Less: current portion			(405,000)
Total			\$ 12,162,000
Unused long-term credit lines			\$ 100,000

December 31, 2024			
Currency	Range of interest rates	Expiry date	Amount
Unsecured bank loans	NTD	1.8479%~1.8960%	2025~2026
Secured bank loans	NTD	1.7200%~1.9550%	2025~2029
Less: current portion			(760,000)
Total			\$ 9,617,000
Unused long-term credit lines			\$ 2,050,000

For the collaterals for long-term borrowings, please refer to Note 7 and 8.

(12) Provisions

	For the years ended December 31	
	2025	2024
Balance at January 1	\$ 519,047	439,401
Provisions made during the year	246,046	280,690
Provisions used during the year	(190,217)	(182,046)
Provisions reversed during the year	(20,621)	(18,998)
Balance at December 31	\$ 554,255	519,047
Current	\$ 554,255	519,047
Non-current	-	-
Total	\$ 554,255	519,047

The provision for warranties relates mainly to sales of automobiles and scooters for the years ended December 31, 2025 and 2024. The provision is based on estimates made from historical warranty data.

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(13) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Company were as follows:

	December 31, 2025	December 31, 2024
Present value of defined benefit obligations	\$ 508,598	678,138
Fair value of plan assets	(546,507)	(410,348)
Net defined benefit (asset) liabilities	<u>\$ (37,909)</u>	<u>267,790</u>

The employee benefit liabilities for the Company were as follows:

	December 31, 2025	December 31, 2024
Compensated absence liabilities	<u>\$ 49,392</u>	<u>37,806</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$546,507 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2025	2024
Defined benefit obligations at January 1	\$ 678,138	899,153
Current service costs and interest cost	12,767	14,558
Remeasurements loss (gain):		
– Actuarial loss (gain) – experience adjustments	32,892	33,336
– Actuarial loss (gain) – financial assumptions	(10,387)	(25,766)
Benefits paid	(204,812)	(243,748)
Other	-	605
Defined benefit obligations at December 31	<u>\$ 508,598</u>	<u>678,138</u>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31	
	2025	2024
Fair value of plan assets at January 1	\$ 410,348	379,703
Interest income	6,815	4,875
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	33,122	49,484
Contributions paid by the employer	301,034	216,050
Benefits paid	(204,812)	(240,369)
Other	-	605
Fair value of plan assets at December 31	\$ 546,507	410,348

4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2025	2024
Current service costs	\$ 1,461	2,737
Net interest of net liabilities for defined benefit obligations	4,491	6,946
	\$ 5,952	9,683
Operating costs	\$ 2,524	4,121
Selling expenses	839	1,479
Administration expenses	1,059	1,762
Research and development expenses	1,530	2,321
	\$ 5,952	9,683

5) Remeasurement of net defined benefit liability (assets) recognized in other comprehensive income

Remeasurement of net defined benefit liability (assets) recognized in other comprehensive income for the Company were as follows:

	For the years ended December 31	
	2025	2024
Cumulative amount, January 1	\$ 1,267,583	1,309,497
Recognized during the year	(10,617)	(41,914)
Cumulative amount, December 31	\$ 1,256,966	1,267,583

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

6) Actuarial assumptions

The principle actuarial assumptions at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.625%	1.750%
Future salary increase rate	2.660%	3.200%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$18,322 thousand.

The weighted-average lifetime of the defined benefit plans is 7.61 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2025		
Discount rate	\$ (6,429)	6,597
Future salary increase rate	6,299	(6,178)
December 31, 2024		
Discount rate	\$ (9,300)	9,541
Future salary increase rate	9,122	(8,923)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$81,332 thousand and \$78,482 thousand for the years ended December 31, 2025 and 2024, respectively.

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(14) Income taxes

(i) The components of income taxes for the Company were as follows:

	For the years ended December 31	
	2025	2024
Current tax expense		
Current period	\$ 541,102	641,399
Others	82,875	128,902
	<u>623,977</u>	<u>770,301</u>
Deferred tax expense		
Origination and reversal of temporary differences	21,924	4,141
Income tax expense	<u>645,901</u>	<u>774,442</u>

(ii) The amount of income tax recognized in other comprehensive income (loss) was as follows:

	For the years ended December 31	
	2025	2024
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 2,123</u>	<u>8,383</u>

(iii) Reconciliation of income tax and profit before tax was as follows:

	For the years ended December 31	
	2025	2024
Profit before income tax	\$ 5,179,190	5,544,839
Income tax using the Company's domestic tax rate	\$ 1,035,838	1,108,968
Share of profit accounted for using the equity method	(565,870)	(433,235)
Impairment losses on investment accounted for using equity method	133,488	-
Additional tax on undistributed earnings	62,592	146,146
Adjustments for prior years tax	20,282	(17,244)
Effect of tax on repatriated offshore funds	-	(1,882)
Others	(40,429)	(28,311)
Income tax expense	<u>\$ 645,901</u>	<u>774,442</u>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(iv) Unrecognized deferred tax liabilities

The Company was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, the Company considered it probable that the temporary differences will reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Aggregate amount of temporary differences associated with investments in subsidiaries	\$ 5,968,312	4,891,429
Unrecognized deferred tax liabilities	<u>\$ 1,193,662</u>	<u>978,286</u>

(v) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 were as follows:

	<u>Defined benefit plans</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:			
Balance at January 1, 2025	\$ 253,516	257,180	510,696
Recognized in profit or loss	-	(7,599)	(7,599)
Recognized in other comprehensive income	(2,123)	-	(2,123)
Balance at December 31, 2025	<u>\$ 251,393</u>	<u>249,581</u>	<u>500,974</u>
Balance at January 1, 2024	\$ 261,899	261,321	523,220
Recognized in profit or loss	-	(4,141)	(4,141)
Recognized in other comprehensive income	(8,383)	-	(8,383)
Balance at December 31, 2024	<u>\$ 253,516</u>	<u>257,180</u>	<u>510,696</u>

	<u>Income from foreign investments</u>	<u>Land value increment tax</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:				
Balance at January 1, 2025	\$ 314,135	1,087,537	-	1,401,672
Recognized in profit or loss	-	-	14,325	14,325
Balance at December 31, 2025	<u>\$ 314,135</u>	<u>1,087,537</u>	<u>14,325</u>	<u>1,415,997</u>
Balance at January 1, 2024	\$ 314,135	1,087,537	-	1,401,672
Recognized in profit or loss	-	-	-	-
Balance at December 31, 2024	<u>\$ 314,135</u>	<u>1,087,537</u>	<u>-</u>	<u>1,401,672</u>

(vi) The Company's income tax returns for the years through 2023 were assessed by the tax authorities.

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

(15) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the number of authorized ordinary shares were 950,000 thousand shares, with par value of \$10 per share. The total value of the authorized ordinary shares was amounted to \$9,500,000 thousand. As of that date, 783,676 thousands shares and 797,490 thousand shares were issued, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2025 and 2024 was as follows:

(in thousands of shares)

	Ordinary Shares	
	For the years ended December	
	31	
	2025	2024
Balance on January 1	797,490	797,490
Retirement of treasury shares	(13,814)	-
Balance on December 31	783,676	797,490

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31,	December 31,
	2025	2024
Treasury share transactions	\$ -	15,997
Difference between consideration and carrying amount of subsidiaries acquired or disposed	176,538	176,538
Changes in ownership interests in subsidiaries	-	617
Gain on disposal of assets	1,370,744	1,370,744
Changes in equity of associates and joint ventures accounted for using the equity method	11,066	11,066
Stock option from convertible bonds	103,727	105,557
Others	55,334	55,334
	\$ 1,717,409	1,735,853

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the issuance of capital stock and the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then calculated with the beginning balance of undistributed retained earnings as accumulated one. After the special reserve being set aside or reversed as required by the regulations, the remaining is the distributable earnings and should be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company is in the maturity phase of its enterprise life cycle, but ongoing changes of the industrial environment arise from various outside factors, and the Company is endeavoring to expand the domestic and foreign market, therefore, future finance demand, taxation planning, and shareholders' benefits shall be taken into consideration when the Company determines the surplus earning distribution. The dividend is determined to be distributed in cash or stock to maintain stable dividend distribution. The distribution ratio of stock dividend shall not be higher than 50% of the total divided amount, in accordance with the distribution plan proposed by the Board of Directors and shall be approved in accordance with the provisions of the Company Law.

The Company can distribute the surplus earning and offset losses at the end of every half fiscal year. The proposal of surplus earning distribution or loss off-setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval.

The Company distributing surplus earning in accordance with the aforementioned provision shall estimate and reserve the taxes and dues to be paid, the deficit to be offset and the legal reserve to be set aside. And the special reserve should be set aside or reversed as required by the regulations; if there is remaining surplus earning, it should be calculated with the beginning balance of the accumulated undistributed surplus earning as distributable one. While legal reserve is equal to the total capital amount, it is allowed to not be set aside. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by \$1,583,058 thousand, incurred from unrealized revaluation increments, on the transition date. In accordance with the rules issued by the Financial Supervisory Commission, the special reserve in the amount of \$1,397,866 thousand is set aside based on the additional retained earnings' amount, due to the transition to IFRSs. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

In accordance with the rules issued by the FSC, a portion of current period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the difference between the current period total net reduction of other shareholder's equity and aforementioned special reserve. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earning. A portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative change to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The special reserves were set aside (reserved) by (\$34,971) thousand and \$32,738 thousand in June, 2025 and June, 2024, respectively.

The Company set aside special reserves, which could not be distributed, and were calculated by the differences of the Company's stock price below the carrying amount of the treasury stock held by the subsidiaries, in portion to the shareholding ratio. If there is rebounding in market price afterwards, those special reserves could be reversed. The special reserves were reserved by \$4,258 thousand in June, 2024.

3) Earnings distribution

Earnings distribution for 2024 and 2023 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2025 and June 25, 2024, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2024		2023	
	Amount per share	Total Amount	Amount per share	Total Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3.02781449	2,392,469	3.00000000	2,392,469

The Board of Directors resolved not to distribute the earnings for the first half of year 2025 and 2024 on November 13, 2025 and November 13, 2024, respectively.

(iv) Treasury shares (including shares held by the subsidiaries)

- 1) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.
- 2) Prior to the R.O.C. Company Act amendments in 2001, subsidiaries of the Company, Ching Ta and Nanyang, acquired the Company's shares for investment purposes in the open market. The shares held by subsidiaries of the Company were deemed as treasury shares. As of December 31, 2025 and 2024, the market price per share of the Company was \$61.40 and \$69.10, respectively.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The details of the treasury shares held by subsidiaries were as follows:

<u>Company</u>	<u>December 31, 2025</u>		<u>December 31, 2024</u>	
	<u>Shares held (in thousand shares)</u>	<u>Acquired Costs</u>	<u>Shares held (in thousand shares)</u>	<u>Acquired Costs</u>
Ching Ta Investment Co., Ltd.	981	\$ 37,498	981	37,498
Nanyang Industries Co., Ltd.	4,351	95,318	4,351	95,318
	<u>5,332</u>	<u>\$ 132,816</u>	<u>5,332</u>	<u>132,816</u>

- 3) The Board of Directors of the Company on April 8, 2025, resolved to repurchase 10,000 thousand shares for maintaining the Company's credit and shareholders' benefits. The repurchase period was from April 9, 2025 to June 6, 2025. As of the expiration of the repurchase period, the Company had repurchased a total of 5,693 thousand shares. Subsequently, on August 13, 2025, the Board of Directors resolved to retire the treasury shares and the procedure of change of registration was completed in year 2025.
- 4) The Board of Directors of the Company on June 22, 2025, resolved to repurchase 10,000 thousand shares for maintaining the Company's credit and shareholders' benefits. The repurchase period was from June 24, 2025 to August 22, 2025. As of the expiration of the repurchase period, the Company had repurchased a total of 8,121 thousand shares. Subsequently, on November 13, 2025, the Board of Directors resolved to retire the treasury shares and the procedure of change of registration was completed in year 2025.

(iv) Other equity, net of tax

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance at January 1, 2025	\$ (1,026,097)	40,564	(985,533)
Exchange differences on foreign operations	(32,657)	-	(32,657)
Exchange differences on associates accounted for using the equity method	6,275	-	6,275
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	(6,918)	(6,918)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	13,181	13,181
Balance at December 31, 2025	<u>\$ (1,052,479)</u>	<u>46,827</u>	<u>(1,005,652)</u>
Balance at January 1, 2024	\$ (1,521,506)	163,197	(1,358,309)
Exchange differences on foreign operations	499,311	-	499,311
Exchange differences on associates accounted for using the equity method	(3,902)	-	(3,902)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	(124,122)	(124,122)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(3,178)	(3,178)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, accounted for using equity method	-	4,667	4,667
Balance at December 31, 2024	<u>\$ (1,026,097)</u>	<u>40,564</u>	<u>(985,533)</u>

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	\$ 306,747	353,813	309,059
Accounts receivable	2,003,779	1,935,719	1,117,462
Less: Loss allowance	-	(725)	(2,147)
Total	\$ 2,310,526	2,288,807	1,424,374
Contract liabilities	\$ 113,354	79,069	33,439

Please refer to Note 6(3) for the details of accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2025 and 2024.

(18) Employee remuneration and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration. Furthermore, pursuant to the resolution of the shareholders' meeting on June 26, 2025, the aforementioned employee remuneration shall be allocated with no less than 50% designated for distribution to entry-level employees.

For the years ended December 31, 2025 and 2024, the Company estimated its employee remuneration amounting to \$52,849 thousand and \$56,580 thousand, and directors' and supervisors' remuneration amounting to \$52,849 thousand and \$56,580 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. The remunerations were expensed under operating expenses during 2025 and 2024. The difference between the estimated and actual amount of remuneration distributed in the next year was deemed as a change in accounting estimates. If the Board of Directors resolved to carry out a share-based compensation to employees, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the Parent Company only financial statements, were identical to those of the actual distributions for 2025 and 2024.

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

(19) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the year ended December 31	
	2025	2024
Interest income	\$ 28,007	28,031
Rental income	68,234	65,594
Dividend revenue	43,046	42,873
Total other income	\$ 139,287	136,498

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the year ended December 31	
	2025	2024
Foreign exchange gains	\$ 151,743	60,141
Others	60,879	90,142
Other gains and losses, net	\$ 212,622	150,283

(iii) Finance costs

The details of finance costs were as follows:

	For the year ended December 31	
	2025	2024
Interest expense	\$ 299,745	233,546

(iv) Impairment loss

The details of finance costs were as follows:

	For the year ended December 31	
	2025	2024
Impairment losses on investment accounted for using equity method	\$ 667,438	-

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(20) Financial instruments

(i) Credit risk

1) Maximum amount exposed to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(3).

Other financial assets at amortized cost includes other receivables and other financial assets, etc., which are considered to be of low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses.

None of these financial assets were considered to be impaired after the assessment.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but the impact of netting agreements, and financial liabilities whose carrying amount approximates the amount of future contractual cash flows are not disclosed as follows.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2025							
Non-derivative financial liabilities							
Bank loans	\$ 18,131,922	18,676,321	4,404,962	1,822,980	4,181,554	8,266,825	-
Lease liabilities	37,298	37,845	20,589	-	8,628	8,628	-
	<u>\$ 18,169,220</u>	<u>18,714,166</u>	<u>4,425,551</u>	<u>1,822,980</u>	<u>4,190,182</u>	<u>8,275,453</u>	<u>-</u>
December 31, 2024							
Non-derivative financial liabilities							
Bank loans	\$ 15,376,354	15,889,463	4,700,533	1,264,326	2,413,693	7,510,911	-
Lease liabilities	48,389	49,172	15,283	11,961	15,283	6,645	-
	<u>\$ 15,424,743</u>	<u>15,938,635</u>	<u>4,715,816</u>	<u>1,276,287</u>	<u>2,428,976</u>	<u>7,517,556</u>	<u>-</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follows:

	December 31, 2025			December 31, 2024		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
<u>Monetary items</u>						
USD	\$ 28,889	31.4250	907,846	19,739	32.7900	647,239
EUR	32,167	36.8900	1,186,658	30,777	34.1300	1,050,418
JPY	12,354	0.2008	2,481	9,679	0.2099	2,032
Financial liabilities						
<u>Monetary items</u>						
USD	31,908	31.4250	1,002,709	32,023	32.7900	1,050,046
EUR	487	36.8900	17,954	-	-	-
JPY	10,224	0.2008	2,053	3,774	0.2099	792

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, and accounts payable that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and JPY as of December 31, 2025 and 2024 would have increased (decreased) the net profit after tax for the years ended December 31, 2025 and 2024 by \$8,594 thousand and \$5,191 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains (losses) on monetary items

For the years ended December 31, 2025 and 2024, foreign exchange gain (including the realized and the unrealized portions) is amounted to \$151,743 thousand and \$60,141 thousand, respectively.

(iv) Interest rate analysis

The financial assets and liabilities' exposure to interest risk has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the sensitivity analysis is based on the assumption that liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate changes.

If the interest rate increased/decreased by 1%, the Company's net income would have increase /decrease by \$124,231 thousand and \$111,404 thousand for the years ended December 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Company's variable-rate borrowings.

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SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(v) Other market price risk

If the price of the securities which the Company hold as equity instruments changes, the impact of the price change on other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remains constant:

<u>Prices of securities at the reporting date</u>	<u>For the year ended December 31</u>			
	<u>2025</u>		<u>2024</u>	
	<u>Other comprehensive income (loss),net of tax</u>	<u>Net income (loss)</u>	<u>Other comprehensive income (loss),net of tax</u>	<u>Net income (loss)</u>
Increase 5%	\$ 31,745	-	20,589	-
Decrease 5%	\$ (31,745)	-	(20,589)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, e.g., cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets, short-term borrowings, notes and accounts payable (including related parties), other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, disclosure of fair value information is not required.

The Company measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	<u>December 31, 2025</u>				
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	\$ 595,429	595,429	-	-	595,429
Common shares of domestic unlisted companies	198,198	-	-	198,198	198,198
Total	<u>\$ 793,627</u>	<u>595,429</u>	<u>-</u>	<u>198,198</u>	<u>793,627</u>
	<u>December 31, 2024</u>				
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	\$ 305,971	305,971	-	-	305,971
Common shares of domestic unlisted companies	208,750	-	-	208,750	208,750
Total	<u>\$ 514,721</u>	<u>305,971</u>	<u>-</u>	<u>208,750</u>	<u>514,721</u>

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flows of the financial assets and liabilities.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such price can reflect those actual trading frequently happened in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is the indication of a non-active market.

If the financial instruments held by the Company have active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets, trade in active markets by the standards and nature. The fair value is measure at the market quoted price.

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data on the reporting date.

If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value was calculated via the ratio, which is counted in the mix of the investee's estimated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and the quoted market price of the comparative listing company. Also, the fair value was discounted for its lack of liquidity in the market.
- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Company needs to obtain the fair value of the company's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

b) Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques models generally accepted by market participants.

c) Fair value hierarchy

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers between levels

The Company's valuation techniques of fair values remained the same and there were no transfers between each level for the years ended December 31, 2025 and 2024.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Unquoted equity instruments	
	For the year ended December 31	
	2025	2024
Beginning balance, January 1	\$ 208,750	192,512
Total gains and losses		
Recognized in other comprehensive income	(10,552)	16,238
Ending Balance, December 31	\$ 198,198	208,750

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income — equity investments.

The Company's financial instrument investments without an active market are classified to Level 3 and have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Quantified information on significant unobservable inputs was as follow:

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	·Net Asset Value ·Market illiquidity discount rate (10% as of December 31, 2025 and 2024)	·Not applicable ·The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	·Net Asset Value ·Market illiquidity discount rate (10% as of December 31, 2025 and 2024)	·Not applicable ·The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	·The multiplier of price-to-book ratio (2.06 and 2.29 as of December 31, 2025 and 2024, respectively) ·Market illiquidity discount rate (40% as of December 31, 2025 and 2024)	The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing the inputs would have the following effects on profit or loss and other comprehensive income:

	Inputs	Fluctuation	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
Balance at December 31, 2025						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	6,025	(6,025)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	10,042	(10,042)
Balance at December 31, 2024						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	6,337	(6,337)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	15,118	(15,118)

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

The favorable and unfavorable effects represent the changes in fair value, and the fair value is evaluated based on a variety of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(21) Financial risk management**(i) Overview**

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the Parent Company only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk means the potential loss for the Company if the counterparty involved in any transaction defaults. The primary potential credit risk derives from financial instruments, e.g., bank deposits and accounts receivable.

1) Accounts receivable and other receivables

The payment term of the scooter department is mainly by letter of credit or receiving deposits, while the main sales customer of the automobile department is subsidiaries; hence, there is of low credit risk.

The management designates a professional department to stipulate the policy of credit management in order to reduce the credit risk of accounts receivable. The department is responsible for the determination and approval of credit lines, and other procedures of follow up monitoring. Also, the Company continues to evaluate the financial position of its customers. If necessary, to lower the risk of financial loss due to delay, the customers have to provide collaterals under request.

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

2) Investments

The Company deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Company manages the exposure to credit risk related to each financial institution and believes that cash do not have a significant credit risk concentration.

3) Guarantees

The Company's policy is to provide financial guarantees to subsidiaries which be held more than 50% of the voting rights.

As of December 31, 2025, the detail of the Company provided financial guarantees please refer to note 7 and note13.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department continues to monitor cash flow requirements and use various information to forecast and monitor the cash flow component in the long and short term to ensure its liquidity is sufficient for the settlement of expiring liabilities. Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2025 and 2024, the Company's short-term and long-term unused credit lines are amounted to \$8,151,699 thousand and \$9,967,780 thousand respectively, which was enough for the fulfillment of all contractual obligations.

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimize the return.

The Company buys and sells derivatives, and also incurs financial liabilities. All such transactions are carried out within the guidelines set and approved by the Board of Directors and/or shareholders' meeting and being monitored by internal auditing department.

1) Currency risk

The Company is exposed to currency risk on operating, investing, and financing activities that are denominated in a currency other than the respective functional currencies of the Company's entities. Therefore, the Company uses derivatives to avoid currency risk. The exchange gains and losses of the assets and liabilities in foreign currencies will approximately be offset by the valuation gains and losses on derivative instruments. However, using derivatives can help the Company to reduce but not to remove the impact on the fluctuation in exchange rates.

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

The Company regularly evaluates the individual position of exposure to currency risk and carries out necessary hedging strategy. The main hedging instrument used is forward exchange contracts.

2) Interest rate risk

The Company's interest rate risk arises from simultaneously borrowing at fixed rates and floating rates. The Company adopts an appropriate interest rate portfolio to manage its interest rate risk.

3) Other market price risk

The Company is exposed to the market price fluctuation risk since it enters into commodity contracts only when there are expected future demands.

(22) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2025, the Company's capital management strategy is consistent with the prior year as of December 31, 2024, and the gearing ratio is maintained at 50% and ensure financing at reasonable cost. The Company's debt-to-equity ratio on reporting date is as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 26,681,289	24,264,932
Less: cash and cash equivalents	(2,473,169)	(2,390,289)
Net debt	24,208,120	21,874,643
Total equity	26,317,859	25,139,404
Adjusted capital	\$ 50,525,979	47,014,047
Debt-to-equity ratio	48%	47%

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements****7. Related-party transactions**

(1) Names and relationship with related parties

The followings are entities including subsidiaries and other related parties that have had transactions with the Company during the periods covered in the Parent Company only financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Shan Young Assets Management Co., Ltd. (Shan Young)	A subsidiary of the Company
Youth Taisun Co., Ltd. (Youth Taisun)	"
Chu-Yang Motor Co., Ltd. (Chu-Yang)	"
NOVA Design Co., Ltd. (NOVA Design)	"
Nanyang Industries Co., Ltd. (Nanyang)	"
SUNSHINE AUTO-LEASE Co., Ltd. (SUNSHINE AUTO-LEASE)	"
Ching Ta Investment Co., Ltd. (Ching Ta)	"
Aph Co., Ltd. (Aph)	"
Aph ePower Co., Ltd. (Aph ePower)	"
Profit Source Investments Ltd. (Profit Source)	"
Sanyang Deutschland GmbH (SDE)	"
SY International Ltd. (SYI)	"
Sanyang Italia S.R.L. (SIT)	"
Sanyang Motor Colombia S.A.S (SCB)	"
Yi Young Co., Ltd. (Yi Young)	"
NOVA Design Ltd. (NOVA Samoa)	"
Nanyang Insurance Agent Co., Ltd. (Nanyang Insurance Agent)	"
Shian Yang Industries Co., Ltd. (Shian Yang)	"
Li Yang Industry Co., Ltd. (Li Yang)	"
Jau Ryh Business Co., Ltd. (Jau Ryh)	"
Nanyang Holding Co., Ltd. (NY Samoa)	"
Three Brothers Machinery Industrial Co., Ltd. (TBM)	"
Fact Co., Ltd. (Note 1)	"
Chong Hing International Limited (Chong Hing)	"
Cosmos System Inc. (Cosmos)	"
New Path Trading Limited (New Path)	"
Plassen International Limited (PIL)	"
Vietnam Manufacturing and Export Processing (Holdings) Ltd. (VMEPH)	"
Sun Goal Limited (Sun Goal)	"
NOVA Design (Shanghai) Ltd. (Nova Shanghai)	"
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd. (Chang Zhou Nan Yang)	"

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Vietnam Three Brothers Machinery Industrial Co., Ltd. (VTBM)	A subsidiary of the Company
Three Brothers Machinery Industrial (BVI) Co., Ltd. (TBM BVI)	"
Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	"
Sanyang Global (Xiamen) Co., Ltd. (Sanyang Global)	"
Chin Zong Trading Co., Ltd. (Chin Zong)	"
Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP)	"
Xiamen Xia Shing Motor Co., Ltd. (Xia Shing Motor)	"
Xiamen Xia Shing Trading Co., Ltd. (Xia Shing Trading)	"
Xiamen Qungeng Industry Co., Ltd. (Xiamen Qungeng) (Note 2)	"
Xiamen Three Brothers Machinery Industrial Co., Ltd. (XTBM)	"
Vietnam Casting Forge Precision Co., Ltd. (VCFP)	"
Dinh Duong Joint Stock Company (Dinh Duong)	"
Chuanyang Industrial Co., Ltd. (Chuanyang)	"
Vista Hill Environmental Co., Ltd. (Vista Hill Environmental)	"
Dynamic Motor Technology Co., Ltd. (Dynamic Motor)(Note 3)	"
Chiao Song Health Co., Ltd.(Chiao Song Health) (Note 4)	"
Taiwan Tea Corporation (Taiwan Tea) (Note 5)	"
Ching Yuan, Wu	The Chairman of the Company
Zoeng Chang Industry Co., Ltd. (Zoeng Chang)	Associate of the Company
He Xu International co., Ltd (He Xu)	"
King Zone Corporation (King Zone)	A subsidiary of the Company is the juristic director of the entity
Astemo Taichung Co., Ltd. (Astemo) (Note 6)	The Company is the juristic director of the entity
Jiuxing Biotechnology Co., Ltd. (Jiuxing)	Same chairman with the Company
Sanyang Educational Foundation	Same chairman with the Company
Note 1: Fact Co., Ltd. was approved for dissolution by the competent authority on August 3, 2023, and the liquidation procedure was completed on October 18, 2024.	
Note 2: Xiamen Qungeng Industry Co., Ltd. was incorporated in forth quarter of 2024.	
Note 3: Dynamic Motor Technology Co., Ltd. was incorporated in third quarter of 2024.	
Note 4: Chiao Song Health Co., Ltd. was incorporated in forth quarter of 2024.	
Note 5: Taiwan Tea Corporation become subsidiary of Shan Young on June 18, 2025	
Note 6: Hitachi Astemo Taichung Co., Ltd. was renamed to Astemo Taichung Co., Ltd. on April 2, 2025, upon the approval of MOEA.	

(Continued)

SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

(2) Significant transactions with related parties

(i) Merchandise sold, technical and consulting services provided to related parties

Significant sales to related parties were as follows:

	Sales	
	For the year ended December 31	
	2025	2024
Subsidiaries		
Nanyang	\$ 14,320,657	16,804,728
Other subsidiaries	3,478,641	2,889,625
	<u>17,799,298</u>	<u>19,694,353</u>
Associates	423	426
Other related parties	904	814
	<u>\$ 17,800,625</u>	<u>19,695,593</u>

The prices of automobiles sold by the Company to related parties are determined based on the Company's pricing policy and are not significantly different from the general selling prices. Payment terms include immediate payment upon selection of a vehicle or granting a certain credit limit for vehicle selection after obtaining collateral and paying interest during the payment period. In addition, on December 31, 2025 and 2024, the Company obtained a deposit guarantee from Nanyang Industry, each for \$800,000 thousand, as collateral and obtained deposits guarantee from other subsidiary for \$25,000 thousand as collateral.

The prices of motorcycles, engines, and components sold by the Company to related parties are based on cost plus a markup and are not significantly different from the general selling prices. Payment terms include payment between 30 to 270 days after shipment.

Significant technical and consulting services to related parties were as follow:

	Technical and consulting services provided	
	For the year ended December 31	
	2025	2024
Subsidiaries		
Xia Shing Motor	\$ 81,146	71,040
Other subsidiaries	29,500	39,778
	<u>110,646</u>	<u>110,818</u>
Associates	4,805	4,753
Other related parties	794	2,558
	<u>\$ 116,245</u>	<u>118,129</u>

The prices of the technical services provided by the Company to related parties are based on cost plus markup, while consulting services are priced based on the personnel costs of dispatched personnel. As there are no comparable transactions with unrelated parties, the prices are not indicative of arm's-length transactions. Payment is collected according to the contractually agreed period.

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(ii) Goods purchased from related parties

Purchases from related parties were as follow:

	Purchases	
	For the years ended December 31	
	2025	2024
Subsidiaries		
Xia Shing Motor	\$ 3,862,495	4,324,406
Other subsidiaries	1,535,085	1,212,632
	<u>5,397,580</u>	<u>5,537,038</u>
Associates	306,705	304,439
Other related parties	956,650	975,473
	<u>\$ 6,660,935</u>	<u>6,816,950</u>

The purchase prices from the aforementioned companies are not significantly different from the purchase prices from general vendors. The payment terms are similar to those from general vendors, which are payment before the 15th of the previous month for purchases made in the first half of the month, payment after the 16th of the previous month for purchases made in the second half of the month, or payment within 45 days after acceptance, with no significant differences from general vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Categories	December 31, 2025	December 31, 2024
Accounts receivable	Subsidiaries-SIT	\$ 828,305	660,257
	Subsidiaries-SCB	245,693	78,615
	Other subsidiaries	211,615	120,386
	Associates	353	364
	Other related parties	167	99
			<u>\$ 1,286,133</u>
Other receivables (Recognized as "Other current assets")	Subsidiaries-VMEP	\$ 2,448	1,816
	Other subsidiaries	3,768	9,075
	Associates	884	904
	Other related parties	249	836
		<u>\$ 7,349</u>	<u>12,631</u>

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Categories</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable	Subsidiaries-Xia Shing Motor	\$ 296,426	332,659
	Other subsidiaries	176,464	168,103
	Associates	30,116	40,378
	Other related parties	126,533	123,819
			<u>\$ 629,539</u>
Other payables	Subsidiaries	\$ 29,481	36,153
	Associates	378	379
	Other related parties-Sanyang Educational Foundation (Note)	-	100,000
	Other related parties	36,050	-
			<u>\$ 65,909</u>

Note: In accordance with the Board resolution on December 8, 2024, the Company had decided to donate \$100,000 thousand to the Sanyang Educational Foundation for the purpose of education promotion and social welfare contribution, and the donation was recognized as “Administrative Expenses” for the year ended December 31, 2024.

(v) Services acquired and others expense from related parties

<u>Item</u>	<u>Categories</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Product design services and others	Subsidiaries	\$ 208,391	222,118
	Associates	20,445	28,340
	Other related parties	57,888	4,049
		<u>\$ 286,724</u>	<u>254,507</u>

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(vi) Leases

1) Leasing to related parties:

	Rental income	
	For the year ended December 31	
	2025	2024
Subsidiaries-Nanyang	\$ 35,989	35,408
Subsidiaries-Nova	14,327	14,324
Other subsidiaries	591	117
Associates	446	894
Other related parties	29	29
	\$ 51,382	50,772

	Guarantee deposits received	
	December 31, 2025	December 31, 2024
	Subsidiaries	\$ 9,036
Associates	-	156
	\$ 9,036	8,836

The Company enters into leasing contracts, considering the market conditions of neighboring districts, and collects rentals in accordance with the terms in the contracts.

2) Leasing from related parties:

	For the year ended December 31	
	2025	2024
	Interest expense	
Subsidiaries	\$ 370	750
Rent expense, others		
Subsidiaries	\$ 69	64

	December 31, 2025	December 31, 2024
	Lease liabilities	
Subsidiaries-Nanyang	\$ 11,920	35,472

	Refundable deposits	
	December 31, 2025	December 31, 2024
	Subsidiaries	\$ 4,186

The Company enters into leasing contracts, considering the market conditions of neighboring districts, and pays rentals in accordance with the terms in the contracts.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(vii) Property transactions

- 1) Investment property and machinery equipment acquired from related parties were as follows:

	Objects	For the years ended December 31	
		2025	2024
Chairman of the company	Investment property-buildings	\$ 28,200	-
Subsidiaries	Machinery and molds	13,166	13,859
Associates	"	908	3,522
Other related parties	"	-	678
		\$ 42,274	18,059

Machinery equipment and molds sold to related parties:

	For the years ended December 31			
	2025		2024	
	Disposal price	Gains on disposal	Disposal price	Gains on disposal
Subsidiaries	\$ 706	233	381	125

- 3) Acquisition of financial assets:

For the year 2025 and 2024, the Company did not conduct cash capital increases in proportion to its equity holdings in Aph. For further details, please refer to Note 6(6) in the accompanying financial statements.

(viii) Other

- 1) Interest income from delayed receipts of payments

	For the years ended December 31	
	2025	2024
Subsidiaries	\$ 225	75

- 2) Advertising

	For the years ended December 31	
	2025	2024
Subsidiaries	\$ 21,243	9,928

- 3) Shan Young provided its real estate as guarantees and endorsements for the Company's bank loans. As of December 31, 2025, and 2024, the book value of the aforementioned real estate was \$8,400,000 in both years..

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

- 4) The Company provided guarantees and endorsements for Aph ePower bank loans. As of December 31, 2025, the endorsement guarantee amounted to \$3,000,000 thousand and zero, respectively. The Company acted as a joint guarantor and did not provide any collateral to bank .
- 5) The Company provided guarantees and endorsements for VMEP's bank loans. As of December 31, 2025, the endorsement guarantee amounted to zero and \$1,311,600 thousand, respectively. The Company acted as a joint guarantor and did not provide any collateral to bank.

(3) Key management personnel compensation

	For the years ended December 31	
	2025	2024
Short-term employee benefits	\$ 133,062	125,947

8. Pledged assets

The book values of pledged assets provided by the Company were as follows:

Asset	Items being guaranteed	December 31, 2025	December 31, 2024
Other current financial assets	The purchase and sales contract performance guaranteed and the deposits of work-study programs, etc.	\$ 8,391	23,675
Other non-current financial assets	The purchase and sales contract performance guaranteed, the deposit for the gas company and the deposits for work-study programs	12,125	1,700
Property, plant and equipment	Financing guarantee credit	3,493,560	3,528,772
Investment property	Financing guarantee credit	2,388,797	2,329,562
Total		\$ 5,902,873	5,883,709

9. Commitments and contingencies

(a) Significant unrecognized contractual commitments

- (i) The balance of issued but unused letters of credit:

	December 31, 2025	December 31, 2024
USD	USD 58,974	USD 60,718
JPY	JPY -	JPY 45,560

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

- (ii) The unpaid balance of signed contracts of construction in progress and computer software, etc.:

	December 31, 2025	December 31, 2024
Unpaid balance	\$ 99,208	162,148

- (iii) The performance guaranteed bills received by the Company :

	December 31, 2025	December 31, 2024
Performance guaranteed bills received	\$ 63,382	101,724

- (iv) The Company signed a contract of joint construction with allocation of buildings with Yao Da Construction Co., Ltd. on June, 19, 2018. The joint construction will take place at the land owned by the Company, numbered 711, located at the third Subsection, Tanmei Section, Neihu District, Taipei City. For the ratio of the joint construction, after taking consideration of the volumetric rewards for aging and dangerous buildings and volume transfer, the landowner (the Company) entitles 51.7647%, and 48.2353% share for the developer (Yao da Construction Co., Ltd.). The construction is in progress. The Company has completed the pre-sale of real estate development trust in April 2021. The construction is in progress and for pre-sale. The sales prices of the contract signed by the Company and client were as follows:

	December 31, 2025	December 31, 2024
Sales contract price (pre-tax)	\$ 366,714	103,830
Amounts collected (pre-tax)	\$ 78,844	20,773

10. Losses Due to Major Disasters: None

11. Subsequent Events:

- (1) The Board of Directors of the Company on January 27, 2026, resolved to repurchase 5,000 thousand shares for maintaining the Company's credit and shareholders' benefits. The scheduled period for the repurchase was from January 28, 2026 to March 27, 2026. The aforementioned treasury shares fully repurchased on March 9, 2026. The treasury shares are currently pending retirement.
- (2) The Board of Directors of the Company on March 13, 2026, resolved to repurchase 5,000 thousand shares for maintaining the Company's credit and shareholders' benefits. The scheduled period for the repurchase is from March 16, 2026 to May 15, 2026.
- (3) The Board of Directors of the Company on January 8, 2026, resolved to sign a pre-sale contract with a non-related party for the sale of real estate recognized as investment property located at the third subsection, Tanmei Section, Neihu District, Taipei City. The total transaction amount is \$608,880 thousand (the Company's allocation ratio of joint construction is 51.7647%). For further information, please refer to the Market Observation Post System (MOPS).

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

12. Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the year ended December					
	2025			2024		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	1,749,367	1,194,380	2,943,747	1,653,045	1,061,657	2,714,702
Labor and health insurance	117,524	90,630	208,154	112,428	89,370	201,798
Pension (Note)	43,778	43,506	87,284	44,321	44,592	88,913
Remuneration of directors	-	102,215	102,215	-	105,668	105,668
Others	113,093	77,742	190,835	111,653	79,369	191,022
Depreciation	460,514	153,668	614,182	357,851	142,410	500,261
Amortization	8,808	8,237	17,045	7,305	5,573	12,878

Note : For the years ended December 31, 2025 and 2024, the pension fund of zero and \$748 thousand was settled in the current period, which was not paid by the labor pension reserve account of the Bank of Taiwan and was recorded as operating expense.

For the years ended December 31, 2025 and 2024, the information on the number of employees and employee benefit expense of the Company is as follows :

	2025	2024
Number of employees	2,514	2,484
Number of directors (non-employee)	8	8
Average employee benefit expense	\$ 1,369	\$ 1,291
Average employee salary expense	\$ 1,175	\$ 1,096
Percentage of adjustment for average employee salary expense	7.21%	(10.09%)
Remuneration for supervisors	\$ -	\$ -

Compensation policies are as follows:

(a) Directors (including independent directors)

- (i) According to Article 24 of Incorporation, the remunerations to the president, the directors and the supervisors are determined based on their contribution and participation in the Company's operation, considering the domestic and foreign industrial standards, and approved by the Board of Directors. In accordance with Article 31-1 of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

The aforementioned employee remuneration shall be allocated with no less than 50% designated for distribution to entry-level employees.

- (ii) In addition, transportation allowances are reimbursed to the president, the directors and the supervisors when they attend the meeting of Board of Directors.

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(b) Management

According to the Company's regulations, the remuneration of managerial officers shall include salaries and bonuses. Salaries are determined based on industry standards, job titles, positions, educational background, and professional abilities. Bonus distribution is based on the results of performance evaluations according to the "Performance Assessment Regulations," with performance metrics including job performance, management capabilities, specific contributions, and consideration of overall profitability, target achievement rate, operational performance and participation in sustainable development. Reasonable remuneration is granted to align management incentives with business performance and long-term sustainability goals. The compensation system is reviewed periodically based on actual operating conditions and relevant regulations, and the Company will continue to optimize related performance indicators and evaluation mechanisms.

(c) Employees

The salaries to the employees are adjusted on an annual basis, considering their positions, personal performances, and market earnings surveys.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of Transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SCK	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	157,430 (CNY35,000)	112,450 (CNY25,000)	112,450 (CNY25,000)	2.50%	Short term financing	-	Business operation	-	Real estate	179,920 (CNY40,000)	323,656 (CNY71,956)	323,656 (CNY71,956)
2	Sanyang Global	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	112,450 (CNY25,000)	44,980 (CNY10,000)	44,980 (CNY10,000)	2.50%	Short term financing	-	Business operation	-	Real estate	134,940 (CNY30,000)	253,922 (CNY56,452)	253,922 (CNY56,452)
3	Nova Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	112,450 (CNY25,000)	112,450 (CNY25,000)	112,450 (CNY25,000)	2.50%	Short term financing	-	Business operation	-	Real estate	404,820 (CNY90,000)	124,775 (CNY27,740)	124,775 (CNY27,740)
4	Dinh Duong	VMEP	Other receivables	Y	82,440 (VND68,700,000)	82,440 (VND68,700,000)	6,000 (VND5,000,000)	5.60%	Short term financing	-	Business operation	-	None	-	82,821 (VND69,017,199)	82,821 (VND69,017,199)
5	VCFP	VMEP	Other receivables	Y	51,600 (VND43,000,000)	51,600 (VND43,000,000)	42,000 (VND35,000,000)	5.60%	Short term financing	-	Business operation	-	None	-	63,336 (VND52,780,094)	63,336 (VND52,780,094)

Note 1: The numbering method is as follows:

- (1) "0" represents the parent company.
- (2) Investees are sequentially numbered from 1 by company.

Note 2: There is no additional interest according to the agreement between both parties.

Note 3: The limit on total loans granted to a single party and ceiling on total loans granted for short-term financing shall not exceed 40% of the equity of SCK and Sun Goal.

Note 4: The ceiling on total loans granted and limit on total loans granted to a single party for short-term financing shall not exceed 40% of the equity of, Nova Shanghai. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the equity and the ceiling on total loans granted to a single party shall not exceed one and a half times the total amount of purchases and sales transactions with the lender for the last year.

Note 5: The limit on total loans granted to a single party and ceiling on total loans granted for short-term financing shall not exceed 40% of the equity of Dinh Duong and VCFP.

Note 6: Inter-company transactions have been eliminated in the consolidated financial statements.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of endorser/ guarantor	endorsee/guarantee		Limit on total endorse- ments/ guarantees provided to a single party	Maximum outstanding endorsements/ guarantees amount during the period	Ending balance of guarantees and endorsements	Actual usage amount during the period	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated amount of endorsements/ guarantees to net asset of the latest financial statements of the endorser/guarantor	Ceiling on total endorsements /guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorse- ments/ guarantees by subsidiary to parent company	Provision of endorse- ments/ guarantees to the party in Mainland China
		Name	Relation- ship (Note 8)										
0	The Company	VMEP	2	26,317,859	1,257,000 (USD40,000)	-	-	-	- %	26,317,859	Y	N	N
0	The Company	APh ePower	2	26,317,859	3,000,000	3,000,000	-	-	11.40%	26,317,859	Y	N	N
1	Shan Young	The Company	3	13,836,989	8,400,000	8,400,000	6,883,843	9,500,000	98.07%	13,836,989	N	Y	N
2	SYI	Shan Young	4	11,224,943	800,000	800,000	779,000	832,763 (USD26,500)	7.13%	11,224,943	N	N	N
2	SYI	Ching Ta	4	2,631,786	500,000	500,000	67,500	73,849 (USD2,350)	4.45%	2,631,786	N	N	N
2	SYI	The Company	3	11,224,943	450,000	-	-	-	- %	11,224,943	N	Y	N
3	Chong Hing	Shan Young	4	4,130,953	3,500,000	3,500,000	2,753,000	2,949,098 (CNY525,000) (USD18,700)	84.73%	4,130,953	N	N	N
4	TBM BVI	TBM	3	167,336	30,000	30,000	-	33,939 (USD1,080)	18.07%	167,336	N	Y	N

Note 1: The numbering method is as follows:

- (1) "0" represents the parent company.
- (2) Investees are sequentially numbered from 1 by company.

Note 2: According to policy for endorsements/ guarantees of the Company, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the equity of the Company. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided to a single party shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided shall not exceed 10% of the equity of the Company. The endorsements/ guarantees of the Company and subsidiaries, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 150% the equity of the Company.

Note 3: According to policy for endorsements/ guarantees of Shang Young, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the total appraisal of owned land and buildings of Shang Young. The aforementioned appraisal value is in accordance with the latest appraisal report prepared and issued by real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the maxima of total amount of business-related transactions or amount of signed contract with the endorser/ guarantor for the recent year.

Note 4: According to policy for endorsements/ guarantees of SYI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of the equity of SYI. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided to a single party shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided shall not exceed 10% of the equity of SYI.

Note 5: According to policy for endorsements/ guarantees of SYI, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsement s/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 6: According to policy for endorsements/ guarantees of Chong Hing, the limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of its equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its equity.

Note 7: According to policy for endorsements/ guarantees of Chong Hing, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's equity, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 8: According to policy for endorsements/ guarantees of TBM BVI, limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided of TBM BVI shall not exceed 50% of the Company's equity. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the Company for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of equity of TBM BVI.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Note 9: The relationship is classified into the following seven types:

- (1) Transactions between the companies.
- (2) The Company directly or indirectly holds more than 50% voting right.
- (3) When other companies directly or indirectly hold more than 50% voting rights of the Company.
- (4) The Company directly or indirectly holds more than 90% voting right.
- (5) A company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
- (7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

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

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
The Company	Equity-Astemo Taichung Co.,	Other related parties	Note 1	5,339	120,498	19.94 %	120,498	
The Company	Equity-Sheng Mao Investment Co., Ltd.	-	Note 1	1,500	77,700	25.00 %	77,700	
The Company	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	8,091	95,074	0.72 %	95,074	
The Company	Equity-Apex Biotechnology	Other related parties	Note 1	16,432	500,354	16.44 %	500,354	
Shan Young	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	8,209	96,453	0.73 %	96,453	
Nanyang	Equity-The Company	Parent company	Note 1	4,351	267,148	0.55 %	267,148	
Nanyang	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	7,974	93,696	0.71 %	93,696	
Ching Ta	Equity-The Company	Parent company	Note 1	981	60,264	0.12 %	60,264	
Ching Ta	Equity-Xu Mao Investment Co., Ltd.	-	Note 1	3,781	167,623	25.21 %	167,623	
Ching Ta	Equity Gold Yu Co., Ltd.	-	Note 1	3,000	64,380	5.56 %	64,380	
Ching Ta	Equity-Grand Pacific Petrochemical Corporation	-	Note 1	7,835	92,057	0.70 %	92,057	
Ching Ta	Equity-Ascendax Venture Capital Corporation	Other related parties	Note 1	6,666	95,570	11.11 %	95,570	
Ching Ta	Equity-NUWA Biomedical INC.	-	Note 1	500	52,500	1.43 %	52,500	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	Note 1	1,519	476,314	6.76 %	476,314	

Note 1: Financial assets at fair value through other comprehensive income

Note 2: The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD31.425 ; RMB\$1=NT\$4.4980

Average exchange rate for the reporting period: US\$1=NT\$31.1784 ; RMB\$1=NT\$4.3351

(iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of purchaser/seller	Counter-party	Relation-ship	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchases /Sales	Amount	Percentage of total purchases/sales	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)		
The Company	Nanyang	Note 2	Sales	(14,326,744)	(31) %	8 billion in credit and payment received right after shipment	-	-	20,242	1%	-
The Company	Chu-Yang	Note 2	Sales	(282,088)	(1) %	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	-	-	-	-%	-
The Company	SIT	Note 2	Sales	(1,575,376)	(3) %	Payment received 240 days after shipment	-	-	828,305	36%	-
The Company	SDE	Note 2	Sales	(169,023)	- %	Payment received 180 days after shipment	-	-	73,178	3%	-
The Company	Xia Shing Motor	Note 2	Sales	(509,920)	(1) %	Payment received 30 days after shipment, payment received 45 days after shipment of parts for warranty	-	-	29,460	1%	-
The Company	Jau Ryh	Note 2	Sales	(348,571)	(1) %	Payment received 3 days after shipment	-	-	3,361	-%	-
The Company	VMEPH	Note 2	Sales	(264,940)	(1) %	Payment received 60 days after shipment	Note 5	Note 5	78,361	3%	-
The Company	SCB	Note 2	Sales	(355,238)	(1) %	Payment received 270 days after shipment	-	-	245,693	11%	-

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Notes to the Financial Statements

Name of purchaser/seller	Counter-party	Relation-ship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Xia Shing Motor	Note 2	Purchases	3,862,495	12 %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	Note 5	Note 5	(296,426)	(9)%	-
The Company	TBM	Note 2	Purchases	633,314	2 %	Payment paid 45 days after acceptance	Note 5	Note 5	(78,954)	(2)%	-
The Company	Youth Taisun	Note 2	Purchases	400,900	1 %	Payment paid 45 days after acceptance	-	-	(53,392)	(2)%	-
The Company	VMEP	Note 2	Purchases	442,326	1 %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	Note 5	Note 5	(40,871)	(1)%	-
The Company	Astemo Taichung Co.,	Note 4	Purchases	876,808	3 %	Payment paid 45 days after acceptance	Note 5	Note 5	(115,546)	(4)%	-
The Company	Zoeng Chang Industry Co., Ltd.	Note 2	Purchases	306,705	1 %	Payment paid 45 days after acceptance	-	-	(30,116)	(1)%	-
Nanyang	Sunshine Auto-Lease	Note 2	Sales	(452,706)	(2) %	Payment received right after shipment	-	-	17,541	9%	-
Nanyang	Jau Ryh	Note 2	Sales	(301,131)	(2) %	Payment received 3~7 days after shipment	-	-	18,282	9%	-
Nanyang	The Company	Note 1	Purchases	14,326,744	91 %	8 billion in credit and payment paid right after shipment	Note 5	Note 5	(20,242)	(8)%	-
Nanyang	Shian Yang	Note 2	Purchases	138,686	1 %	Payment received 50 days after the end of the month	Note 5	Note 5	(28,746)	(11)%	-
Chu-Yang	The Company	Note 1	Purchases	282,088	100 %	Guarantee deposit 25,000 thousand and payment paid in 2 days on a weekly settlement base	Note 5	Note 5	-	-%	-
SIT	The Company	Note 1	Purchases	1,575,376	98 %	Payment paid 240 days after shipment	Note 5	Note 5	(828,305)	(86)%	-
SDE	The Company	Note 1	Purchases	169,023	99 %	Payment paid 180 days after shipment	Note 5	Note 5	(73,178)	(100)%	-
Xia Shing Trading	Sanyang Global	Note 3	Sales	(421,152)	(13) %	Payment received 120 days after the end of the month	Note 5	Note 5	29,207	35%	-
Xia Shing Trading	Xia Shing Motor	Note 1	Purchases	2,709,175	91 %	Payment received 120 days after the end of the month	Note 5	Note 5	-	-%	-
Xia Shing Motor	The Company	Note 1	Sales	(3,862,495)	(33) %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month. °	Note 5	Note 5	296,426	28%	-
Xia Shing Motor	Xia Shing Trading	Note 2	Sales	(2,709,175)	(23) %	Payment received 120 days after the end of the month	Note 5	Note 5	-	-%	-
Xia Shing Motor	VMEPH	Note 3	Sales	(283,330)	(2) %	Payment received 120 days after the end of the month	Note 5	Note 5	106,731	10%	-
Xia Shing Motor	Chin Zong	Note 3	Sales	(200,912)	(2) %	Payment received 120 days after the end of the month	Note 5	Note 5	-	-%	-
Xia Shing Motor	The Company	Note 1	Purchases	509,920	6 %	Payment received 30 days after shipment, payment paid 45 days after shipment of parts for warranty	Note 5	Note 5	(29,460)	(2)%	-
Xia Shing Motor	XTBM	Note 3	Purchases	272,544	3 %	Payment paid 30 days after the end of the month	Note 5	Note 5	(21,565)	(2)%	-
Xia Shing Motor	SCK	Note 3	Purchases	480,827	5 %	Payment paid 30 days after the end of the month	-	-	(17,162)	(1)%	-
TBM	The Company	Note 1	Sales	(633,314)	(91) %	Payment received 45 days after acceptance	Note 5	Note 5	78,954	94%	-
Youth Taisun	The Company	Note 1	Sales	(400,900)	(96) %	Payment received 45 days after acceptance	-	-	53,392	92%	-
Sunshine Auto-Lease	Nanyang	Note 1	Purchases	452,706	44 %	Payment paid right after shipment	Note 5	Note 5	(17,541)	(32)%	-
Jau Ryh	The Company	Note 1	Purchases	348,571	50 %	Payment paid 3 days after shipment	Note 5	Note 5	(3,361)	(14)%	-
Jau Ryh	Nanyang	Note 1	Purchases	301,131	43 %	Payment paid 3 to 7 days after shipment	Note 5	Note 5	(18,282)	(75)%	-

(Continued)

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Name of purchaser/seller	Counter-party	Relation-ship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
VMEP	The Company	Note 1	Sales	(442,326)	(26) %	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month.	Note 5	Note 5	40,871	31%	-
VMEP	Sanyang Global	Note 3	Purchases	458,536	32 %	Payment paid 60 days after shipment for December and 120 days after shipment for all other months	Note 5	Note 5	(47,897)	(37)%	-
NOVA Design Sanyang Global	The Company	Note 1	Sales	(105,021)	(82) %	Payment received 30 days after acceptance	-	-	16,213	92%	-
	VMEP	Note 3	Sales	(458,536)	(77) %	Payment received 60 days after shipment for December and 120 days after shipment for all other months	Note 5	Note 5	47,897	93%	-
Sanyang Global	Xia Shing Trading	Note 3	Purchases	421,152	70 %	Payment paid 120 days after the end of the month	Note 5	Note 5	(29,207)	(48)%	-
XTBM	Xia Shing Motor	Note 3	Sales	(272,544)	(87) %	Payment received 30 days after the end of the month	Note 5	Note 5	21,565	88%	-
VMEPH	The Company	Note 1	Purchases	264,940	46 %	Payment paid 60 days after shipment	Note 5	Note 5	(78,361)	(42)%	-
VMEPH	Xia Shing Motor	Note 3	Purchases	283,330	50 %	Payment paid 120 days after the end of the month	Note 5	Note 5	(106,731)	(57)%	-
Shian Yang	Nanyang	Note 1	Sales	(138,686)	(31) %	Payment received 50 days after the end of the month	Note 5	Note 5	28,746	31%	-
SCK	Xia Shing Motor	Note 3	Sales	(480,827)	(81) %	Payment received 30 days after the end of the month	-	-	17,162	82%	-
SCB	The Company	Note 1	Purchases	355,238	68 %	Payment paid 270 days after shipment	Note 5	Note 5	(245,693)	(77)%	-
Chin Zong	Xia Shing Motor	Note 3	Purchases	200,912	82 %	Payment paid 120 days after the end of the month	Note 5	Note 5	-	-%	-

Note 1: Investor company accounts for the Company using the equity method.

Note 2: Investee company accounted for using the equity method by the Company.

Note 3: Affiliate.

Note 4: The Company is the juristic director of the entity.

Note 5: There are no comparable transactions available.

(v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in the subsequent period	Loss allowance
					Amount	Action taken		
The Company	SIT	Subsidiaries	828,305	2.12	-	-	114,905	-
			(EUR 22,453)				(EUR 3,115)	
The Company	SCB	Subsidiaries	245,693	2.19	-	-	43,096	-
			(USD 7,818)					
Xia Shing Motor	The Company	The parent company of the Group	296,426	12.28	-	-	247,315	-
			(USD 9,433)				(USD 7,870)	
Xia Shing Motor	VMEPH	Fellow subsidiary	106,731	5.31	2,453	overdue notice	37,723	-
			(USD 3,396)		(USD 78)		(USD 1,200)	
SCK	Yangzhou Tairun Hotel Co., Ltd.	Associates of the Group	112,450	Not applicable	-	-	-	-
			(CNY 25,000)					
Nova Shanghai	Yangzhou Tairun Hotel Co., Ltd.	Associates of the Group	112,450	Not applicable	-	-	-	-
			(CNY 25,000)					

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(2) Information on investees:

The following is the information on investees for the year ended December 31, 2025 (excluding information on investees in Mainland China):

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2025	December 31, 2024	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	Shan Young	Taiwan	Real estate development and management	4,843,889	4,843,889	771,433	100.00%	8,565,595	573,444	573,444	Note 1
"	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,659	179,659	18,093	100.00%	235,761	15,635	15,635	"
"	Chu Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	61,337	13,760	13,760	"
"	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	837,572	837,572	179,283	89.78%	4,296,343	1,014,430	897,581	"
"	NOVA Design	Taiwan	Product design	195,492	195,492	19,080	100.00%	184,222	(20,319)	(20,319)	"
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	35,178	35,178	9,208	16.27%	110,358	34,983	5,692	"
"	Ching Ta	Taiwan	Investment activities	785,609	785,609	125,331	99.66%	1,455,394	31,213	28,136	"
"	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	4,130,953	51,848	51,848	"
"	SDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	107,969	(396)	(396)	"
"	SYI	Samoa	Investment shareholding company	3,662,936	3,662,936	-	100.00%	11,224,943	1,329,901	1,329,901	"
"	SIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	331,982	49,435	49,435	"
"	APh	Taiwan	Investment shareholding company	3,300,512	2,800,512	238,871	74.18%	2,165,114	(221,703)	(177,096)	"
"	SCB	Colombia	Sale of scooters and its parts	91,466	91,466	100	100.00%	39,798	61,527	61,527	"
"	Yi Young Co., Ltd.	Taiwan	Waste management industry	280,000	280,000	28,000	100.00%	280,515	421	421	"
"	Chiao Song Health	Taiwan	Elderly Residence	6,000	6,000	600	60.00%	5,774	(360)	(217)	"
Shan Young	Taiwan Tea Co., Ltd.	Taiwan	Sale of tea, real estate transactions, including planning and development	3,982,033	3,982,033	223,640	28.31%	4,763,082	(126,733)		Disclosure not required
"	Vista Hill Environmental	Taiwan	Waste management industry	95,928	95,928	9,593	70.95%	96,298	314		"
APh	APh ePower Co., Ltd.	Taiwan	Research, manufacturing, and sales of aluminum battery-related energy products, renewable energy sources	3,253,900	2,753,900	321,033	100.00%	2,592,424	(221,625)		"
Taiwan Tea Co., Ltd.	Chiao Song Health	Taiwan	Elderly Residence	4,000	-	400	40.00%	3,850	(360)		"
"	Chanshuo CO., LTD.	Taiwan	Other amusement and recreation Activities	1,000	-	100	4.35%	1,038	810		Note 2
Nanyang	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	91,926	91,926	34,792	61.46%	393,289	34,983		Note 1
"	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	31,317	31,317	3,000	100.00%	64,173	31,022		"
"	Nanyang Insurance Agent	Taiwan	Property insurance agency business	58,271	58,271	4,387	93.31%	82,472	18,376		"
"	NY Samoa	Samoa	Investment shareholding company	328,517	328,517	-	100.00%	102,307	(229)		"
"	Jau Ryh	Taiwan	Distribution, repair, and maintenance of automobiles and parts	64,328	34,328	5,993	100.00%	77,636	2,473		"
"	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	151,332	77,605		"
"	Chuanyang Industrial Co., Ltd.	Taiwan	Retails of automobiles and parts	25,000	25,000	2,500	100.00%	25,183	202		"
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	65,253	(1)		"
Ching Ta	TBM	Taiwan	Manufacturing, processing and sale of scooter parts	179,500	179,500	12,868	55.00%	184,069	43,644		Disclosure not required
"	Sunshine Auto-Lease	Taiwan	Passenger car rental and leasing	19,680	19,680	11,955	21.12%	143,255	34,983		"
"	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	89,010	(1)		"
"	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	333,083	15,732		Note 2
"	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	32,366	(29,147)		"
"	Winner RV Ltd.	Taiwan	Sale, manufacturing and design services of camping trailers and recreational vehicles	100,000	100,000	5,000	20.63%	60,927	(25,752)		"
"	HE XU International Co., Ltd.	Taiwan	Leisure and recreation venue industry	45,000	45,000	4,500	30.00%	30,890	(22,473)		"
"	Chanshuo CO., LTD.	Taiwan	Other amusement and recreation Activities	8,200	8,200	820	35.65%	7,627	810		"
"	Dynamic Motor Technology	Taiwan	Manufacture of Electronic Parts and Components	6,120	6,120	612	51.00%	4,166	109		Note 1

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2025	December 31, 2024	Shares (in thousands)	Percentage of ownership	Carrying value			
Ching Ta	Seknova Biotechnology Co., Ltd.	Taiwan	Research, development, and sale of medical instruments for detecting human physiological parameters and related business.	39,954	-	11,415	32.72%	36,107	(11,759)	"	Note 2
Profit Source	Chong Hing	British Virgin Islands	Investment shareholding company	813,216	813,216	-	100.00%	4,130,953	51,848	"	Note 1
SYI	Cosmos	British Virgin Islands	Investment shareholding company	(USD25,878)	(USD25,878)	-	100.00%	(USD131,454)	(USD1,663)	"	"
"	VMEPH	Cayman Islands	Investment shareholding company	415,614	415,614	-	100.00%	564,220	31,836	"	"
"	NEW PATH	Samoa	Investment shareholding company	(USD13,226)	(USD13,226)	-	100.00%	(USD17,954)	(USD1,021)	"	"
"	PIL	British Virgin Islands	Investment shareholding company	3,110,572	3,110,572	608,818	67.07%	1,016,152	135,911	"	"
"	Sun Goal	Samoa	Investment shareholding company	(USD98,984)	(USD98,984)	-	100.00%	(USD32,336)	(USD4,359)	"	"
"	TBM BVI	British Virgin Islands	Investment shareholding company	(USD9,207)	(USD9,207)	-	100.00%	(USD20,415)	(USD311)	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	434,796	434,796	-	100.00%	6,180,526	1,078,280	"	"
"	VMEPH	Taiwan	Wholesale and retail of scooters and its parts	(USD13,836)	(USD13,836)	-	100.00%	(USD196,675)	(USD34,584)	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	274,366	274,366	-	100.00%	244,928	13,820	"	"
"	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	(USD8,731)	(USD8,731)	-	100.00%	(USD7,794)	(USD443)	"	"
"	VCFP	Vietnam	Manufacturing of scooter parts, etc	147,035	147,035	-	100.00%	166,044	17,950	"	"
"	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	37,625	4,777	"	"
"	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	45,000	45,000	4,500	100.00%	122,073	9,387	"	"
"				(USD165,933)	(USD165,933)	-	100.00%	(USD44,015)	(USD4,222)	"	"
"				141,413	141,413	-	100.00%	159,011	16,904	"	"
"				(USD4,500)	(USD4,500)	-	31.00%	(USD5,060)	(USD542)	"	"
"				14,613	14,613	-	31.00%	16,976	4,777	"	"
"				(USD465)	(USD465)	-	99.94%	(USD540)	(USD152)	"	"
"				226,669	226,669	-	99.94%	207,804	5,506	"	"
"				(USD7,213)	(USD7,213)	-		(USD6,613)	(USD177)	"	"

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

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SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

(3) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses, and other information:

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Xia Shing Motor	Manufacturing and sale of scooters and its parts	722,775 (USD23,000)	(2)1	434,796 (USD13,836)	-	-	434,796 (USD13,836)	1,406,400 (USD45,108)	76.67%	1,078,287 (USD34,584)	6,179,324 (USD196,637)	-
Xia Shing Trading	Wholesale and retails of scooter parts and components	13,494 (CNY3,000)	(3)1	-	-	-	-	12,236 (CNY2,823)	76.67%	Note 2	80,748 (CNY17,952)	-
Xiamen Qungeng	Manufacturing and sale of scooter parts	134,941 (CNY30,000)	(3)1	-	-	-	-	(8,572) (CNY1,977)	39.10%	Note 2	49,286 (CNY10,957)	-
SCK	Manufacturing and sale of scooter parts	1,038,282 (USD33,040)	(2)1	729,877 (USD23,226)	-	-	729,877 (USD23,226)	45,657 (USD1,464)	100.00%	45,657 (USD1,464)	809,146 (USD25,748)	-
Xiamen King Long United Automotive Industry Co., Ltd	Assembling and manufacturing of automobile and its parts	(Note 1)	(2)1	1,121,935 (USD35,702)	-	-	1,121,935 (USD35,702)	-	-	-	-	550,723 (USD17,525)
Sanyang Global	Scooter parts and molds development and wholesale	282,825 (USD9,000)	(2)1	282,825 (USD9,000)	-	-	282,825 (USD9,000)	9,440 (USD303)	100.00%	9,440 (USD303)	634,809 (USD20,201)	-
Chongqing Kuayue Group Co., Ltd	Developing, manufacturing, selling engine of automobile and its parts	47,357 (USD1,507)	(1)	14,204 (USD452)	-	-	14,204 (USD452)	-	30.00%	-	-	-
NOVA Shanghai.	Industrial products design	408,598 (USD13,002)	(2)2	361,733 (USD11,511)	-	-	361,733 (USD11,511)	(612) (USD(20))	100.00%	(612) (USD(20))	311,939 (USD9,926)	-
XTBM	Manufacturing, processing and sale of scooter parts	138,313 (USD4,401)	(2)3	138,313 (USD4,401)	-	-	138,313 (USD4,401)	16,655 (USD534)	54.81%	9,129 (USD293)	70,560 (USD2,245)	-
GTBM	Manufacturing, processing and sale of scooter parts	(Note 1)	(2)3	21,935 (USD698)	-	-	21,935 (USD698)	-	-	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	(Note 1)	(2)4	194,866 (USD6,201)	-	-	194,866 (USD6,201)	-	-	-	-	-
Chang Zhou Nan Yang	Retail of automobiles and its parts	127,271 (USD4,050)	(2)4	127,271 (USD4,050)	-	-	127,271 (USD4,050)	(229) (USD(7))	89.78%	(206) (USD(7))	91,852 (USD2,923)	-
Yangzhou Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	157,125 (USD5,000)	(2)5	157,125 (USD5,000)	-	-	157,125 (USD5,000)	(659) (USD(21))	29.19%	(192) (USD(6))	51,485 (USD1,638)	-
Yangzhou Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	157,125 (USD5,000)	(2)5	-	-	-	-	(27,865) (USD(894))	29.19%	(8,134) (USD(261))	(26,632) (USD(847))	-
Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,249 (CNY500)	(2)6	-	-	-	-	-	29.19%	-	2,241 (CNY498)	-

Note 1: The investees in Mainland China have been liquidated, sold, or deregistered, but have not yet applied to the Ministry of Economic Affairs' Investment Commission for deregistration of investment as follows:

- (1)The Group disposed its investment in Xiamen King Long United Automotive Industry Co., Ltd in the year of 2018, and the proceeds from the disposal (including accumulated investment amount) was remitted to Chong Hing, the investment shareholding company of the disposed investee company.
- (2)The Group disposed its investment in GTBM on July 31, 2019, and the proceeds from the disposal (including accumulated investment amount) was remitted to TBM BVI, the investment shareholding company of the disposed investee company.
- (3)The Company was approved by Investment Commission, MOEA (Permit No. 09900323700) for the investment of US\$7,400 thousand in Su Zhou Hui Ying Motor Sales and Service Co., Ltd. on August 17, 2010. The Company was approved by Investment Commission, MOEA (Permit No. 10100039390) for the investment of US\$2,200 thousand in Su Zhou Hui Ying Motor Sales and Service Co., Ltd. on February 10, 2012. The liquidation of Su Zhou Hui Ying Motor Sales and Service Co., Ltd. has been completed on May 10, 2021 and Investment Commission, MOEA (Permit No. 11000177800) approved the withdrawal of the investment of US\$3,399 thousand on August 3, 2021.

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SANYANG MOTOR CO., LTD.**Notes to the Financial Statements**

Note 2: (1)The Company set up company in Mainland China to invest in the investee in Mainland China, does not require application to the Investment Commission

(2)Net income was recognized in Xia Shing Motor.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,690,860 (USD85,628)	3,672,326 (USD116,860)	25,381,307

Note 1: The method of investment is classified into the following three types:

- (1) Through company in the third region to transfer money to invest in the investee in Mainland China.
- (2) Through setting up company in the third region to invest in the investee in Mainland China.
 - 1.The Company set up company in the third region to invest in the investee in Mainland China.
 - 2.NOVA Design set up company in the third region to invest in the investee in Mainland China.
 - 3.TBM set up company in the third region to invest in the investee in Mainland China.
 - 4.Nanyang set up company in the third region to invest in the investee in Mainland China.
 - 5.Qing Zhao Investment Co., Ltd. set up company in the third region to invest in the investee in Mainland China.
 - 6.Split-up of Yang Zhou Tai Run Hotel Co., Ltd.
- (3) Through investing company in Mainland China to invest in the investee in Mainland China.

Note 2: The investment income(losses) was recognized based on the investee company's financial reports audited by international accounting firm which collaborated with the Company's audit team or certified public accountants of R.O.C..

Note 3: In accordance with Principles for the review of investment or technical cooperation in the Mainland China issued by Investment Commission, MOEA, the limit on investment in Mainland China is the higher of 60% of the Company's or the Group's equity.

Note 4: If the investment was invested in foreign currency, the amount stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD31.425 ; CNY1=NTD4.4980

Average exchange rate for the reporting period: USD1=NTD31.1784 ; CNY1=NTD4.3351

(iii) Significant transactions:

For the direct or indirect significant transactions between the Company and its investees in Mainland China during the year of 2025, please refer to "Information on significant transaction".

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2025.

(Continued)

Sanyang Motor Co., Ltd.
Statement of Cash and cash equivalent
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash	TWD : 245,000	\$ 245
Bank deposits	TWD : 1,997,222,439	2,472,924
	USD : 13,105,138.62	
	EUR : 1,664,202.07	
	JPY : 12,353,846	
		<u>\$ 2,473,169</u>

Note : Exchange rate at balance sheet date are as follows :

USD : 31.4250

EUR : 36.8900

JPY : 0.2008

Sanyang Motor Co., Ltd.

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	\$ 1,578,952	1,674,754	
Work in progress	27,978	27,978	
Raw materials	1,683,668	1,965,830	
Consumables	8,198	8,198	
Inventories in transit	1,092,846	1,092,846	
Total	4,391,642	4,769,606	
Less: Allowance for inventory market price decline and obsolescence	(90,354)		
Net	\$ 4,301,288		

Sanyang Motor Co., Ltd.
Statement of changes in investments accounted for using equity method
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan dollars)

Name of Investee	Beginning Balance		Additions		Deduction		Investment income (losses)	Exchange differences on translation of foreign financial statements	Others	Ending Balance			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral
Shan Young Assets Management Co., Ltd.	771,433	\$ 7,981,125	-	-	-	-	573,444	-	11,026	771,433	100.00%	8,565,595	-	8,565,595	None
Youth Taisun Co., Ltd.	18,093	233,418	-	-	-	12,059	15,635	-	(1,233)	18,093	100.00%	235,761	-	235,761	"
Chu Yang Motor Co., Ltd.	2,900	60,715	-	-	-	13,891	13,760	-	753	2,900	100.00%	61,337	-	63,213	"
Nanyang Industries Co., Ltd.	179,283	3,821,616	-	-	-	448,209	897,581	443	24,912	179,283	89.78%	4,296,343	-	4,535,917	"
NOVA Design Co., Ltd.	19,080	211,315	-	-	-	6,794	(20,319)	(381)	401	19,080	100.00%	184,222	-	184,222	"
SUNSHINE AUTO LEASE Co., Ltd.	8,655	104,666	553	-	-	-	5,692	-	-	9,208	16.27%	110,358	-	110,358	"
Ching Ta Investment Co., Ltd.	122,401	1,402,574	2,929	-	-	-	28,136	3,980	20,704	125,330	99.66%	1,455,394	-	1,428,525	"
Aph Co., Ltd.	205,537	2,561,027	33,333	500,000	-	667,438	(177,096)	-	(51,379)	238,870	74.18%	2,165,114	-	1,933,673	"
Yi Young Co., Ltd.	28,000	280,944	-	-	-	850	421	-	-	28,000	100.00%	280,515	-	280,515	"
Chiao Song Health Co., Ltd.	600	5,991	-	-	-	-	(217)	-	-	600	60.00%	5,774	-	5,774	"
Profit Source Investment Ltd.(Samoa)	-	4,057,213	-	-	-	-	51,848	21,892	-	-	100.00%	4,130,953	-	4,130,953	"
Sanyang Deutschland GmbH	-	98,780	-	-	-	-	(396)	9,289	296	-	100.00%	107,969	-	124,000	"
SY International Ltd.	-	10,012,858	-	-	-	-	1,329,901	(96,710)	(21,106)	-	100.00%	11,224,943	-	11,224,109	"
SY Italia S.r.l	-	271,911	-	-	-	-	49,435	32,439	(21,803)	-	100.00%	331,982	-	453,363	"
Sanyang Motor Colombia S.A.S	100	(24,395)	-	-	-	-	61,527	2,666	-	100	100.00%	39,798	-	39,798	"
Total		\$ 31,079,758		500,000		1,149,241	2,829,352	(26,382)	(37,429)			33,196,058			

Note 1 : The amount is net of accumulated impairment.

Note 2 : The additions were due to cash capital increase. The deductions were due to receipt of cash dividends \$481,803 thousand and impairment losses on investment in Aph Co., Ltd. \$667,438 thousand.

Note 3 : Others were due to adjustment of retained earnings \$(50,762) thousand, unrealized gains (losses) on financial assets measured at fair value through other comprehensive income \$13,431 thousand, unrealized profit from sales \$(18,163) thousand, capital surplus \$15,528 thousand and share of actual gains (losses) of the investee companys' defined benefits obligations \$2,537 thousand.

Sanyang Motor Co., Ltd.
Statement of changes in property, plant and equipment
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7) for the regarding information.

Statement of changes in investment property

Please refer to Note 6(8) for the regarding information.

Sanyang Motor Co., Ltd.
Statement of short-term borrowings
December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Loan Type	Lender	Ending Balance	Financing Period	Interest Rates	Credit Line	Collateral
Letters of credit	ChangHwa Bank, Songshan Branch (A)	\$ 164,922	2025.9.8~2026.6.1	1.8000%	2,000,000	The land and buildings located at Neihu District, Taipei City and Xinfeng Township, Hsinchu County
Unsecured bank loans	First Bank, Songshan Branch	500,000	2025.10.21~2026.2.24	1.7890%	1,200,000	None
"	DBS Bank, Nanjing East Road Branch	300,000	2025.11.21~2026.1.21	1.7800%	471,375	"
"	Cathay United Bank Nanking East Road Branch	300,000	2025.10.9~2026.1.9	1.8000%	314,250	"
"	Export Import Bank of R.O.C., Hsinchu Branch	300,000	2025.9.2~2026.9.2	1.7949%	300,000	"
"	E.SUN Commercial Bank, Liujia Branch	500,000	2025.11.26~2026.2.26	1.7800%	600,000	"
Secured bank loans	ChangHwa Bank, Songshan Branch	1,100,000	2025.11.3~2026.11.3	1.7350%	Shared credit line with (A)	The land and buildings located at Neihu District, Taipei City and Xinfeng Township, Hsinchu County
"	YuanTa Bank, City Branch	1,000,000	2025.11.4~2026.2.2	1.7500%	1,000,000	The land and buildings located at southern District, Tainan City.
"	Bank of Taiwan, Beida Rd. Branch	200,000	2025.12.23~2026.6.18	1.8000%	370,000	The land and buildings located at Zhongli District, Taoyuan City
"	HuaNan Bank, Songshan Branch	1,200,000	2025.12.8~2026.1.8	1.7800%	2,000,000	The land and buildings located at Xinzhuang District, New Taipei City, and the land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
		<u>\$ 5,564,922</u>				

Sanyang Motor Co., Ltd.
Statement of account payables
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
A Company	Purchase	\$ 642,215	
B Company	"	133,387	
Others	"	1,791,822	Each of the items was less than 5% of the account balance
Total		\$ <u>2,567,424</u>	

Sanyang Motor Co., Ltd.
Statement of long-term borrowings
December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Lender	Loan Type	Financing Period	Interest rates	Ending Balance	Collateral
Export Import Bank of R.O.C., Hsinchu Branch	Credit line \$500,000 thousand	2025.8~2027.8 The loan may be appropriated but cannot be revolved (two-year loan)	1.8055%	\$ 500,000	None
First Bank, Songshan Branch	Credit line \$500,000 thousand	2025.10~2026.1 The loan may be appropriated and revolved (three-year loan)	1.8930%	500,000	"
YuanTa Bank, City Branch	Credit line of secured loans \$1,200,000 thousand	2025.11~2026.3 The loan may be appropriated and revolved (three-year loan)	1.7700%	1,200,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
YuanTa Bank, City Branch	Credit line of secured loans \$700,000 thousand	2025.12~2026.3 The loan may be appropriated and revolved (three-year loan)	1.7700%	700,000	The land and buildings located at Zhubei City, Hsinchu County, and Gangshan District, Kaohsiung City.
Agribank, Hsinchu Branch	Credit line of secured loans 700,000 thousand	2025.3~2028.3 The loan may be appropriated and revolved (three-year loan)	1.7950%	700,000	The land and buildings located at Neihu District, Taipei City
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans \$900,000 thousand	2024.8~2027.5 The loan may be appropriated and revolved (three-year loan)	1.8850%	900,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans \$2,000,000 thousand	2024.12~2027.11 The loan may be appropriated and revolved (three-year loan)	1.8850%	2,000,000	"
ChangHwa Bank, Songshan Branch	Credit line of secured loans \$1,000,000 thousand	2025.7~2028.7 The loan may be appropriated and revolved (three-year loan)	1.8800%	1,000,000	"
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part A: \$1,000,000 thousand	2023.9~2028.9 The loan may be appropriated but cannot be revolved (five-year loan)	1.8900%	1,000,000	The land and buildings located at HuKou Township, Hsinchu County
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part B: \$1,000,000 thousand	2025.5~2028.9 The loan may be appropriated and revolved (five-year loan)	1.8900%	1,000,000	"
Bank of Taiwan, Beida Rd. Branch	Credit line of secured loans \$647,000 thousand	2025.12~2030.12 The loan may be one-time appropriated but cannot be revolved (five-year loan)	1.8500%	647,000	"
HuaNan Bank, Songshan Branch	Credit line of secured loans \$600,000 thousand	2025.7~2026.1 The loan may be appropriated and revolved (five-year loan)	1.8700%	600,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Agribank, Hsinchu Branch	Credit line of secured loans \$2,000,000 thousand	2021.6~2028.6 The loan may be appropriated but cannot be revolved (seven-year loan)	1.8420%	1,820,000	The land and buildings located at HuKou Township, Hsinchu County
Subtotal				<u>12,567,000</u>	
Less: Current portion				<u>405,000</u>	
Total				<u><u>\$ 12,162,000</u></u>	

Sanyang Motor Co., Ltd.
Statement of operating revenue
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Automobiles	18,984 units	\$ 17,113,510	
Scooters	436,708 units	25,908,932	
Engines and spare parts		3,334,751	
Total sales		46,357,193	
Less: Sales discounts and returns		(221,585)	
Net sales		46,135,608	
Revenues from technical services		217,700	
Other revenues		78,266	
Net operating revenues		\$ 46,431,574	

Sanyang Motor Co., Ltd.
Statement of operating costs
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning inventories	\$ 2,284,696
Add : Purchases	31,331,670
Gain on physical inventories	104
Less : Non-manufacturing requisitions	(49,379)
Disposals	(10,383)
Ending inventories	<u>(2,784,712)</u>
Usage	30,771,996
Direct labor	1,045,877
Manufacturing expenses	<u>2,290,895</u>
Manufacturing costs	34,108,768
Add : Beginning work in process	37,733
Less : Ending work in process	<u>(27,978)</u>
Costs of Goods manufactured	34,118,523
Add : Beginning finished goods	982,220
Purchases	2,126,456
Less : Ending finished goods	(1,578,952)
Others	<u>(46,847)</u>
Manufacturing costs	35,601,400
Revenues from sale of scraps	(47,372)
Gain on physical inventories	(104)
Disposals	10,383
Loss on inventory market price decline and obsolescence	<u>3,426</u>
Cost of goods sold	35,567,733
Cost of technical services	138,705
Warranty expenses	225,425
Commodity tax	<u>4,565,140</u>
Operating costs	\$ <u><u>40,497,003</u></u>

Sanyang Motor Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Recycling and clearing expenses	\$ 289,794
Salary expenses	245,474
Advertising expenses	187,177
Others (Each of the items was less than 5% of the account balance)	197,517
Total	\$ 919,962

Statement of administrative expenses

Item	Amount
Salary expenses	\$ 512,879
Depreciation	76,279
Others (Each of the items was less than 5% of the account balance)	394,034
Total	\$ 983,192

Statement of research and development expenses

Item	Amount
Salary expenses	\$ 531,911
Consumables	147,400
Outsourced research and development expenses	61,637
Others (Each of the items was less than 5% of the account balance)	307,919
Total	\$ 1,048,867

Sanyang Motor Co., Ltd.
Statement of other gains and losses
For the year ended December 31, 2025
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(19) for the regarding information.

Statement of finance costs

Please refer to Note 6(19) for the regarding information.